



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **COUNCIL** will be held in Council Chamber
- Civic Offices, Shute End, Wokingham RG40 1BN on
THURSDAY 16 FEBRUARY 2023 AT 7.30 PM

A handwritten signature in black ink, appearing to read 'Susan Parsonage'.

Susan Parsonage
Chief Executive
Published on 8 February 2023

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

Note: Members of the public are welcome to attend the meeting or participate in the meeting virtually, in accordance 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://youtube.com/live/GSsgUJIWDXU?feature=share>

Our Vision
<i>A great place to live, learn, work and grow and a great place to do business</i>
Enriching Lives
<ul style="list-style-type: none"> • Champion excellent 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 enable healthy choices for everyone. • Engage and empower our communities through arts and culture and create a sense of identity for the Borough which people feel part of. • Support growth in our local economy and help to build business.
Providing Safe and Strong Communities
<ul style="list-style-type: none"> • Protect and safeguard our children, young and vulnerable people. • Offer quality care and support, at the right time, to reduce the need for long term care. • Nurture our communities: enabling them to thrive and families to flourish. • Ensure our Borough and communities remain safe for all.
Enjoying a Clean and Green Borough
<ul style="list-style-type: none"> • Play as full a role as possible to achieve a carbon neutral Borough, sustainable for the future. • Protect our Borough, keep it clean and enhance our green areas for people to enjoy. • Reduce our waste, promote re-use, increase recycling and improve biodiversity. • Connect our parks and open spaces with green cycleways.
Delivering the Right Homes in the Right Places
<ul style="list-style-type: none"> • Offer quality, affordable, sustainable homes fit for the future. • Ensure the right infrastructure is in place, early, 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, where it is needed most, to live independently in their own homes.
Keeping the Borough Moving
<ul style="list-style-type: none"> • Maintain and improve our roads, footpaths and cycleways. • Tackle traffic congestion and 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 in offering affordable, accessible public transport with good transport links.
Changing the Way We Work for You
<ul style="list-style-type: none"> • Be relentlessly customer focussed. • Work with our partners to provide efficient, effective, joined up services which are focussed around our customers. • Communicate better with customers, 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.
Be the Best We Can Be
<ul style="list-style-type: none"> • Be an organisation that values and invests in all our colleagues and is seen as an employer of choice. • Embed a culture that supports ambition, promotes empowerment and develops new ways of working. • Use our governance and scrutiny structures to support a learning and continuous improvement approach to the way we do business. • Be a commercial council that is innovative, whilst being inclusive, in its approach with a clear focus on being financially resilient. • Maximise opportunities to secure funding and investment for the Borough. • Establish a renewed vision for the Borough with clear aspirations.

To: The Members of Wokingham Borough Council

ITEM NO.	WARD	SUBJECT	PAGE NO.
102.		APOLOGIES To receive any apologies for absence.	
103.		MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 19 January 2023.	9 - 46
104.		DECLARATIONS OF INTEREST To receive any declarations of disclosable pecuniary interests, other registrable interests and any non-registrable interests relevant to any matters to be considered at the meeting.	
105.		MAYOR'S ANNOUNCEMENTS To receive any announcements from the Mayor.	
106.		PUBLIC QUESTION TIME To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of the Council Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Council or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions	
107.		PETITIONS To receive any petitions which Members or members of the public wish to present.	
108.	None Specific	MEDIUM TERM FINANCIAL PLAN AND ASSOCIATED REPORTS The following budget reports will be taken as one agenda item and a period of 1.5 hours will be permitted to debate this item.	
108.1	None Specific	Housing Revenue Account Budget 2023/24 To consider the recommendations of the Executive in	47 - 56

respect of the Housing Revenue Account Budget for 2023/24.

RECOMMENDATION: That Council approve:

- 1) The Housing Revenue Account budget for 2023/24 (Appendix A);
- 2) Council house dwelling rents be increased by up to 5.99% effective from 3rd April 2023 in line with the council's Rent Setting Policy that was approved by Executive on 27th October 2022.
- 3) Garage rents to be increased by 5.99% effective from April 2023;
- 4) Shared Equity Rents to be increased by 5.99% effective from April 2023;
- 5) Tenant Service Charges to be increased by 3.99% effective from April 2023;
- 6) The Housing Major Repairs (capital) programme for 2023/24 as set out in Appendix B;
- 7) Sheltered room guest charges for 2023/24 remain unchanged at £9.50 per night per room.

108.2 None Specific

Capital Programme and Strategy 2023-2026

57 - 88

To consider the recommendations of the Executive in respect of the Capital Programme and Strategy 2023-2026.

RECOMMENDATION: That Council approve:

- 1) the Capital Strategy for 2023 - 2026 - Appendix A;
- 2) the three-year capital programme for 2023 - 2026 – Appendix B;
- 3) the draft vision for capital investment over the next five years - Appendix C;
- 4) the use of developer contribution funding (s106 and CIL) for capital projects as set out in Appendix D. Approval is sought up to the project budget.

108.3 None Specific

Treasury Management Strategy 2023-2026

89 - 140

To consider the recommendations of the Executive in respect of the Treasury Management Strategy 2023-2026.

RECOMMENDATION: That Council:

- 1) Note the Treasury Management Strategy as set out in Appendix A including the following additional appendices;
 - Prudential Indicators (Appendix B)
 - Annual Investment Strategy 2023/24 (Appendix C)
 - Minimum Revenue Provision (MRP) policy (Appendix D)
- 2) Note that the Audit Committee agreed the Treasury Management Strategy, including the change of minimum credit rating for investments, on 1 February 2023 and have recommended the report to Council.

108.4 None Specific

Medium Term Financial Plan 2023-2026 Including Revenue Budget Submission 2023/24

141 - 264

To consider the recommendations of the Executive in relation to the Medium Term Financial Plan 2023-2026 and the Budget submission and Council Tax for 2023/24.

RECOMMENDATION: That Council:

- 1) Approve the Medium Term Financial Plan (MTFP) 2023/26, including the budget submission for 2023/24 and the Summary of Budget Movements (SOBM);
- 2) Note in relation to the capital programme, additional challenges have emerged in the secondary school places capital programme and are currently being worked through and will be reported to Executive in early 2023/24 to seek the necessary budget provision.
- 3) Approve the statutory resolution that sets out the 2023/24 council tax levels (as set out in Appendix A to the report)
- 4) Approve that in the event that there are any changes to the provisional precept of the Fire Authority or parishes, arising from their precept setting meetings being held before the end of February, the Deputy Chief Executive (S151

Officer) is delegated authority to enact all relevant changes to the MTFP, Statutory Resolution and council tax levels.

109. None Specific

TREASURY MANAGEMENT MID YEAR REPORT 2022-23

265 - 272

To receive the Treasury Management Mid Year Report 2022-23.

RECOMMENDATION: That Council note:

- 1) that the Treasury Management Mid-Year report was considered and agreed by the Audit Committee at their meeting on Wednesday 30 November 2022;
- 2) that all approved indicators set out in the Treasury Management Strategy have been adhered to; with the exceptions of internal borrowing which is forecast to be higher than set out in the strategy and ratio of financing costs to net revenue stream – General Fund.
- 3) due to the current uncertainty in the interest rate market, the internal borrowing parameter is being reviewed with our external treasury management advisors and will be reported back as part of treasury management strategy.
- 4) 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 £15.29 per band D for 2022/23. This income is used by the Council to continue to provide priority services for the borough residents.
- 5) As at the end of September 2022, the forecast for the total external general fund debt was £112m at March’23, which reduces to £81m after taking into account cash balances (net indebtedness) reducing interests costs in the current economic climate.
- 6) The Executive agreed on 27th October 2022, recommendation 3 of the Capital Monitoring 2022/23 – Q2 report ‘note that due to the current uncertainty surrounding higher interest rates, as part of our financial management process, a review is to be undertaken to

determine what capital projects can be postponed this year, to minimise exposure to borrowing at high rates. Any postponement is to be agreed at Executive.'

110. None Specific

ENERGY CONTRACT PROCUREMENT

273 - 290

To consider the recommendations from the Executive in respect of the Energy Contract procurement.

RECOMMENDATION: That Council:

- 1) Approve the procurement strategy set out in the Procurement Business case for the migration of the Councils energy buying strategy from the current framework provider (CCS – Crown Commercial Service) to the Laser framework;
- 2) Approve the Procurement Business case;
- 3) Note that an updated Procurement Business Case will be reported back to Executive and Council, with proposed contract terms and timescales for implementation.
- 4) Delegate authority to the Director of Resources and Assets, in consultation with the Executive Members for Finance and Contracts, to engage with framework suppliers and negotiate on future contract provision, in line with the approved procurement strategy.

111.

EXCLUSION OF THE PUBLIC

Council may exclude the press and public in order to discuss the exempt information contained in an Appendix of Agenda Item 110 above and to do so it must pass a resolution in the following terms:

That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Part 1 of Schedule 12A of the Act (as amended) as appropriate.

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**MINUTES OF A MEETING OF
THE COUNCIL
HELD ON THURSDAY, 19 JANUARY 2023 FROM 7.30 PM TO 10.50 PM**

Members Present

Councillors: Caroline Smith (Mayor), Beth Rowland (Deputy Mayor), Sam Akhtar, Keith Baker, Parry Batth, Rachel Bishop-Firth, Laura Blumenthal, Shirley Boyt, Prue Bray, Rachel Burgess, Anne Chadwick, Stephen Conway, David Cornish, Gary Cowan, Andy Croy, Phil Cunnington, David Davies, Peter Dennis, Lindsay Ferris, Michael Firmager, Paul Fishwick, Jim Frewin, Maria Gee, John Halsall, David Hare, Peter Harper, Pauline Helliard-Symons, Clive Jones, Norman Jorgensen, Pauline Jorgensen, John Kaiser, Sarah Kerr, Abdul Loyes, Tahir Maher, Morag Malvern, Charles Margetts, Rebecca Margetts, Adrian Mather, Andrew Mickleburgh, Stuart Munro, Gregor Murray, Alistair Neal, Jackie Rance, Ian Shenton, Imogen Shepherd-DuBey, Rachelle Shepherd-DuBey, Mike Smith, Wayne Smith, Bill Soane, Alison Swaddle and Shahid Younis

88. Apologies

Apologies for absence were submitted from Graham Howe and Chris Johnson.

Chris Bowring attended the meeting virtually.

89. Minutes of Previous Meeting

The Minutes of the meeting of the Committee held on 17 November 2022 were confirmed as a correct record and signed by the Mayor subject to the following amendment.

P34 – Pauline Jorgensen point of order – inclusion of *‘an officer written response would be provided.’*

90. Declarations of Interest

A declaration of interest was submitted from

Prue Bray submitted a Personal Interest in Item 97 – Statement from Council Owned Companies - as a Non-Executive Director of Berry Brook Homes and WBC Holdings Ltd.

Stephen Conway submitted a Personal Interest in Item 97 – Statement from Council Owned Companies - as a Non-Executive Director of Loddon Homes and WBC Holdings Ltd.

David Hare submitted a Personal Interest in Item 97 – Statement from Council Owned Companies - as a Non-Executive Director of Optalis Ltd.

Clive Jones submitted a personal Interest in Item 97 – Statement from Council Owned Companies - as a Non-Executive Director of Loddon Homes and WBC Holdings Ltd.

Gregor Murray submitted a Personal Interest in Item 98.2 – Motion 495 – as a it related to the street that he lived on.

91. Mayor's Announcements

The Mayor informed Members of the nominations for the latest Mayor's Awards. These were Cianna's Smile, a charity which supported families affected by Sickle Cell in Thames Valley. The second nominee was Victoria Rowland from Age UK, who was committed to supporting dementia sufferers and their families, in Wokingham.

92. Public Question Time

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

92.1 Peter Must asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

At the meeting of the Executive on 31 March 2022 I asked the then Executive Member for Highways and Transport what was happening with the draft Borough-wide Parking Management Action Plan. Having told me about a number of projects, surveys and interim actions which would feed into the draft Plan, the Executive Member said that these would "enable a revised draft to be presented for public consultation in Autumn 2022" I cannot see this item in the Forward Plan for the Executive up to January 2023. Could you tell me what is now happening to the draft Plan?

Answer:

Thank you, Peter, for your question. Referring back to the answer given at the Council meeting in March 2022, that response provided at that time remains largely the same in that the review was suspended due to the impacts of the Covid pandemic on changed travel and parking demand.

It was advised also at that time that a pilot parking management project to assess the parking behaviour and develop solutions in Twyford, for which the majority of resident surveys had already been completed prior to Covid, had been resumed.

A public consultation on the proposals for Twyford has been undertaken which closed on the 19th December 2022, and we are now compiling all the responses to those identified measures.

In a similar way to Twyford this pilot is now being rolled out to multiple other locations, some of which include Hilltop area, Langborough Road, Stockbury Close, Crockhamwell Road, and St Pauls Estate, where informal consultation is currently being progressed. Once these and further sites are progressed and formal consultations are concluded, the outcomes will be compiled and will form the basis for a wider Borough approach.

Travel habits have changed in the past few years with car usage, parking needs and requirements, and we feel that this approach, area based, is better way of first understanding the various parts of the Borough's parking needs, before we move to a more Borough wide approach. It is anticipated that these will be developed over

the course of the coming year.

Supplementary Question:

I am somewhat baffled that this cannot actually be merged into a plan, and quite quickly, because if you do it area by area there is nothing to apply to the whole area. You are just doing it piece by piece. Will you actually move as quickly as possible to a Plan rather than a section by section approach to this issue?

Supplementary Answer:

That will be the case. We will complete these areas that we are currently doing at the moment, and then do a Borough wide Plan.

92.2 Peter Wheat asked the Executive Member for Planning and Local Plan the following question:

Question

Why have Wokingham Borough Council not been effectively implementing policy TB08, leading to a paucity of allotments, and long waiting lists, and a situation where Wokingham Borough has only approximately 52% of the Allotments it should have, under the National Society of Allotment and Leisure Gardeners (NSALG) guidelines.

Please see supporting evidence below:

Parish	Estimated Population	Allotment Poles	Poles Needed	Shortfall	Excess
Arborfield and Newland	3186	0	318	318	
Barkham	3761	0	376	376	
Charvil	2123	8 (est)	212	204 (rented land)	
Earley	34016	488	3401	2913	
Finchampstead	12363	365	1236	871	
Hurst	2199	135	220	85	
Remenham	547	0	54	54	
Ruscombe	1087	0	108	108	
Sonning	1744	66	174	108 (also private site Pearson Road (70 pole)	
Shinfield	15561	1395	1556	161(+170 in progress Orchard Rise)	
Swallowfield	2100	147	210	63	
Twyford	7013	915	701		214
Wargrave	4014	620	401		219

Woodley Town	39237	2571	3923	1352	
Winnersh	10870	430	1087	657	
Wokingham Town	50251	1524	5025	3501	
Wokingham Without	7221	176 (est)	722	546	

Summary:

Wokingham U.A. Population: 177500

Poles needed (under NSALG guidance / TB08) 17750

Poles identified 9216

Poles shortfall 8534

Only 52% of NSALG Guidelines!

Note: At this point in the meeting Gary Cowan requested that the question be answered by an Officer, in line with Rule 4.13.15. The Mayor indicated that the question would be answered by the Executive Member. Gary Cowan went on to apologise that Mr Wheat had been classified as a vexatious complainant.

Lindsay Ferris apologised that Mr Wheat's question had originally been disallowed.

Answer:

Firstly, Mr Wheat I want to thank you for raising this important community issue with the Council, and I do want to reassure you that the availability of allotments for residents is a subject that the Council takes very seriously.

That said I am also aware that you have already been informed in some detail of the approach the Council takes to the provision of allotments within the Borough as the Council has previously provided you with full written responses on this matter through the formal complaints process.

It is worth noting that the management of allotment sites is a matter for town and parish Councils within Wokingham Borough. I am sure that many of our town or parish Councils would be open to ideas or suggestions on how to improve their allotment provision, and I would encourage you to engage with them.

Supplementary Question:

During the ten year period between the last two censuses 22,100 new people came to live in the Borough. Following policy TV08 that would be an additional 12.02 hectares of allotments, which should have been provided. Where is this new provision?

Supplementary Answer:

I am aware that you have already been informed in some detail of the approach the Council takes to the provision of allotments within the Borough as the Council has previously provided you with a full written response on the matter through the formal process.

92.3 Sandra Spencer asked the Executive Member for Environment, Sport, and Leisure the following question:

Question:

The bottle bank that was installed in Kilnsea Drive, Earley, in 2020 was positioned 22 metres away from the nearest dwelling. It was removed after only three months after complaints from residents about the noise it was generating. Can the Executive Member for the Environment, Sport and Leisure tell me how many noise complaints were received by the Council in order to get the bottle bank removed?

Answer:

Following good partnership working with Earley Town Councillors, the site at Kilnsea Drive was suggested for a bottle bank which would enable residents there to conveniently recycle their glass. The bottle bank was well used but after Environmental Health received a noise complaint from one local resident, they advised the Waste Department that the noise issue had to be addressed or potentially be served with a notice. Therefore, the Waste Department removed bottle bank.

Work is underway to locate another site in the Earley area to enable residents to have that facility.

Supplementary Question:

Many Earley residents are seriously concerned about noise pollution if the proposal for a large 3G pitch gets the go ahead at Maiden Erlegh School to be rented out 7 evenings a week and at weekends. This pitch will be just a few metres from peoples' gardens and homes. Sports England recommends a minimum of distance of 30 metres from Multi Use Games Areas. The Council would almost certainly receive numerous complaints, and there is a very real risk of it becoming an expensive and embarrassing white elephant.

At next week's Executive meeting, Officers will recommend further work on the Maiden Erlegh proposal be stopped until a review of playing pitches and potential sites for new 3G pitches in the Borough, is completed.

Would it not be sensible to rule out Maiden Erlegh completely now to avoid wasting any more time and money, and to put residents' minds at rest, as it is just too near housing, and the worry of having their quality of life ruined is causing people significant distress?

Supplementary Answer:

To rule out any point at this stage in the development of the new Borough wide Playing Pitch Strategy would be something that we cannot do, otherwise it would not be a complete, independent review, and that is what it will be, an independent review. We cannot rule out anywhere. I am not ruling in anywhere.

92.4 David Portus asked the Leader of the Council the following question:

Question:

The Council has recently taken to public consultation in order to help facilitate

change.

How can the local residents be sure this isn't just a ruse to push through policy decisions already formed by the governing body?

Answer:

Thank you for your question.

Local authorities have a statutory obligation to consult on a range of specific issues of local and national interest. Wokingham Borough Council is keen to exceed its statutory obligations and consult effectively with local residents, businesses and other stakeholders on issues which affect them, to ensure they are involved in the planning, implementing and monitoring of the services offered by the Council.

Consultation is an important part of the Council's decision-making principles which are set out in the Council's Constitution. Other principles include proportionality (i.e., the action must be proportionate to the desired outcome); the taking of professional advice from Officers; respecting human rights; a presumption in favour of openness; clarity of aims and desired outcomes and when decisions are taken by the Executive, details of the options which were taken into account.

Decisions need to be taken in the round, and whilst these other criteria are important, I can assure you that actively seeking out and listening to residents' and others' views is not a ruse and is at the heart of our political ethos and we will continue to promote and encourage this.

It is important that people understand that responding to a consultation is not the same as having a vote on whether something goes ahead or not. Sometimes things have to go ahead even if the majority of responses are opposed, but we will still look at whether we can make changes to what's planned to try to accommodate peoples' wishes as far as possible. The substance of the issues raised is important, not just the number of responses.

Supplementary Question:

I have taken part in two recent consultations, a survey on bin collections which precludes any discussion on maintaining weekly bin collections, and a survey on the Maiden Erlegh 3G pitch proposal, which ignored the possibility of any possible planning issues regardless of the facts, not least that the existing 3G pitch was being operated in breach of the planning conditions set by the Council.

Would the Councillor agree with me that before matters are put forward to public consultation, a thorough investigation should be made by the Council to establish all relevant facts, and not just those that support a particular view? By the way I have not seen any results from this one anywhere yet.

Supplementary Answer:

I can assure you that we try before consultations go out to consider nearly all of the options that are available, but it is only right and proper that when other issues are raised during consultations, that we consider them as well. I think we do that as a Council.

92.5 Nancy Baddoo asked the Executive Member for Environment, Sport and Leisure the following question:

Question:

We were informed at the Council Meeting on 17 November that for the Maiden Erlegh 3G pitch proposal, the ground will be raised by up to 1.5 m and a 4.5 m fence erected, giving a total height of up to 6 m (the equivalent of a two-storey structure), which will only be 8 m distant from many residential boundaries. How importantly does the Council view the issue of residential visual amenity, and will it be reviewed before taking this proposal further?

Answer:

When I agreed to take the previous Administration's Maiden Erlegh School proposal to the July Executive, I made clear that progress would be subject to consultation. That consultation highlighted some unsatisfactory aspects. I will therefore be presenting a report to the January Executive meeting seeking my colleagues' approval to cease any further work at Maiden Erlegh and to reassess the needs of the area as part of a new Borough wide Playing Pitch Strategy. Therefore, there is at the moment, no longer an issue at this time to be reviewed.

Supplementary Question:

Given the importance of the proximity to housing we wondered why this was omitted as a problem for the Maiden Erlegh site, in the technical appraisal of September 2022, whereas the problem was highlighted for two other sites. Does it not show that, that technical appraisal had some flaws in it?

Supplementary Answer:

Yes.

92.6 Karen Brown asked the Executive Member for Environment, Sport and Leisure the following question:

Question:

Wokingham Borough Council, in the proposal for the 3G pitch says:

'The growing population of Wokingham needs to be supported by a **robust** leisure offer to **enhance** wellbeing and **enrich** the lives of residents - we will help our residents keep fit and **thrive**'.

How will you help **enhance** the lives of the residents whose lives will be **blighted** by the 3G pitch especially those backing straight onto the pitch at a distance that you quoted of approximately 8 metres?

It's always good to have a visual guide, so to help out, the length of this table is approximately 6.5 metres add on another metre and a half and this is the distance from peoples' homes that is supposed to be acceptable.

Answer:

I think I would just refer you to my answer to the previous question without repeating anything that I said to that.

Supplementary Question:

Based on the pitch being used 6-10pm Monday to Friday and 9am-8pm Saturday and Sunday as we have been advised, and assuming that most people using a sports facility for football training have one session of training per week and one match per week, and if we take it that the full eleven a side match is 90 minutes, each individual will get approximately 3 hours a week benefit to their physical and mental health. Residents will get 42 hours of negative mental health impact on their lives per week. The UK Mental Health Association says that the intrusion from noise and light can lead to excess stress, possibly resulting in cardiac arrests, strokes, and depression. We have a number of over 50's living close to the proposed site, and are in the high risk group for heart attacks and strokes, according to the UK statistics. Add to that the general stress of busy working lives, and living with poor health in some cases, the cost of living crisis, and a total loss of rest and relaxation in our own homes and gardens, what assessment of balance did you use when the gain per individual player is a maximum of 3 hours per week and 42 hours of loss per individual resident per week?

Supplementary Answer:

The project is no longer proceeding at this point, so again I would refer you to my previous answer. The review that will create the new Playing Pitch Strategy which should be completed by the summer of this year will take all sorts of factors into account.

92.7 Elizabeth Newman asked the Executive Member for Climate Emergency and Resident Services the following question which was answered by the Executive Member for Environment, Sport and Leisure:**Question:**

The Council have recently publicised their efforts to battle Climate change. The Climate Emergency Action Plan includes Increased Greening Reducing Carbon Dioxide emissions. I would like to ask the Executive Member for Climate Emergency and Residents Services how the laying of a plastic football pitch over grass at Maiden Erlegh school fits with these objectives, that she is sponsoring?

Answer:

Whilst this question was asked of Sarah Kerr originally, I will answer because tackling climate change is our collective responsibility, and the question relates to my portfolio.

In view of the report to be considered at the January Executive meeting, which I have previously mentioned, I will answer your question in general terms, if I may, rather than specifically addressing Maiden Erlegh.

Almost every aspect of human activity to some degree causes environmental damage, and the use of sport pitches being no exception. On the one hand artificial playing surfaces are derived from petrochemicals and create end of life recycling difficulties, but on the other hand grass pitches require substantial chemical and mechanical input to keep them in good condition. Although grass pitches can absorb CO2 they contribute very little to biodiversity.

The fact remains that demand is too high to be met by grass pitches alone as they are not sufficiently durable for repeated or successional use particularly in winter. Consequentially while I am not 100% comfortable with artificial pitches at all, I am 100% uncomfortable with denying thousands of children and young adults, the opportunity to play sport. However, to inform our decisions going forward I have asked Officers to search for reputable sources of any comparison of the whole life environmental cost of grass versus artificial playing pitches.

Supplementary Question:

A couple of years ago the Natural History Museum published an article stating that the UK has led the world in destroying the natural environment. More recent studies state that over the last 25 years the UK population of earthworms, which are essential for biodiversity, has declined by a third in numbers, so the enlarged any plastic pitch, and any other plastic pitch will continue this trend which appears to contradict the Council's objective of protecting the environment and demonstrating sustainability to young people. Is that something which will be included in your thoughts?

Supplementary Answer:

As I indicated, I am trying to get reputable information from reputable sources on the whole life environmental cost of grass versus artificial pitches. I am not 100% comfortable with plastic, far from it, but we cannot deny the opportunity for thousands of children, and across the country the same thing, to play and participate in sport, which is incredibly valuable for their development, without some use of surfaces other than grass. I am conscious that there are improvements continuously on the artificial playing surfaces.

92.8 Peter Humphreys asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

WBC regularly publicise their attempts to track down fly-tippers but never reveal why the Highways Dept and their contractors have special exemption to deposit litter across the town. One doesn't have to travel far to see council-sponsored fly-tipping; Cantley Park is bookended with five abandoned signs for road works that were completed several months ago. The same applies to Norreys Avenue where sandbags and signs have been discarded at both ends and in the middle of the road.

Photographic evidence has been provided to all Members. You'll notice that the photos have been taken in a small part of Norreys ward, not because its special but because I came across the fly-tipping on one short walk. It is typical of the whole Borough.

It is paradoxical that whilst residents are being encouraged to recycle the Highways team are indulging in single use signs at great cost to Council Taxpayers.

These remnants of roadworks et al create trip hazards, make the town look scruffy and, they provide examples and positive encourage for residents to follow and drop their own litter also. Are you proud of this?

At this point in the meeting, it was proposed by Pauline Jorgensen that Public Questions be extended by 10 minutes to enable all questioners to put their question. This was seconded by Keith Baker.

Upon being put to the vote this was agreed.

Answer:

Thank you, Peter, for your question. This is something that we are aware of, and something that we are working to improve. Whilst the Council is the owner of the highway network within Wokingham Borough, there are many users alongside the Council's own contractors.

The Council have identified that our contractor has missed picking up signage after the works have been completed. We have brought this to the attention of the contractor and are undertaking inspections after the works are completed to check that all signage, A frames and sandbags are removed after the works have been completed.

As the highways authority through our function and network management duties, our Streetworks Inspectors will log abandoned signs, barriers and other equipment and attempt to identify their owners via work permit records. If it is an external utility company, charges for unreasonable occupation of the highway under Section 74 of the New Roads and Streetworks Act 1991 will be pursued.

It is inevitable that some abandoned equipment will not be seen by Inspectors so we encourage our residents to inform us of this via our customer service number Monday to Friday, 9am to 5pm - call [0118 974 6000](tel:01189746000) so that we can investigate, to get the equipment removed and take the appropriate enforcement action.

Supplementary Question:

Most of the signs left behind are Council ones because utility companies being private organisations, they are accountable, and they do take them away. In the real world organisations normally inspect their works after they have finished to check that they have been done properly before authorising an invoice for payment. Case in point would be when a surgeon checks that all the tools used in an operation are removed from a patient before stitching up the wounds. Clearly this does not happen at the moment as contractors are able to submit invoices willy nilly in the knowledge they will be paid without any checks, so hopefully what you have just said is going to prevent this in the future. I will keep an eye on it and be back if not.

Supplementary Answer:

There are approximately 5,300 roadworks undertaken in the Borough annually. 75% of those are undertaken by the utilities, and yes they do leave their signs and equipment behind.

92.9 Jeremy Evershed asked the Executive Member for Environment, Sport and Leisure the following question:

Question

I would like to hear an update on the promised analysis of Football pitches provision against the Football Foundation estimate of 500 teams in the Borough as quoted in the Maiden Erlegh plastic pitch pack; bearing in mind the 4 pitches in the planning process at Hyde End Lane, plus any other on-going consultations and/or planning submissions.

Answer:

As indicated in my earlier answers we have initiated preparation of a Borough wide Playing Pitch Strategy which will look at both the summer and winter provision and is due to be delivered in summer 2023. This Playing Pitch Strategy will incorporate evidence for the new 3G Pitch plans across the Borough.

This Plan will support the Council and wider partners in determining the exact extent of any new 3G pitch development planned. It is important to state that grass pitch provisions, whether existing pitches or planned site such as Hyde End Lane, do not solve the demand issues that clubs face for safe, affordable floodlit training facilities.

Supplementary Question:

Does the Council recognise the error in their previous consultation and particularly the proximity of housing?

Supplementary Answer:

I think the analysis was not complete and the proximity of housing was not given sufficient weight in some instances, or at least was given disproportionate weight in some instances over others. That will be a factor in the Playing Pitch Strategy.

92.10 Judith Clark asked the Executive Member for Environment, Sport and Leisure the following question:

Question:

We recently learned that two key partner clubs - which have 33 teams between them - would use most of the training and match-day slots available at the very large 3G pitch planned for Maiden Erlegh School. In the consultation, the case for this pitch was made by stating there were 524 local teams in the area and that they needed better facilities. How will the hundreds of teams not presented with a brand new million pound plus 3G pitch feel about the lucky 33, and won't the Council be under extreme pressure to fund many more 3G pitches for the rest of them?

Answer:

I am just going to do as I did earlier and refer you to my answer to the previous question, Question number 9.

92.11 Heather Murray asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

As a resident of the Montague Park development, I have had an email from my Ward Councillor citing a number of issues and their progress or lack of it that are unrelated to the original petition presented at your September meeting. Residents of Montague Park want to know when their voices will be listened to, and the requests met that are integral for the ongoing road safety that the Councillors openly campaigned to

support. These are namely: 20mph road markings, barriers lining the school pavement and the crossing on William Heelas Way that is integral for children crossing that part of the road safely. When will these be actioned and if not, why not?

Answer:

Thank you, Heather, for your question.

At the Full Council meeting in October 2022, I highlighted to the Chamber that in accordance with the Department for Transport circular 01/2013 Setting local speed limits the Borough Council evaluate the appropriate speed limit outside Primary schools.

As a new school, The Floreat had been assessed and 20mph Advisory speed limit signs with flashing lights were installed during late October 2022 and became operational after the half-term break. This brings the school into line with most other schools in the Borough.

As for the petition, the normal process would have been for the measures to be assessed against national and local criteria and prioritised, in the same way as measures requested for other sites. However, the Shadow Executive Member submitted a related Motion at the October meeting which has yet to be considered by Full Council and we have to wait for the outcome of that before we know the appropriate next steps.

The Motion is on the agenda again for discussion tonight. I would ask you to read the comments from the Chief Finance Officer that follow it, including the fact that one of the things you ask for is contrary to national government policy.

What happens next will depend on the outcome of the Motion.

Supplementary Question:

Unfortunately, and whilst I emphasise with, and appreciate the work that you have done to look at this, I am sorry to say that I have absolutely no belief in the commitment to deliver on what is required to keep the children attending Floreat Montague Park safe on their journey to and from school each day.

There has been a Motion as you quite rightly cited, before this Council since September which would ensure the safety of our children, yet it has not been reached in any of the previous meetings of this Council, despite being on the agenda. Therefore, under Rule 4.2.25.1 Suspension, I would ask the Mayor to suspend Rules of Procedure by Motion on Notice or Without Notice, as is her right, and move Motion 495 to be debated unamended as the next order of business, as the only stipulation of doing so, namely that there be at least one half of the whole number of Members of the Council being present, has been met. I can see no logical, rational, or reasonable reason why this Motion which has been worded and asked for by residents, who I am representing this evening, cannot be debated unamended, immediately.

At this point in the meeting Gregor Murray requested in line with Rule 4.2.25.1 that the Rules of Procedure be suspended and that Motion 495 be taken as the next

item. The Mayor agreed but clarified that the Motion could be amended.

92.12 Motion 495 submitted by Charles Margetts

Council considered the following Motion, proposed by Charles Margetts, and seconded by Keith Baker.

'Residents who live of William Heelas Way in Wokingham have raised significant concerns with me about the speed of traffic outside Floreat Montague Park Primary School. The link road between London Road and the future Southern Relief Road has a 30mph speed limit and traffic levels which will only get busier when the Southern Relief Road opens. Wokingham Borough Council believes it is of vital importance that young children can travel to school on foot or by bicycle in complete safety. To ensure children can walk and cycle safely to school Wokingham Borough Council will change the speed limit outside all primary schools to 20 mph.'

Charles Margetts commented that in September 2022 he had been contacted by a number of residents of William Heelas Way over concerns regarding access to Floreat Montague School. A petition of over 500 people had been submitted to Council. Key requests had been barriers to protect pedestrians, a permanent 20mph speed limit outside of the School, and the restoration of the painted level crossing on William Heelas Way. Only advisory 20mph signs were in place. Charles Margetts went on to inform Members of some of the near misses which had occurred outside the school. He felt that future injury was inevitable.

An amendment had been suggested that proposed that the works go into the Highways Safety Improvement Pool. Charles Margetts felt that this was insufficient and that the works would not be undertaken should this occur. He highlighted that less than 10% of schemes in this pool had been completed in the last 5 years.

It was proposed by Paul Fishwick and seconded by Alistair Neal that the Motion be amended as follows:

'Residents who live off William Heelas Way in Wokingham have raised significant concerns with me about the speed of traffic and the lack of protection for parents and young children accessing Floreat Montague Park Primary School. The link road between London Road and the future Southern Relief Road has a 30mph speed limit and traffic levels which will only get busier when the Southern Relief Road opens. At the last Council meeting residents handed in a petition signed by over 500 people calling for a 20mph speed limit outside the school, the provision of barriers around the pavements and full reinstatement of a pedestrian crossing on William Heelas Way. Wokingham Borough Council believes it is of vital importance that young children can travel to this school on foot or by bicycle in complete safety. To ensure children can walk and cycle safely to school Wokingham Borough Council agrees to meet **put** the requests of the petition **into the highway safety improvements pool** without further delay.'

This amendment was not accepted by Charles Margetts.

Paul Fishwick commented that it was disappointing that the amendment had not been accepted as it would ensure that the requested improvements would be put

into the Highways Safety Improvements Pool. This was the process that requests of this nature had followed. He referred to a previous petition requesting a safe crossing for children attending the Holt School, and other requests. The requests requested in the Motion had not been properly assessed and compared with similar schemes in order to assess their priority. The 20mph speed limit had already been delivered. Adding the other requests to the pool would also enable additional avenues for funding and bids to be sought.

Alistair Neal added that councillors should promote road safety schemes but should not manipulate the process for the benefit of their own wards. The scheme should go into the pool to be assessed, ranked, and prioritised by Officers. If the requests had the appropriate merits, they would be prioritised.

Gregor Murray highlighted examples of dangerous driving at school times. He felt that the layout of the road allowed dangerous driving and safety measures needed to urgently be put in place. He emphasised the road safety campaign work undertaken by his wife.

Maria Gee commented that the Council had to assess all projects in line with other projects to assess priority. However, she strongly supported the measures and questioned why nothing had been undertaken previously.

Gary Cowan stated that he supported the amendment as there were a number of different schools requiring road safety improvements and there needed to be a system to assess priority. He wanted assurance that the requests would have priority.

Keith Baker stated that there was a lack of transparency in the Highways Project Plan. He was of the view that agreeing the amendment would be a dereliction of duty.

Charles Margetts questioned how many other schools had had petitions of over 500 people requesting road safety improvements. He clarified that Floreat Montague School was not in his ward and he had become involved because people had approached him after feeling that they were not getting anywhere via other routes. Charles Margetts questioned the financial information included in the Chief Finance Officer's Statement.

In accordance with Section 4.2.15.5 a recorded vote was requested on the amendment.

FOR	AGAINST	ABSTAIN
Rachel Bishop-Firth	Sam Akhtar	
Shirley Boyt	Keith Baker	
Prue Bray	Parry Batth	
Rachel Burgess	Laura Blumenthal	
Stephen Conway	Anne Chadwick	
David Cornish	Phil Cunnington	
Gary Cowan	David Davies	

Andy Croy	Michael Firmager	
Peter Dennis	Jim Frewin	
Lindsay Ferris	John Halsall	
Paul Fishwick	Peter Harper	
Maria Gee	Pauline Helliard Symons	
David Hare	Norman Jorgensen	
Clive Jones	Pauline Jorgensen	
Sarah Kerr	John Kaiser	
Tahir Maher	Abdul Loyes	
Morag Malvern	Charles Margetts	
Adrian Mather	Rebecca Margetts	
Andrew Mickleburgh	Stuart Munro	
Alistair Neal	Gregor Murray	
Beth Rowland	Jackie Rance	
Ian Shenton	Wayne Smith	
Imogen Shepherd-DuBey	Bill Soane	
Rachelle Shepherd-DuBey	Alison Swaddle	
Caroline Smith	Shahid Younis	
Mike Smith		

Upon being put to the vote this was declared to be carried. The amendment became the substantive Motion.

In accordance with Section 4.2.15.5 a recorded vote was requested on the substantive Motion.

FOR	AGAINST	ABSTAIN
Rachel Bishop Firth	Sam Akhtar	
Laura Blumenthal	Keith Baker	
Shirley Boyt	Parry Batth	
Prue Bray		
Rachel Burgess		
Anne Chadwick		
Stephen Conway		
David Cornish		
Gary Cowan		
Andy Croy		
Phil Cunnington		
David Davis		
Peter Dennis		
Lindsay Ferris		
Michael Firmager		
Paul Fishwick		
Jim Frewin		

Maria Gee		
John Halsall		
David Hare		
Peter Harper		
Pauline Helliard Symons		
Clive Jones		
Norman Jorgensen		
Pauline Jorgensen		
John Kaiser		
Sarah Kerr		
Abdul Loyes		
Tahir Maher		
Morag Malvern		
Charles Margetts		
Rebecca Margetts		
Adrian Mather		
Andrew Mickleburgh		
Stuart Munro		
Gregor Murray		
Alistair Neal		
Jackie Rance		
Beth Rowland		
Ian Shenton		
Imogen Shepherd-DuBey		
Rachelle Shepherd-DuBey		
Caroline Smith		
Mike Smith		
Wayne Smith		
Bill Soane		
Alison Swaddle		
Shahid Younis		

RESOLVED: That residents who live off William Heelas Way in Wokingham have raised significant concerns with me about the speed of traffic and the lack of protection for parents and young children accessing Floreat Montague Park Primary School. The link road between London Road and the future Southern Relief Road has a 30mph speed limit and traffic levels which will only get busier when the Southern Relief Road opens. At the last Council meeting residents handed in a petition signed by over 500 people calling for a 20 mph speed limit outside the school, the provision of barriers around the pavements and full reinstatement of a pedestrian crossing on William Heelas Way. Wokingham Borough Council believes it is of vital importance that young children can travel to this school on foot or by bicycle in complete safety. To ensure children can walk and cycle safely to school Wokingham Borough Council agrees to put the requests of the petition into the highway safety improvements pool without further delay.

93. Petitions

There were no petitions submitted.

94. Council Tax Base - 23/24

Council received a report regarding the Council Tax Base 2023/24.

It was proposed by Imogen Shepherd-DuBey and seconded by Clive Jones that the recommendations contained within the report be agreed.

Imogen Shepherd-DuBey indicated that the tax base had increased by 1.74% this year. The increase in the Council Tax premium for empty homes was highlighted. This was designed to encourage homeowners to rent or sell their empty homes to bring them back into residential use. There were some exemptions to this premium.

RESOLVED: That

the proposed Council Tax Base, for the whole area and by Parish, as set out in the report, be agreed;

a premium of 300% for Long Term Empty Properties for at least 5 years (but less than 10 years), be agreed;

a premium of 400% for Long Term Empty Properties for over 10 years, be agreed.

95. Council Tax Support Scheme - 23/24

Council received a report regarding the Council Tax Scheme 2023/24.

It was proposed by Imogen Shepherd-DuBey and seconded by Rachel Bishop-Firth that the recommendations contained within the report be agreed.

Imogen Shepherd-DuBey commented that the Council Tax support scheme was designed to support residents on the lowest incomes. It was reviewed annually and it had been agreed that an additional £100,000 would be added to next year to keep the scheme in sync with increases in Universal Credit and other benefit schemes. The scheme disregarded payments for Child Maintenance and Carers Allowance but stopped for a single person where their remaining income rose above £16,558 per year, or £23,900 for a family with two or more children. This was an increase of 10.1% on last year.

It had been agreed that an additional £250,000 would be added to the Budget next year in order to support struggling households. Imogen Shepherd-DuBey commented that she hoped to work with Officers and the cross party working group over the next year to look at the Council's current benefit provision.

RESOLVED: That the Council agrees the proposed Council Tax Reduction Scheme for 2023/24:

- 1) a local CTR scheme for 2023/24 be adopted on the same basis as the 2022/23 with a growth of £100k included in the proposed MTFP in order to maintain

support in line with Council Tax increases and to reflect increases in central government welfare payments;

- 2) that the full disregard currently allowed for War Widows and War Disability Pensions be continued from 1st April 2023 in respect of the Prescribed and Local Council Tax Reduction Scheme and Housing Benefit schemes;
- 3) that funds be made available to the hardship fund, known as Section 13a (S13a) scheme, for those who cannot pay their council tax liabilities;
- 4) the linkages to the broader Tackling Poverty Strategy of both the Council Tax Reduction Scheme and the S13a scheme, be noted;
- 5) an additional £250k to be included in the proposed 2023/24 general fund revenue budget to provide further support above and beyond the Council Tax Relief Scheme to tackle poverty in the light of cost of living pressures, be noted.

96. Timetable of Meetings 2023/24

Council considered the timetable of meetings 2023/24.

It was proposed by Clive Jones and seconded by Stephen Conway that the timetable of meetings 2023/24 be agreed.

Clive Jones commented that he was pleased to see eight Council meetings scheduled for the next municipal year. He felt that this would allow greater opportunity to consider Motions.

RESOLVED: That the timetable of meetings 2023/24 be agreed.

97. Review of Members Allowances by the Independent Remuneration Panel

Bob Nancarrow, Chairman of the Independent Remuneration Panel (IRP) presented the report to Council and took Members through the recommendations, which were driven by objective data analysis and independent thinking. The Panel's analysis had shown that some Members' Allowances for Wokingham Borough Council had fallen behind their Berkshire neighbours, in part due to Wokingham Borough Council not accepting increases for a number of years.

Members were informed that the total proposed increase for SRAs and the Deputy Mayor allowance was £11,245, the Basic Allowance on the indexation would be £14,418, which in total was £25,663. This equated to a rise from £3.82 per resident to £4.

Clive Jones thanked the Panel for their hard work and strong commitment. He welcomed parts of the report and agreed a review should be carried out every four years. However, the Council was dealing with a difficult financial situation and had not received a favourable Local Government settlement. With the cost of living crisis and the Council trying to address a deficit, he felt that he could not support an increase to Members Allowances at this time, but hoped that the Panel would return next year.

Clive Jones requested that separate votes be taken on recommendations 2, 3, 9, 13 and 14 (together) and 1, 4, 5, 6, 7, 8, 10, 11 and 12 (together).

Pauline Jorgensen thanked the Panel for their hard work and for meeting with her to discuss the report. Whilst she was supportive of the direction of travel she could not support any increase to allowances at this time.

Andy Croy also thanked the Panel. He commented that the Labour councillors still claimed the Basic Allowance as set in 2010 and had refused to take any increases since then. Members were accountable to residents. He went on to state that the allowance was not a salary and should not be a reason for becoming a councillor.

Keith Baker referred to increasing energy costs and the cost-of-living crisis. He went on to refer to the local removal of green caddy bags and increasing car parking charges. Keith Baker commented on the impact of backdating and stated that he could not support an increase to Members Allowances.

Stephen Conway gave his thanks to the Panel for their thorough review. The recommendations to increase allowances could not be supported given the poor financial climate. However, if the makeup of the Council wanted to diversify, consideration may need to be given to reviewing the level of allowances in the future.

RESOLVED: That Council agree that

- 1) The £500 component of the Basic Allowance for the provision of IT should continue to only be claimed by those Members who provide facilities which allow constituents and Officers to communicate with them by email, in addition to having adequate equipment and connections to allow for effective participation in virtual and hybrid meetings and the self-certification process related to this component of the basic allowance to be continued;
- 2) No one-off changes be made to any of the following SRAs: Leader of the Council, Leader of the Opposition, Deputy Executive Members, Chair of the Standards Committee, Chair of the Personnel Board, Member of the Planning Committee, Chair of the Overview and Scrutiny Management Committee, Chair of Overview and Scrutiny Sub-Committees;
- 3) No one-off increase be made to the Mayor's Allowance;
- 4) No changes be made to the Travel and Subsistence Allowances;
- 5) No changes be made to the Dependent and Cares Allowance scheme.

98. Adoption of the Central and Eastern Berkshire Joint Minerals and Waste Plan

Council considered the Central and Eastern Berkshire Joint Minerals and Waste Plan.

It was proposed by Lindsay Ferris and seconded by Wayne Smith that the recommendations within the report be agreed.

Lindsay Ferris indicated that the Plan had been in development since 2017. There were no proposals for new mineral and waste allocation within the Borough but there were several others in the wider plan area, including six in the Royal Borough of Windsor and Maidenhead area. It was noted that Brookside Business Park in Swallowfield had been removed as a preferred waste area due to flooding concerns, and the Star Works site in Knowl Hill was being safeguarded for waste issues as an existing operational waste site.

RESOLVED: That Council:

- 1) adopts the Central and Eastern Berkshire Joint Minerals and Waste Plan, (Enclosure 2), which incorporates the Main Modifications recommended by the Planning Inspectors (Enclosures 3 and 4)
- 2) agrees to make alterations to the adopted Policies Map (Enclosure 5) that are necessary to give effect to the policies of the Joint Plan;
- 3) authorises the Director of Place and Growth, in consultation with the Executive Member for Planning and Local Plan, to agree minor amendments necessary to the Joint Plan and other supporting documents ahead of publication and publicity.

99. Member Question Time

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

99.1 Gary Cowan asked the Executive Member for Planning and Local Plan the following question:

Question:

Are the financial implications of a planning application a planning matter?

Answer:

Financial implications of a scheme can and do form part of Planning Officers' considerations, these can include viability or the cost of mitigating the development impacts. With respect to questions over potential for costs at appeal, if officers are asked, officers can give their professional opinion on the likely outcome of an appeal including costs, however any decision needs to be based on sound planning reasons and not because appeal costs may be incurred.

Supplementary Question:

In reality I have spent many years on the Planning Committee, and what actually happens is if a Member has a view and it looks as if the decision may be going against the officer recommendation, then they quite often say that there will be costs awarded at appeal if we go to appeal and lose it. I think this guides Members in perhaps the wrong direction, and it is good to get it very clear that it is not a planning consideration, the actual costs of appeals, and that should not be referred to by officers. Perhaps with good planning reason and knowledge they can perhaps use it as a general practice. I am pleased to say that they cannot.

Supplementary Answer:

I absolutely agree with you. A planning application should be dealt with on the planning considerations.

99.2 Jim Frewin asked the Executive Member for Planning and Local Plan the following question:**Question:**

Wokingham has been subjected to significant development over the past few years. The planning process provides for community amenities and planning conditions build on these amenities. Shinfield has waited for nearly 10 years to get a promised supermarket, only recently approved, and significantly varied from the original promised amenity. We also await other amenities such as sports pitches, pavilion, community focal point etc, all late and much changed from the original promises. Shinfield is not alone in this wait. I also understand that Wokingham are not meeting the planning levels for allotment provision. What are Wokingham planning doing about meeting the agreed amenity targets for our communities?

Answer:

Thank you for the question.

You are right that all the major developments we have planned for in recent years has secured new infrastructure to be designed in and delivered alongside the much-needed new homes we have been providing.

In respect to the Shinfield major development specifically, the new infrastructure delivered to date includes upgraded outdoor sports facilities at Ryeish Green, new public open spaces including allotment sites at both Three Mile Cross and Shinfield, the new Aldergrove Primary School and the Eastern Relief Road. The new Shinfield Community building has also been delivered through funding secured from the development in addition to other projects delivered by the Parish. The provision of allotments and public open space is in accordance with our policy and is either being provided as new facilities and/or through enhancements to existing facilities.

It is recognised that some elements of the planned infrastructure are still to be delivered including further allotments, cricket/sports pitches and the supermarket. These will be delivered as the development continues to progress. For example, the allotments at Orchard Rise were delayed due to soil compaction and other remedial works which needed to be put right before opening. These will open in early 2023 following final approval from the Council.

I sympathise that the delayed delivery of the supermarket at Shinfield is frustrating, but it is great news that it is now planned to come forward. My understanding is that the delay to the supermarket has primarily been caused by economic uncertainty following Covid and this resulted in a lack of commercial interest for a period.

I am pleased that the proposed supermarket is progressing and whilst slightly smaller than that originally planned, it is much closer to the original vision with the change reflecting how the retail market has changed over time.

We will continue to do all we can to hold major developments to the agreed vision, recognising that any move away should be fully explained and justified, and not done without a look of whatever as I would call it.

Supplementary Question:

The question was more whilst I used examples at Shinfield, it was wider. It was across all development across the whole of Wokingham, where we fail to deliver the amenities promised.

As a Council, along with our Town and Parish Councils, we have many obligations to our communities. These include such things as keeping areas clean and safe, simple things like keeping roads and open areas clean of rubbish and evidence of dog walkers, and street lighting to keep our residents safe. We also have obligations to deliver what we promise, and what we approve through the planning process. We may not always do this, but we can always be held, and rightly so to account. What do we do to hold developers to account where before we adopt some of these new developments? The developers are not keeping some of our residents safe. They are not keeping our streets clean, and they are not allowing the communities to flourish.

Supplementary Answer:

The Council does have a team particularly to deal with the SDL activities where they work with the developers to ensure that they do provide the services that are required. However, you do raise a very important point, and that is about the calibre of the different developers across the Borough. In fact it is one of the things that is in the new MPPF that has been issued just before Christmas, where the issue of the calibre is now being considered as an issue as to whether we can consider them to be suitable or not in future. I think that is something that is very good because it makes developers, and there a number that I could name, but I will not at the moment, that have not performed on doing things on various parts of the Borough. I might look at someone who is not very far away, who has been affected by a particular developer, and there is others in other parts that have been very laggard.

One of the things that really does give me a lot of problems, is the way that they set up these companies to charge residents up to £3,000 a year to do things, where the roads are not in a very good state. You drove me around the Shinfield area and some of the roads were in an appalling state. In fact, the central road point that you showed, actually had a car hit it about two days afterwards. Some developers are a lot worse than others, but there are some good developers, and I think we need to build on this with the developers and work harder and push them so that when they say they will develop and provide x, they provide x.

99.3 Jackie Rance asked the Executive Member for Housing the following question:

Question:

I have been helping five social housing tenants and their families at Clements Close, Spencer's Wood. They have had one chronic housing problem after another for over the year that I have been involved. Leaks, water cascading down walls, crumbling

staircases, sinks falling over, baths on crooked floors and more. The tenants are all on medication for stress. All are overcrowded. Please could the Administration tell me what is being done imminently to help the families?

Answer:

Thank you for your question, Jackie. The Housing Service has been working on the five cases, with visits to the homes in question from housing officers, surveyors, and specialist contractors to identify what needs to be done and to progress repairs. Unfortunately, as you are I am sure very well aware, some of the problems are complex and are taking time to resolve. But we are committed to supporting the residents and undertaking the repairs that are needed.

Clements Close residents more generally have been surveyed and the number of site visits or walkabouts by housing officers has been increased. A Clements Close Project Group, including Council officers, meets fortnightly to raise and pursue areas of concern.

The administration is committed to ensuring all our housing stock meets health and safety standards. That is why we are investing £8.69million in our repairs and maintenance service and testing the market to see whether additional or alternative options are available to improve the service offered to our tenants.

99.4 Laura Blumenthal asked the Executive Member for Environment, Sport, and Leisure the following question:

Question:

There was a sign in the Carnival Hub saying that its cafe was going cashless from December. This doesn't seem very inclusive for a Council building for those residents who want or can only use cash. Please can you confirm if your Administration will commit to protecting the option of using cash in Council buildings?

Answer:

Neither the Council nor Places Leisure have ever had any intention of going completely cashless, so the notice that you refer to shall we say not be a model of clarity.

The Council and Places Leisure do recognise the general trend towards cashless transactions and wish to encourage them where people have the option. However, we have worked with key groups, such as CLASP and Optalis, to assure them that cash will continue to be accepted from users that are known to access the Leisure Centres that way. Cash will also be accepted from any member of the public should they choose to use this payment method, and nobody will be turned away.

Supplementary Question:

I am not entirely sure why there was not clarity with the sign then. So are you confirming that cash will be accepted as a payment option in all Council buildings?

Supplementary Answer:

I am confirming that it will be accepted in the Council buildings that come under my remit.

99.5 Shahid Younis asked the Executive Member for Environment, Sport and Leisure the following question:

Question:

It was confirmed in Spring 2022 that this Council would introduce women's only swimming sessions in the Borough, but this has still not been launched. The request came from the Equality Forum with no communications on the delay being given to the Forum's members. Please can you give me an update on when the swimming sessions will begin?

Answer:

Your question did surprise me at first because an update was provided to the Equality, Diversity, and Inclusion team during the latter part of last year, and I see that you were copied on the email.

Little has changed since then, but to summarise: the Forest School were carrying out emergency work to the pool during December, which unfortunately needed to be completed before they could replace the flooring. All being well, they should be able to start the flooring replacement during February.

It is now likely we will be looking at March or the Easter break for the introduction of women's only swimming sessions. Updates will continue to be given by the Equality, Diversity, and Inclusion team.

Supplementary Question:

Yes, an update was given but actually the point I would like to make is that we set up this Equality Forum and we asked for recommendations. When they give their recommendations we go away and take so long to consider and implement them. It has been a long time. Can I just remind the Executive that what is being asked is not to build a swimming pool, it is just to have swimming classes. It is not too much to ask, so can you please commit to a date when these female only swimming classes will be provided?

Supplementary Answer:

The date is dependent on the completion of the upgrade and that has been delayed unfortunately by circumstances. It will available as soon as that little upgrade is complete.

99.6 Keith Baker asked the Executive Member for Active Travel, Transport and Highways the following question:

Question

At a recent meeting with a Senior Highways Officer, the existence of a Business Case for increased parking charges was questioned. The answer was 'The business case is simply the document that went to executive – there is no further document and no further analysis'. We have repeatedly asked for copies of the Business Case with nothing being provided. If this Officer's comments are true, then it is understandable that the Executive Member could not provide it as it does not exist.

If this is true, this is a massive dereliction of duty to raise charges without any formal

justification behind the proposals. Where are the answers to these questions?

- . what is the impact of increases in a period of economic downturn?
- . what is the impact of increases on local traders?
- . what is plan B if the Council gets the changes wrong, affecting business viability?
- . Does the possible revenue benefit outweigh the likely disadvantage to the retail sector already affected by the economic downturn?

The easy answer to all these questions could be resolved instantly by publishing the Business Case. Will you publish the Business Case behind these increases? A simple yes or no answer will suffice.

Answer:

Thank you, Keith, for your question.

As was explained to you by the Officer, the business case was the document that went to the Executive. In summary, there is a forecast shortfall in income and we need to address that.

As I presented to the Executive on 22nd November 2022, we considered many areas and these included

- Taking funding from the reserves
- Closing the park and rides
- Taking funding from the revenue highways budget
- Taking funding from other service area

All of these had significant implications; therefore, the only option was income generation from existing off-street car parks as the cupboard was bare of any other funding.

Options were explored to do nothing, cover the lower end of the budget shortfall or towards the higher end. The Executive agreed with the lower increased charges with an estimated forecast of £540,000 additional income.

The calculations made were based on known ticket sales. Any forecast is an estimate, as no ticket sales are guaranteed, and any number of changes could arise which could affect income

We have considered all the points made about the potential impact, which is why the final version of the changes was different to the first version.

Car parking income is constantly monitored, so if the impact of the changes is not as anticipated, of course they will be reviewed.

Supplementary Question:

So what you are actually saying is all my questions in the question have been answered in the business case? Now if that is the case why will you not publish it? It is no good just keep on standing up here and providing answers. Publish it, publish it. Residents want to see answers to all these questions. You appear to

have them, so why will you not put it into the public domain? Publish it and be damned.

Supplementary Answer:

As I said already the Executive report is a summary of the work that we did. The calculations are based on ticket sales and there is no guarantee. I would also like to say that the Conservatives proposed in the draft MTFP, increases in car parking charges, in November 2021, with a forecast income of £500,000, but did not progress it. If they had done that then the situation may have been different now for the car parking service with a shortfall that we now face. Therefore, this Administration has had to take the very difficult decision to increase charges to cover the shortfall in income forecast. Was there a business case with what you had done previously? I think not.

99.7 Rachel Burgess asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

There have been six collisions at the Wokingham town centre junction of Rectory Road and Wiltshire Road in recent years, where cars have come off the road, crossed the pavement at speed, and crashed into the railings outside the apartments on this junction. Three of these collisions occurred in the last seven months, and two in the last two months, causing considerable damage and concern.

There are many older residents in this area, some of whom are scared to walk on the pavements outside their own front doors due to the speed of traffic and the frequency of collisions at this site. In the most recent example, residents were walking along the pavement just moments before the incident. Residents are rightly concerned for pedestrian safety and fear a serious accident, causing personal injury, will occur.

A resident petition for safety measures at this junction was presented to the Council over a year ago. What measures is the Council taking to ensure safety at this junction, in particular for the many pedestrians in this area?

Answer:

The Council is sorry to learn of collisions with private property referred to by the elected Member. Wiltshire Road is a busy A-class road carrying over 8200 vehicles daily and Police reports show one collision involving an injury to a road user, but not associated with the private property.

Average and 85%ile speeds are compliant with the speed limit. Given the high level of use and low injury collision record it is clear that the road does not have an inherent safety risk, that engineering measures would be able to address.

Whilst it is evident from resident reports that, over the past year, some drivers have failed to cope with a road layout that has been in place for decades and caused no problem to drivers previously using this road, the absence of information about individual collisions means that it is not possible to identify factors that may have contributed to the recent spate of incidents. Certainly, the road layout, signs and

markings at this location are all appropriate and serve to manage traffic safely.

However, there is an ongoing assessment into the possible provision of a formal crossing facilities at this location which may present an opportunity for other changes to be made. Otherwise, incidents of excessive speed, should they be the cause, are a matter of enforcement for Thames Valley Police to consider.

Supplementary Question:

You mentioned the absence of Police evidence and other evidence regarding this area, but my understanding is that is partly because yet there has been no serious personal injury or death at that site, so my question is, what can we do now as a Council to ensure that we move away from this position where we appear to have to wait for something really awful to happen before any action is actually taken?

Supplementary Answer:

The difficulty we have is that we do not actually have the causation factor of these incidents. Unfortunately, no Highway Authority can plan for bad driver behaviour or driving under the influence of drugs, or excess alcohol, or mechanical failure. Therefore, there is little we can actually do but just monitor the site and get as much information as possible from any incidents that unfortunately occur in the future.

99.8 Pauline Helliar Symons asked the Executive Member for Planning and Local Plan the following question:

Question:

Given that the Conservatives had 99% success in winning appeals on planning applications, can you tell me how many have been lost on appeal, and the total cost to the Council of these losses, since May?

Answer:

There have been 53 appeal decisions in the 8 months since May 2022. Of those appeals, 21 were allowed, one was a split decision and 31 were dismissed. This compares to a total of 74 appeal decisions in the preceding year 1 May 2021 to 30 April 2022, when 19 were allowed, 3 were split decisions and 52 were dismissed.

Noting that there is a six-month period to lodge an appeal, plus the time taken for the Planning Inspectorate to determine the appeal, many of the appeal decisions since May 2022 were associated with applications which were determined by the Council prior to May 2022. Of the appeals allowed since May 2022, 4 were committee decisions, of which two were Committee “overturns” – those at Lord Harris Court and St Annes Drive.

For the vast majority of appeals, the appeal procedure remains one of written representation and the cost to the Council is limited to the officer time spent writing appeal statements.

5 appeals have been dealt with by public inquiry since May 2022. Of those that went to public inquiry, 4 appeals were allowed, and one was dismissed. The total costs associated with defending those appeals was around £127,000. Since May 2022, there has been one award of costs to the Council (amount under negotiation) and

one to an Appellant. By comparison, none of the appeals determined in the period May 2021 to April 2022 had followed the public inquiry procedure. However, this was due in part to Covid-19 and backlogs at the Planning Inspectorate. During this period there was 3 awards of costs to the Council and 3 to Appellants.

Supplementary Question:

During the last four years the Conservative success on all housing appeals, that is the one plus houses, not the major developments of ten or more, the Conservatives success was 77.4%, that is over three quarters. The Liberal Democrat successes are only 43%, that is under half. Several appeals since May are pending or awaiting a decision. The lack of a Local Plan is allowing developers to win these appeals, so in the light of this failure to produce a Local Plan, what are you going to do to prevent the building of the proposed additional 835 houses, which are in a threatened area of Green Gap in my ward of Wokingham Without?

Supplementary Answer:

We have an interesting situation because since we took control in May, we have continued the lobbying about the housing numbers for the Borough, and that has been more successful now because of changed circumstances. We are now at the situation where we could have around 2,500 houses less than what would have been done with the current draft Local Plan. So, we were left with a situation of either deciding to go with the current draft Local Plan, which many residents had lots of problems with, with lots of parts of the Plan, or to work and go through a set procedure. We have gone through an assessment of the larger sites. We have continued going through all the stages of going through a Local Plan over this period, and that is what we are doing. We are looking to see how we can develop. We have had a number of planning appeals and we are in the position that we are in.

100. Minutes of Committee Meetings and Ward Matters

100.1 Shirley Boyt asked the Executive Member for Environment, Sport, and Leisure the following question:

Question:

Woodley Town Centre has been blighted by anti-social behaviour for many months and I have instructed residents and businesses to reports incidents of anti-social behaviour to the ASB email address, assuring them that issues would investigated promptly, and where necessary the ASB officers would contact the Police.

Unfortunately, the complainants are routinely being told by the officers to call 101 or 999 without even visiting the scene. Please could Ward councillors be provided with a record of how many complaints have been received in respect of Woodley Town Centre since the service came back in house, and what actions have been taken in response?

Answer:

It was disappointing to hear that, Shirley. I will certainly take that away and get a reply to you on the number because I would have expected a more positive response.

100.2 Parry Batth asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

If you remember Madam Mayor, I asked Councillor Paul Fishwick a question about a safe crossing for Crossfield School in my Ward, and Councillor Fishwick agreed to meet me. I was very pleased to hear that, but unfortunately he developed Covid and that meeting was cancelled. It was rescheduled and we agreed to meet at 8am at the school gates, the front school gates, with the Deputy Headteacher waiting there at 8am on the agreed date. We waited from 7:50am to 8:20am but we never saw Councillor Fishwick at all. On getting home I emailed Paul, and Paul said that he was walking up and down Shinfield Road instead of meeting me and the Head. I do not know why he did not show up to meet us. I have no idea, perhaps he can explain? Also, the safe crossing is for children crossing the road. Very important. As we have already discussed tonight, the safety of children is paramount, and there is a lot of work that has already been done by the officers for this particular remit, and that work I do not want to go to waste. I would ask Councillor Fishwick to reconsider his position because he assured me that the crossing is not necessary. Please can you revisit?

Answer:

As in my response to you I did say that I did turn up at the site. I arrived at 7:45am in the morning. I had not realised that there were two entrances to Crossfield School. I went to the first entrance because I was coming up from the Shinfield Arms roundabout, and I waited there until about 8:10am/8:15am. I then wondered up the road and then came back down again. I was then met by some employees of Crossfield School who questioned why I was stood there with a yellow jacket on, and I told them who I was and who I was waiting for. They said we will go and find out where the Headmaster is, and they came back and said yes, the Headmaster is in the Reception. So, I wondered back to the Reception, or the other entrance, and I eventually found him, and I had a discussion with him. I witnessed a few people crossing the road, but the vast majority, about 90% of the people were brought in by car, and a few people came by bus. There has been a report undertaken by the Council in February 2022, which I had a copy of, and I have read through that. The situation is no different now, then at the time of the assessment. However, it will be kept on the shelf and reviewed at a later date.

100.3 Michael Firmager asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

There is a dangerous junction on Sonning Lane and the A4 in my Ward where there have been accidents or extremely near misses. The A4 itself is an extremely fast and dangerous road. This concern was raised and shared by residents and people who use this junction. This is also used by the staff and students of Reading Bluecoats School. A possible solution is a left hand only turn from Sonning Lane on to the A4, and indeed opposite this junction from Warren Road onto the A4 would certainly help make this road safer for all road users. I am sure that there are other measures that could be used to improve road safety. I have raised this previously with officers who just want to continue to monitor this situation on an annual basis. Please can you look into this and press for action for the residents in my Ward, and

indeed anyone who uses this junction? This cannot wait for the annual review of this very fast and dangerous stretch of road.

Answer:

I will certainly take it up. Could you tell me when it was first raised? (*last year*)

100.4 David Hare asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

Most streetlights in Hawkedon work most of the time as the streetlights in Wokingham will work most of the time. There are faults which seem to take an awful long time to rectify. The WBC website suggests that there is only a 28 day investigation target. Does this mean that there is not a Service Level Agreement with a target to actually fix the faulty lights and an investigation target to actually fix the faulty lights, and if not why not, and are you going to make something happen?

Answer:

The aim is to repair the streetlights using Volker within 28 days. However, if they find that the fault is the apparatus in the ground, the electric supply, that is Scottish Southern Electric, and they are the only ones that are allowed to touch those cables. Therefore, we have to rely on their programme to get them completed. They do have target deadlines with Ofgem to actually get those targets completed, but we are reliant on them.

100.5 Phil Cunnington asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

This is on behalf of a group of residents who approached me who live on the Eldridge Park Estate, which for your information is off Bell Foundry Lane. The question is when will there be the opportunity for them to take a bus from the bus stops that have been painted, kerbs prepared etc. along the NDR, because they are nowhere near an existing route?

Answer:

This is quite a difficult one because at the present time we have supported bus services for Wokingham Town and South of the M4 which are coming to the end of their contract. It has been extended to 31 March. The Executive will need to make a decision to extend those contracts for a period of time and then go back out to tender again because the tenders that came in did not meet the criteria. We are probably in a position where it is going to cost considerably more, and more money has to be found for those services, which are the priority because they are the existing ones before we then look to expand the network, which is included in the Bus Service Improvement Plan, which is also going to the Executive next week.

100.6 David Cornish asked the Executive Member for Environment, Sport and Leisure the following question:

Question:

The attraction of gravel by the Cemex company from Fleet Hill Farm and Manor Farm in Finchampstead has been winding down for a number of years, with promises of full restoration, public access and the creation of new public rights of way. They have yet to be delivered to the agreed standards, or in some cases not

delivered at all. Could I ask the Executive Member to ensure that all possible is being done by Council officers to ensure that Cemex fulfil their agreements and their planning and contractual obligations to the Council, and to get a commitment for when this will be completed?

Answer:

Yes you are correct the obligations of Cemex have not been met. They have not met the Memorandum of Understanding. We are aware of that. I was in conversation with the Green Infrastructure Team before Christmas about that. There seems to be some edict from the Cemex Board in, I believe, Mexico, which is holding them back, but we are in contact, and we are pressing them as hard as we can to get a resolution of that, because it is important that, that should be returned to effectively, ultimately, a nature reserve.

100.7 Rebecca Margetts asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

Residents of Finchampstead South do not feel safe walking on Sheerlands Road in Arborfield Green due to faulty streetlights. This includes children on their way home from Bohunt School. I have been told that there are multiple lighting failures due to private cabling faults and developer related issues, as others have said this evening. Could I please ask the Executive Member for Highways to expedite that matter for me? It cannot be acceptable in 2023 when active travel is encouraged that our streets are unlit and unsafe.

Answer:

By the sound of things some of these might still be in the hands of the developer, so I will see what I can do, and then I will email you what I have found out.

100.8 Pauline Jorgensen asked the Executive Member for Environment, Sports and Leisure the following question:

Question:

We have had a lot of issues in some areas of Earley with leaflets that seem to have been there for most of the year and have not been cleaned up. I am just wondering if this is a generic problem across the whole Borough or whether there is a problem with Earley in particular. I am wondering if there is a problem with the contractor because it seems to be getting worse.

Answer:

Yes, I do not have a broom big enough for Earley, that is why we are picking on you. In all honesty have they been reported, is my first question? Can you provide me with the reference numbers for the reports, and then we will follow them up, because it does seem to be a deficiency of the particular contractor.

Pauline Jorgensen clarified that she had reported them all and they would all be fixed. However, the quality control on the contractor concerned her. Unless reports were made the road was not swept.

If they have been reported they will have been noted, and there will be conversations with the contractor because I do not believe that Earley is the only place that we

have had reports from.

100.9 Andrew Mickleburgh asked the Executive Member for Active Travel, Transport and Highways the following question:

Question:

Hawkedon residents are not immune to the difficulties experienced by residents throughout the Borough resulting from the home volume of roadworks. These works are, I am sure, necessary, and usually appear to be well managed. However, I wish to ask if WBC has any leverage with regards to one particular issue that has occurred a number of times in Hawkedon? This is temporary traffic lights being left on sometimes well before any roadworks have commenced, and sometimes after they appear to have been finished, resulting in unnecessary delays and CO2 emissions from cars, with engines that are left idling. Utility companies often seem to be involved.

Answer:

As I mentioned earlier, we have approximately 5,300 roadworks across the Borough in a given year. 75% of those approximately are the utilities, and in some cases, they do turn up with traffic signals before they should do. A reasonable time is usually allowed for them to set up, and then the gang come along to start digging. However, we did have a case only last month in Winnersh when a particular utility turned up on the A329 Reading Road 24 hours before the gang turned up, and their lights were removed. We do have inspectors who go around. The vast majority of the utility works have permits, but from time to time there are emergency works, when they will just suddenly do works that are not programmed. The resource we have is limited. They cannot get around absolutely everything that is going on at the same time, so if any residents or Members do see some traffic signals that have gone up, or the works have finished and they appear to still be left there, please contact the Council and the Streetworks Team will send out one of their inspectors, who are out on the road at all times.

101. Statements by the Leader of the Council, Executive Members, and Deputy Executive Members

Prue Bray, Executive Member for Children's Services:

I have a very short statement. I would just like to inform everyone that in November Ofsted inspected the Council's Adult Education Service and the report was published on the Ofsted website on Monday this week. I am very pleased to be able to say that Ofsted rated the service as Good.

Sarah Kerr, Executive Member for Climate Emergency and Resident Services:

I want to take this opportunity to update you on the ongoing work from our Energy Team in collaboration with our Climate Emergency Team. We recognise that for both financial and environmental reasons, residents are looking more and more at what they can do to improve their homes, reducing energy consumption, and for the energy that they are using to be greener and generated on site. As you will be aware the Council is set to get a new website this summer and as part of that we are working towards having a dedicated page for energy and home improvements, where residents can find the information, they need in one place. This will include information on schemes that were operating or helping to deliver on, signposting to external available schemes and sources of financial support, energy reduction tips

and other support services.

A fabric first approach is crucial to reduce energy demand in the first instance. In our own social housing stock, following a stock audit, we have a bid for the Social Housing Decarbonisation Fund to make improvements to the homes that do not yet reach an EPC rating of C or above. We are encouraging other social housing landlords to apply as well. We have also got a bid in for Hug 2 which is the Home Upgrade Grant, where we can support low-income households to put in efficiency measures. We are continuing to support the roll out of the Energy Company Obligation Scheme, otherwise known as ECO. We are now in the fourth iteration of this scheme, but I should point out that it differs from ECO 3 by being substantially more restrictive, so less households will qualify, and there are additional workload requirements on us the Council for each application. Given that as a nation we need to be improving the insulation on a million homes a year until 205 in order to reach our net zero commitments, this is a backwards step and deeply frustrating. Nevertheless, we will continue to apply for available funds and support residents in any way that we can.

I have mentioned previously our Home Decarbonisation Service that we plan to launch. Through a company called Parity Projects we now have the software to bring this to life, and the Energy Team, Climate Emergency Team, and Customer Services Team, are undergoing training with the aim of going live in the Spring. We will go to full promotion of this service in the Autumn of this year, enabling residents to look at their properties and what energy reduction changes that they can make, including the return on investment. We are also looking at other financial schemes such as loan schemes or schemes that offer a reduction on renewables such as Solar Together, who we are in advanced discussions with. Over time we hope to build a plethora of options and opportunities to overcome the various barriers faced by our residents as we transition to a more sustainable future.

I am afraid that I need to finish my statement by raising an issue, and that is the issue of poor behaviour. We have been told about some instances of behaviour on the part of councillors, and I mean councillors plural, towards officers that has fallen short of the standard we would expect. I want to take this opportunity to remind you that all councillors should treat officers with respect in this Chamber and in their correspondence with them. Robust discussions are perfectly possible without descending into bullying and harassment. Please make sure that you do not cross this line. There have been relatively few complaints about councillor behaviour in this Council compared to many. We would like that to continue.

Imogen Shepherd-DuBey, Executive Member for Finance:

You may have noticed that just before Christmas we received our Local Government Finance settlement grant. This grant is funded by Central Government and approved by MPs in the House of Commons. This extra money we have received for next year is £1.8million, which may sound like a big number but it amounts to only a 7% increase on the grant that we got last year, and does not go anywhere near enough to cover the additional costs of running this Council. If we follow the current course the inflation costs increase alone is predicted to be just under £9million for next year. Our Government's funding per resident is still the worst in the country, and if we were paid just the national average it would inject a staggering £30million

into our budget. I alluded to this earlier but our contributions paid by our council tax do not cover the basic needs of our residents. In this moment an average family of two adults and two children in a Band D property would need to contribute an approximate £350 per year to cover the basics of what we spend just to support their household. This is largely because our Council Tax charges are capped and we are not allowed to increase them in line with inflation, or fundamentally to just actually cover the cost of running the Council services. We are dependent on additional income from things like car parking, renting out leisure facilities, library book fines amongst many other things. We do have some property investments in the private sector, but they worry me, as anyone can look at bankrupt councils such as Slough and Thurrock to see how risky and disastrous that kind of income generation can be. However, we are where we are, and if one of our income streams fails to deliver the expected amount, then we are stuck with very few places to go to bridge the gap. As it is we are altering our services to make them more efficient. Staffing levels are falling but we are resolved to ensure that those with the most need in this Borough will continue to be supported for as long as we can, even if that means that we have to make some unpopular decisions to do so.

Clive Jones, Leader of the Council:

I am sure that all councillors will know that the Local Government Association has been undertaking a Peer Review of our Council. They visited us in November, under the previous Administration, and they returned in October 2022, under the new Administration. As with the usual practice, the assessing team comprises of a Chair from the same political party as the ruling group as the Council being looked at. So, in November 2021 the Conservative Leader of Essex County Council was the Chair. The team also comprised of two senior officers of unrelated councils, and finally an experienced person from the Local Government Association. The only change to the review team that we saw in 2022 was the Leader of Essex County Council stood aside for the Lib Dem Group Leader of Liverpool City Council, both very experienced councillors who have done a lot of work for the LGA, and continue to do so. Their independence and impartiality therefore should not be an issue. Sadly, I have seen today, a misleading Facebook post, from someone who clearly does not understand how a Peer Review works. All Members of Peer Review panels who work for the LGA are independent. If they were not, I am sure they would not be getting further roles from the LGA.

The feedback from the second visit from the independent reviewers was very good and several improvements were found. The Peer review feedback states 'the Peer Team observed that there has been a palpable and positive change at Wokingham, in tone, in style and in purpose', and thought they were encountering a Council that was very different to a year ago, which is a credit to both the work of officers and Members. They also said that the Council has clearly embraced the issues they were facing at the time of the original Peer Challenge and turned them into opportunities using the financial position and the change in political control as an impetus for change. My Executive and I, and indeed the Senior Leadership Team, believe that it is important to learn from others, and I am pleased that the Peer Review Team has seen improvements in our Council. They noted in particular that this Liberal Democrat Administration does not shy away from difficult decisions, and given the difficult national economic position, that is very important. I would urge anybody interested in how we are working to make things better for residents, to

read this report. It is encouraging that these independent assessors have found that we are going in the right direction, and have improved against their recommendations of November 2021, but we are not complacent and will continue to work with our partners for the good of all of our residents. I would like to take this public opportunity to ask the Chief Executive to convey my thanks and the thanks of the Executive and the Lib Dem Group, to all of the staff who have worked so hard for us to be able to get this very complimentary report from the Local Government Association.

102. Statement from Council Owned Companies

Clive Jones, Non-Executive Director of Loddon Homes and WBC Holdings Ltd:

WBC Holdings has formally decided to wind down Wokingham Housing Limited. This was considered by the previous Administration, so I am sure that it will not be a surprise to them. We have also decided to review whether Loddon Homes and Berry Brook Homes should be merged or not. This will be reported on probably in the new municipal year.

103. Motions

103.1 Motion 494 submitted by Gary Cowan

Council considered the following Motion, proposed by Gary Cowan, and seconded by Jim Frewin.

‘This Council sets up a working Group to review the Council’s Constitution with the aim of making it fit for the 21st century by attempting to reflect the needs of Councillors, Officers, and Residents. To achieve that aim we ask the LGA to work with us in putting into place a modern, fit for purpose, new Constitution.’

Gary Cowan commented that the Local Government Association had helped other Councils to devise new Constitutions. The Constitution had unintentionally developed inconsistencies over time. Starting from scratch would help to iron out these inconsistencies and better serve residents. He believed that councillors of all parties should be involved in the process.

RESOLVED: That this Council sets up a working Group to review the Council’s Constitution with the aim of making it fit for the 21st century by attempting to reflect the needs of Councillors, Officers, and Residents. To achieve that aim we ask the LGA to work with us in putting into place a modern, fit for purpose, new Constitution.

103.2 Motion 496 submitted by Rebecca Margetts

Council considered the following Motion, proposed by Rebecca Margetts, and seconded by Pauline Jorgensen.

‘Wokingham Borough Council congratulates the England Lionesses on their incredible achievement of becoming European Champions. Many of these women were not offered the opportunity as children to play football at school and the only reason for their success was they were prepared and able to travel great distances to pursue their dream. Wokingham Borough Council believes all children should be offered the opportunity at school to play football and calls on all primary schools in Wokingham Borough to ensure that football is offered to every child who wishes to

play.’

Rebecca Margetts highlighted that the success of the Lionesses in the summer had shone a spotlight on women’s sport. It was only right that boys and girls had the same opportunities to play sport. She felt that all children should be able to play football should they wish.

Andy Croy expressed concern at the potential additional financial pressure on already very financially challenged schools. He felt that additional funding should be provided.

Gary Cowan indicated that he supported the Motion but that the focus should not just be on football. He referred to other sporting successes.

Pray Bray commented that many schools were academies and could only be encouraged to amend their sport offer to girls if necessary. She referred to the Chief Finance Officer’s comments that schools could incur costs in the implementation of the Motion. Nevertheless, she felt that equal opportunities should be available. She emphasised that children should, however, not be forced to participate in any sports that they hated, and that being active was key.

Laura Blumenthal expressed surprise that any Member may have concerns regarding the Motion. She believed that it merely requested that boys and girls be offered the same opportunities in sports provision.

Jim Frewin was of the view that the Motion should be supported, and that support and signposting should be offered.

In accordance with Section 4.2.15.5 a recorded vote was requested.

FOR	AGAINST	ABSTAIN
Sam Akhtar		Shirley Boyt
Keith Baker		Rachel Burgess
Parry Batth		Andy Croy
Rachel Bishop Firth		
Laura Blumenthal		
Prue Bray		
Rachel Burgess		
Anne Chadwick		
Stephen Conway		
David Cornish		
Gary Cowan		
Phil Cunnington		
David Davis		
Peter Dennis		
Lindsay Ferris		
Michael Firmager		
Paul Fishwick		
Jim Frewin		

Maria Gee		
John Halsall		
David Hare		
Peter Harper		
Pauline Helliard Symons		
Clive Jones		
Norman Jorgensen		
Pauline Jorgensen		
John Kaiser		
Sarah Kerr		
Abdul Loyes		
Tahir Maher		
Morag Malvern		
Charles Margetts		
Rebecca Margetts		
Adrian Mather		
Andrew Mickleburgh		
Stuart Munro		
Gregor Murray		
Alistair Neal		
Jackie Rance		
Beth Rowland		
Ian Shenton		
Imogen Shepherd-DuBey		
Rachelle Shepherd-DuBey		
Caroline Smith		
Mike Smith		
Wayne Smith		
Bill Soane		
Alison Swaddle		
Shahid Younis		

RESOLVED: That Wokingham Borough Council congratulates the England Lionesses on their incredible achievement of becoming European Champions. Many of these women were not offered the opportunity as children to play football at school and the only reason for their success was they were prepared and able to travel great distances to pursue their dream. Wokingham Borough Council believes all children should be offered the opportunity at school to play football and calls on all primary schools in Wokingham Borough to ensure that football is offered to every child who wishes to play.

103.3 Motion 497 submitted by Laura Blumenthal

Due to time constraints this item was not considered.

103.4 Motion 498 submitted by Shirley Boyt

Due to time constraints this item was not considered.

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TITLE	Housing Revenue Account Budget 2023/24
FOR CONSIDERATION BY	Council on Thursday, 16 February 2023
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Executive Member for Finance - Imogen Shepherd-DuBey

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

The revenue and capital budgets for 2023/24 are set and tenants rent levels are set for 2023/24 to ensure sound finances and value for money in providing housing services for council tenants.

RECOMMENDATION

That Council consider the recommendations of the Executive in respect of the Housing Revenue Account Budget for 2023/24. That Council approve:

- 1) The Housing Revenue Account budget for 2023/24 (Appendix A);
- 2) Council house dwelling rents be increased by up to 5.99% effective from 3rd April 2023 in line with the council's Rent Setting Policy that was approved by Executive on 27th October 2022.
- 3) Garage rents to be increased by 5.99% effective from April 2023;
- 4) Shared Equity Rents to be increased by 5.99% effective from April 2023;
- 5) Tenant Service Charges to be increased by 3.99% effective from April 2023;
- 6) The Housing Major Repairs (capital) programme for 2023/24 as set out in Appendix B;
- 7) Sheltered room guest charges for 2023/24 remain unchanged at £9.50 per night per room.

EXECUTIVE SUMMARY

The proposed Housing Revenue Account (HRA) for 2023/24 is set out for consideration and recommendation to Council. The budget proposed includes the revenue budget (Appendix A) and the capital budget (Appendix B). An indication of the budget for 2024/25 and 2025/26 is provided for information. Proposed 2023/24 rent levels for council housing and council owned garages are also set out for recommendation to Council.

Details of the HRA reserves are also set out in Appendix C.

BACKGROUND

HOUSING REVENUE ACCOUNT 2023/24

Housing Ring Fence

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

Rent Restructuring, Convergence, Housing Self Financing and the End of the Rental Reduction

2. For four years, commencing in 2016/17 the Government introduced a compulsory 1% reduction in Social and Affordable rents. There was no discretion in making this change and it applied to all council tenants. The 1% reduction was implemented in April 2016 and was followed by a further 1% cumulative reduction from April each year for the three years to 2019/20. From 2020/21, the rent reduction stopped and has been replaced with rental increases of CPI + 1%. This would have been 11.1% for 2023/24, the government has however restricted the rent increase for 2023/24 to a maximum of 7%, while the council has decided to apply 5.99% for 2023/24. The Council will continue increasing rents to formula rent when properties are re-let whilst still maintaining the compulsory rental changes. Formula rent is a calculation by Government to ensure all properties of a similar nature (e.g. location, no. of bedrooms) have similar rent levels for tenants.
3. Every year, the Council produce an updated 30-year business plan for the HRA. The allocated debt is based on a notional valuation of the Council's housing stock and a 30 year notional business plan of income and expenditure. The HRA will incur an annual interest charge and principal debt repayment over the majority of the plan. Over the next three years a further £3.3m of debt is to be repaid. The estimated debt as at the 31st March 2026 is £101m. This includes the additional borrowing related to the Gorse Ride Redevelopment project agreed by Executive in February 2022. Revenue budget provision for debt repayment is included under the HRA voluntary revenue provision line in Appendix A.
4. The Council will need to consider its appetite for debt over the 30 year period in light of legislative changes, economic uncertainty and level of future borrowing. Key features of the HRA budget submission are;
 - a) The HRA Capital Programme for 2023/24 will be £11.6m plus any carry forwards from 2022/23, followed by indicative budgets of £25.1m in 2024/25 and £21.7m in 2025/26. This additional increase in the capital programme compared to previous years is due to the Gorse Ride Redevelopment project. The capital programme excluding Gorse Ride has remained at similar levels to previous years. The programme assumes all retained right to buy receipts are utilised.
 - b) Rental income will be based on an increase of 5.99%, lower than the government requirements for a maximum increase of 7% for 2023/24. The policy on future years rental increases are uncertain at present due to the rent increase cap of 7% only relating to one year. Increases of 3% for 2024/25 and 2025/26 have been assumed

for budget purposes in Appendix A. Future rent increases will be subject to the budget setting process when required.

Garage Rents

5. It is proposed to increase garage rents by 5.99% for 2023/24 (3.80% for 2022/23) in line with the council wide increase to fees and charges. Charges will be rounded to the nearest £0.10p.

Shared Equity Rents

6. It is proposed to increase shared equity rents by 5.99% for 2023/24 (4.86% for 2022/23) effective from April 2023.

2023/24 Budget Assumptions & Risks

7. The Housing Revenue Account budget for 2023/24 is shown at Appendix A. The budget has been drawn up on a self-financing basis and reflects interest charges of £2.6m, depreciation of £5.0m as determined by the Council's 30-year business plan under the self-financing system. The 2023/24 budget also includes expenditure of £4.3m for repairs and maintenance. Interest costs in relation to the additional borrowing for Gorse Ride will be capitalised during the construction period.

Housing Major Repairs (Capital Programme)

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

The proposed Housing Capital Programme is shown at Appendix B. The capital programme will be funded from the Major Repairs Reserve.

Reserves

9. Reserves are held to provide a contingency for unavoidable and unseen expenditure or fall in income and stability for longer term planning for the HRA. The level of reserves over the next three years are estimated to remain in line with our reserves policy, ranging from c£1.0m in 2023/24 to £1.3m in 2025/26.

Further details are included in Appendix C.

Consultation

The draft budget submission was considered by the Tenants & Landlord Improvement Panel (TLIP) on 26th January 2023.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic

climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and 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)	See attached reports	Yes	Revenue and Capital
Next Financial Year (Year 2)	See attached reports	Yes	Revenue and Capital
Following Financial Year (Year 3)	See attached reports	Yes	Revenue and Capital

Other Financial Information
None

Stakeholder Considerations and Consultation
Budget proposals were reported to the Tenants and Landlord Improvement Panel on 26 th January 2023.

Public Sector Equality Duty
The specific projects and programmes of work will be assessed individually prior to implementation. Rent increases follow Government legislation.

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>
Climate change within the HRA is being looked at on a number of levels. Housing Officers attend the Council’s climate change meetings and are also members of the retro fitting working group. As we know domestic homes contribute to the emissions of the country and we will need to reduce these emissions over time. Projects will be coming forward but social housing providers are still awaiting guidance and associated funding from central government. Any future investments to meet climate change agenda will be factored into future budget papers.

Reasons for considering the report in Part 2
None

List of Background Papers
Appendix A – HRA Revenue Budget Appendix B – HRA Capital Budget Appendix C – HRA Reserves

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HOUSING REVENUE ACCOUNT - REVENUE BUDGET

The HRA is a ring-fenced account and as such has no impact on the level of council tax. The money spent maintaining the Council's housing stock (valued at approximately £274m) and providing a service to Council tenants is mainly funded by housing rents paid by Council tenants. The following table sets out the revenue expenditure planned for the HRA and the estimated income.

		2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
INCOME				
Rents				
Dwelling Rents		(16,860)	(17,366)	(17,887)
Garage Rents		(192)	(196)	(200)
Commercial Rents		(2)	(2)	(2)
Total Rents		(17,054)	(17,564)	(18,089)
Fees & Charges				
Service Charges		(468)	(477)	(487)
Leasehold Charges		(88)	(90)	(92)
Other Charges for Services & Facilities		(92)	(92)	(92)
Interest on balances		(20)	(20)	(20)
Total Income		(17,722)	(18,243)	(18,779)
EXPENDITURE				
Housing Repairs		4,317	4,532	4,759
General Management		3,797	3,987	4,186
Sheltered Accommodation		272	286	300
Depreciation	Note 1	5,060	5,060	5,060
Capital Finance Interest Charge	Note 2	2,600	2,630	2,660
Voluntary Revenue Provision	Note 3	955	995	1,361
Revenue Contribution to Capital	Note 4	560	590	290
Total Expenditure		17,561	18,080	18,616
Net Expenditure / (Income)		(161)	(163)	(163)
HRA Revenue Reserve				
Balance at Beginning of Year		(827)	(988)	(1,151)
Net Expenditure / (Income) - from above		(161)	(163)	(163)
Balances at Year End	Note 5	(988)	(1,151)	(1,314)

Note 1. The contribution from HRA revenue to Major Repairs Reserve

Note 2. Based on current and forecast loan portfolio

Note 3. Repayment of HRA loans taken during self financing introduction

Note 4. Additional revenue contribution to fund capital programme

Note 5. Reserve balances guided by assessments of financial risks

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HOUSING REVENUE ACCOUNT CAPITAL BUDGET

The following table sets out the capital expenditure planned for the HRA and the funding set aside to pay for the expenditure.

		2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
EXPENDITURE				
Estate Improvements		10	10	10
Capitalised Staffing Costs		700	725	750
Adaptations for the Disabled		600	600	600
Voids		800	800	800
Housing Purchase & New Builds		0	1,000	1,000
Planned & Improvements Works		3,290	3,365	3,090
Gorse Ride Redevelopment	Note 4	6,204	18,648	15,484
Total Capital Expenditure		11,604	25,148	21,734
FUNDED BY				
Major Repairs Reserve		(5,060)	(5,110)	(5,060)
Right to Buy Receipts	Note 1	0	(650)	(650)
Revenue Contributions	Note 2	(560)	(590)	(290)
Loan for 60% right to buy contribution	Note 3	0	(600)	(600)
Capital Receipts - Gorse Ride	Note 4	(5,698)	0	(8,683)
HRA Borrowing - Gorse Ride	Note 4	(406)	(18,198)	(6,452)
Total Capital Funding		(11,724)	(25,148)	(21,734)
Balances at Year End		(120)	0	0

Note 1. Estimated receipts from right to buy sales

Note 2. Revenue contribution to fund capital programme

Note 3. Additional borrowing to support maximising right to buy receipts and capital works

Note 4. Part of £107m redevelopment scheme agreed by Executive in February 2022.

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HOUSING REVENUE ACCOUNT RESERVES

APPENDIX C

Reserve	Policy	Estimated Level at 31 March	Benefits	Opportunity Costs
Housing Revenue Account 55	<p>Local Government and Housing Act 1989 section 76 (3) forbids a year end deficit on the HRA</p> <p>Balance is determined by level of risk associated with the budget</p> <p>Current recommended minimum level of reserves is approx.. £1m - minimum level</p>	2024 £1.0m 2025 £1.2m 2026 £1.3m	<p>Provides general contingency for unavoidable and unseen expenditure or fall in income (including capital)</p> <p>Stability for longer term planning and for meeting the decent homes standards</p> <p>Interest on Balances helps to reduce costs: Interest on Balances @ 3.0% = £30k</p>	<p>Could be used to fund HRA Capital expenditure to help meet decent homes standard which would result in loss of interest £30k per £1m for example at 3% interest rate</p> <p>Could be used to fund HRA debt repayment</p>
Major Repairs Reserve	<p>Use of Capital to meet Decent Homes Standard</p> <p>Redevelopment and regeneration of the Council's housing stock</p>	2024 £0.1m 2025 £0.1m 2026 £0.1m	<p>Provides capital to invest in stock to meet the government's Decent Homes Standard policy</p> <p>Provides general contingency for unavoidable or unseen expenditure</p>	<p>Will be used to fund HRA capital expenditure to help meet decent homes standard</p>

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TITLE	Capital Programme and Strategy 2023-2026
FOR CONSIDERATION BY	Council on Thursday, 16 February 2023
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Executive Member for Finance - Imogen Shepherd-DuBey

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

The capital programme and strategy 2023 – 2026 sets out the capital investment for the benefit of the community and how this is funded.

RECOMMENDATION

The Council is asked to consider the recommendations of the Executive in respect of the Capital Programme and Strategy 2023- 2026. That Council approve:

- 1) the Capital Strategy for 2023 - 2026 - Appendix A;
- 2) the three-year capital programme for 2023 - 2026 – Appendix B;
- 3) the draft vision for capital investment over the next five years - Appendix C;
- 4) the use of developer contribution funding (s106 and CIL) for capital projects as set out in Appendix D. Approval is sought up to the project budget.

EXECUTIVE SUMMARY

The Chartered Institute of Public Finance & Accountancy (CIPFA) 2021 Prudential Code sets out the requirements in relation to the setting of a Capital 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 Treasury Management Strategy is considered in a separate report.

The Capital Strategy for the three financial years from 2023 – 2026 is intended to provide a high-level overview of how capital expenditure, capital financing and treasury management contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The Capital Strategy is set out in **Appendix A**.

This shows investment of c£256m over the next three years across (excluding carry forwards):

- Housing, Local Economy and Regeneration - c£123m
- Roads and Transport - c£28m
- Children Services and Schools - c£65m
- Climate Emergency - c£13m
- Internal Services - c£13m
- Environment - c£2m
- Adult Social Care - c£12m

BACKGROUND

Key aims of the Capital Strategy (Appendix A)

The key aims of the capital strategy are to:

- Provide a clear context within which proposals for capital expenditure are evaluated to ensure all capital investment is targeted to deliver the Council's priorities.
- Give clarity about how the Council identifies and prioritises capital requirements and proposals arising from various strategies, and how they will be managed within the limited capital resources available.
- Identify and consider options available to fund capital expenditure that minimises the ongoing revenue implications of historic capital expenditure and of any new investments.
- Establish effective arrangements for managing capital schemes including assessment of outcomes and achievement of value for money.

Capital Expenditure

Wokingham Borough Council has an ambitious capital programme which builds upon recent years of historic capital investment in the borough including regeneration of Wokingham town, new strategic roads, schools, and leisure facilities. The Council will continue to provide services and assets for residents to enjoy and to meet their needs.

The Capital Strategy is fundamental to the effective delivery of these key activities. The table below shows the planned capital expenditure for the next three years across the key activities. The list of schemes includes a mix of approval levels; some of which are permissions to spend, some are known schemes, and some require further understanding and detailed business cases prior to commencement.

These figures exclude any carry forwards from the current financial year. The overall 2023/24 programme will be made up of new schemes identified in this report and schemes carried forward from 2022/23 which will be approved by Executive as part of the Capital monitoring outturn reports.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Housing, Local Economy and Regeneration Delivering sustainability, a strong, robust and successful economy that stimulates opportunities for all who work and live in	54,454	38,398	29,964	122,817
Children Services and Schools Dedicated in providing services and schools which ensure all children have the opportunity to achieve their goals potential	17,278	26,992	21,034	65,304
Roads and Transport Continuous investment in highways infrastructure to meet the needs of current and future users of the network	10,539	9,319	7,940	27,797

Climate Emergency Commitment to reduce carbon emissions and working towards becoming a carbon neutral Council	5,289	3,089	4,939	13,317
Internal Services Investment in Council assets and technology to continue to support all Council services and priorities	6,443	3,690	3,040	13,173
Adult Social Care An effective, high-quality care and support service to providing a better quality of life for residents	6,820	3,081	1,787	11,688
Environment Investment and enhancement of facilities across the borough benefiting communities and resident's wellbeing	883	100	1,100	2,083
Total Capital Programme 2023/24 to 2025/26	101,706	84,669	69,804	256,179

A full breakdown of the areas above by individual scheme can be found in **Appendix B**

The draft vision for capital investment over the next five years can be found in **Appendix C**.

Capital Resources (Funding of Capital Expenditure)

Like most Local Authorities, the Council has limited capital resources available, and these are allocated to each scheme to ensure best value for money by maximising the use of grants, developer funding and capital receipts in order to minimise the need for revenue contributions and borrowing. Although borrowing does make a large portion of the capital resources, this has been calculated on a prudent, sustainable, and affordable basis. Each individual scheme is evaluated before being added to the capital programme.

The table below shows the estimated capital resources required to fund the three-year capital programme from April 2023 to March 2026.

	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Supported borrowing	(39.4)	(36.3)	(16.4)	(92.1)
Developer contributions (S106 / CIL)	(8.6)	(3.0)	(0.9)	(12.5)
Capital grants	(23.0)	(29.1)	(21.8)	(73.9)
Other contributions	(6.1)	(6.1)	(5.5)	(17.7)
Capital receipts	(11.3)	(1.6)	(10.2)	(23.1)
General fund borrowing	(13.3)	(4.1)	(5.2)	(22.6)
Total	(101.7)	(80.2)	(60.0)	(241.9)

The capital programme currently has a budget shortfall of c£28m over three years which includes a fully funded year 1 programme. This shortfall is made up of c£14m budget shortfall against the capital programme highlighted above (£256m less £242m). The remaining c£14m shortfall is the current estimated gap between CIL income and associated capital spend requirements. This shortfall over three years will be balanced through a combination of reducing or reprofiling capital expenditure, additional CIL income from potential new developments and by maximising capital funding opportunities such as bidding for capital grants.

Developer Contributions

With regards to developer contributions funding. The Councils Finance Regulations require allocation of this funding to be approved. As set out in **Appendix D**, approval is sought up to the project budget for the capital scheme to allow flexibility if more funding becomes available during the year and can reduce borrowing costs. The Executive are asked to approve and recommend that Council approve the use of developer contribution funding (s106 and CIL) for capital projects as set out in Appendix D.

The capital programme drives the Treasury Management Strategy (see separate Executive and Council paper for the 16 February 2023), in terms of identifying and undertaking necessary borrowing. The graph below shows the estimated debt and debt repayment profile for the borrowing used to support the capital programme.

Supported 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" in the table above.

Supported borrowing activities can be broken down as follows:

Investment in Wokingham Borough

- Regeneration. There is an ambitious programme of regeneration with the town centres of the borough. With the Council's low cost of capital and return on investment requirement compared to the private sector this allows the Council to take on and complete projects for the benefit of the local community that would otherwise not be delivered by the private sector.
- Economic Development. Likewise, the Council is able to use its resources to secure properties within town centres to ensure continued delivery of services to the community, whilst encouraging local businesses with security of tenure.
- Enabling infrastructure. The Council has always been positively proactive in delivering infrastructure in advance of developments.
- Local Employment Protection. The Council will invest to ensure local employers remain in premises and not lose economic business sites to alternative development.
- Housing. The Council has an ambitious affordable and social housing plan for the borough, delivered through its wholly owned subsidiary companies.

Invest to Save

The Council is also investing in activities which not only cover the financing costs and debt repayment for the scheme but make income each year to contribute to the costs of running the Council, reducing the burden on the local taxpayer whilst maintaining services. These are referred to as 'invest to save' funded projects, and examples are listed below:

- Leisure and sport facilities.
- Energy reduction / efficiency.
- Social care placements provision

Repayment of Borrowing

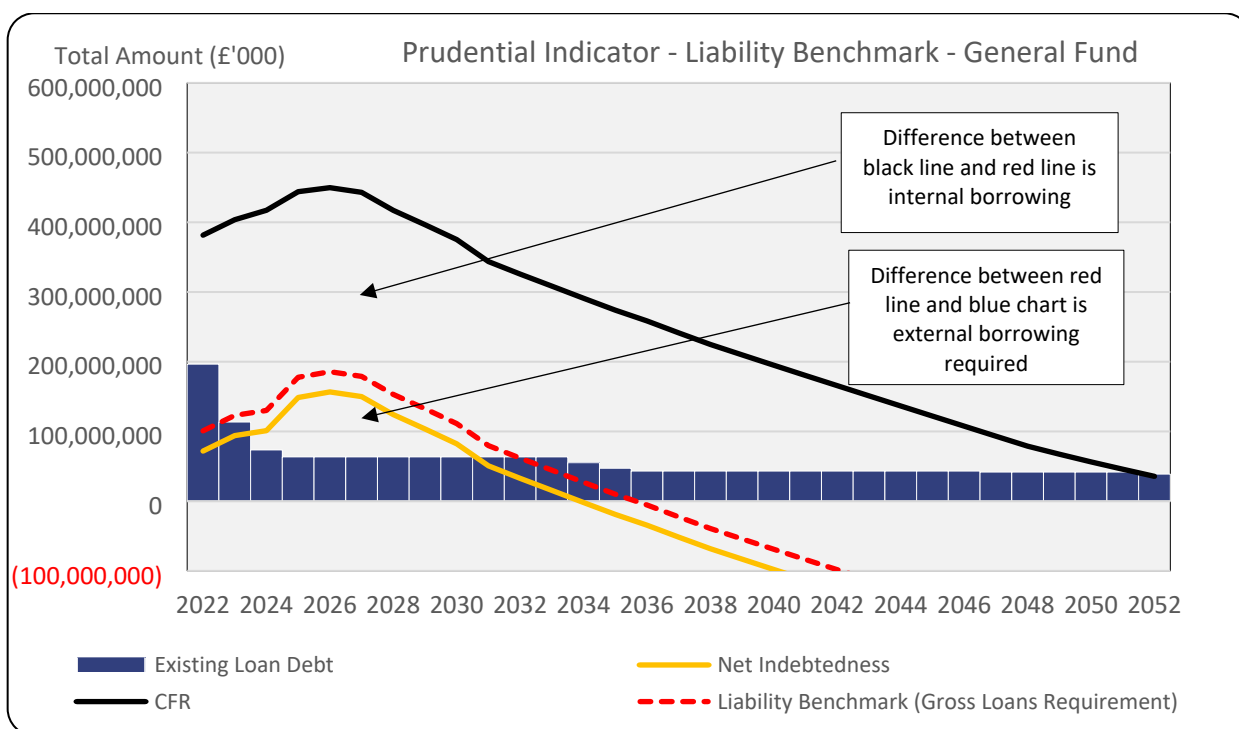
As highlighted previously, the Council continue to invest significant amounts into the capital programme generating assets such as roads, schools, housing, regeneration properties and many more. The graph below sets out the expected repayment of this debt. Further information is set out in the treasury management strategy.

The Capital financing requirement (CFR) is a technical calculation of historic capital expenditure less that already paid for, plus estimated prudential borrowing over the medium term financial plan.

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, pending the level of further investment identified beyond the three year capital programme.

The CFR 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 liability benchmark graph from the treasury management strategy highlights below with regards to the "CFR" line. The original CFR levels before commercialisation, forward funding and regeneration projects were approximately £100m. Further information regarding the graph can be found in the treasury management strategy.



The graph represents our best estimate of spend and borrowing over the period of the three year Capital Programme.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and 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)	£102m	Yes	Capital
Next Financial Year (Year 2)	£85m	No	Capital
Following Financial Year (Year 3)	£70m	No	Capital

Other Financial Information

The capital programme currently has a budget shortfall in years 2 and 3 totalling c£28m. This will be balanced through a combination of reducing or reprofiling capital expenditure and maximising capital funding opportunities such as bidding for capital grants.

The year 1 budget of £102m does not include any carry forwards from the 2022/23 capital programme. These are approved by Executive as part of the Capital monitoring outturn reports.

Please see the attached appendices for full details of the capital strategy.

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Stakeholder Considerations and Consultation
N/A

Public Sector Equality Duty
The specific projects and programmes of work will be assessed individually prior to implementation.

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>
As highlighted in the Capital Strategy and appendices, the Council continues to invest in Climate Emergency across a range of capital schemes.

Reasons for considering the report in Part 2
None

List of Background Papers
Appendix A - WBC capital strategy Appendix B - WBC capital programme detail Appendix C - WBC five-year capital vision Appendix D - WBC capital Programme to be part/fully funded by developer contributions.

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Capital Strategy 2023-26





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Appendices

Appendix B - Three year capital programme by key areas

Appendix C - Five year capital vision by asset type

Appendix D - Developer contribution funded schemes

1. Introduction

The Chartered Institute of Public Finance & Accountancy (CIPFA) 2021 Prudential Code sets out the requirements in relation to the setting of a Capital 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. The system is designed to encourage authorities that need and can afford to undertake capital investment to do so within a robust framework.

The Capital Strategy for the three financial years from 2023 – 2026 is intended to provide a high level overview of how capital expenditure, capital financing and treasury management contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

2. The Aims Of The Capital Strategy

The capital strategy aligns with the Council's priorities and key council strategies. The strategy is integrated with the Medium Term Financial Strategy and Treasury Management Strategy.

The Capital Strategy is the document that sets out the following principles:

- To drive the authority's ambitious capital programme and identifying the optimum level of investment.
- Giving an outline of future commitments so that the affordability of both the long term plan and any new proposals can be properly understood.

3. Governance Framework & Core Principles

As part of the annual budget process, the capital vision including any new capital scheme bids is reviewed. The Council develops a three year capital programme, of which year 1 is fully funded, and years 2 and 3 have indicative funding. This forms part of the Council's Medium Term Financial Plan (MTFP) and is approved at Council in February having previously been reviewed by Community and Corporate Overview and Scrutiny Committee (CCOSC).

Throughout the budget setting process, assistant directors and the corporate leadership team review and scrutinise new and existing capital bids to ensure they still meet the Council's priorities. This is supported by the finance team.

Based on these evaluations the attached Capital Programme has been prepared. Members are presented with the proposed capital budget submission 2023/24 for recommendation to Council (Appendix B).

The Capital Programme includes a mix of different approvals and bud proposals; some of which are permissions to spend, some are know schemes and others require further understanding and detailed business cases prior to commencement.

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

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

4. Capital Vision Planning

Wokingham Borough Council's Capital Vision is created alongside its vision for providing the majority of the needed housing in the borough, through its four strategic development locations.

The major development projects ongoing in the Capital Programme are:-

Arborfield Garrison major development - This development includes 3500 new homes, 2 new primary schools, a secondary school, community and local shopping facilities, sports hub and gym, open spaces and roads including the Arborfield Relief Road project, an extension of Nine Mile Ride and improvements to the California Crossroads junction and Barkham Bridge.

Shinfield Parish major development – Based around the villages of Shinfield, Spencers Wood and Three Mile Cross, this development initially included 2500 new homes, 2 new primary schools, school expansion, community and local shopping facilities, sports hub, open spaces and roads including the Shinfield Eastern Relief Road project.

North Wokingham major development – This development initially includes 1500 new homes, a new primary school, local community and shopping facilities in a new neighbourhood centre, enhancements to the sports hub at Cantley Park, open spaces and roads including the North Wokingham Distributor Road project.

South Wokingham major development – This development includes 2500 new homes, 2 new primary schools, local shopping and community facilities, allotments, new open spaces and roads including the South Wokingham Distributor Road project.

These major developments will accommodate a total of about 10,000 homes in carefully planned new or extended communities.

Other ongoing major regeneration and development projects in the borough include:-

Gorse Ride Estate redevelopment - Working to regenerate the Gorse Ride Estate in order to provide high-quality homes in a great community.

Wokingham Town Centre Regeneration – This redevelopment provides residential housing alongside Elms Field to compliment the retail, food store, cinema, hotel and play area which have been successfully completed. In addition the provision of a new Leisure facility to replace the Carnival Pool facility, which includes a new pool and leisure facility, provision of 4 court sports hall, a new library and food/beverage offering and 55 residential apartments.

Climate Emergency – Develop solar farms to create a renewable energy infrastructure. Energy reduction projects at existing properties to make them energy efficient (e.g., LED lighting, cavity walls). Active travel, improving traffic flow and reducing incidents which cause delays (including using CCTV cameras).

Work is currently underway on an updated local plan which will shape the future of Wokingham Borough. See the Council's Local Plan Update page on the Council's Web site.

<https://www.wokingham.gov.uk/planning-policy/planning-policy-information/local-plan-update/>

5. Asset Management

The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The council's property portfolio consists of operational property, properties held for economic development, and property held for specific community or regeneration purposes. The council has specific reasons for owning and retaining property:

- Operational purposes e.g. assets that support core business and service delivery e.g. Schools, office buildings.
- Parks, playgrounds and open spaces.
- Economic development and Regeneration, enabling strategic place shaping and economic growth.

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

6. Acquisition Of Land And Buildings For Economic Development And Regeneration

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.

The reasons for acquisition of property are primarily;

- Market and economic opportunity
- Economic development and regeneration activity in the borough
- To maintain and safeguard local employment within the borough

Any acquisition is supported by strong, robust and prudent financial business case, and signed off by the councils S151 officer in accordance with delegations approved by Council.

7. Loans

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

8. Capital Expenditure 2023-2026

The following table shows a breakdown of expenditure over the next three years broken down into expenditure categories:

Table 1 Capital Programme 2023-2026

	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Housing, Local Economy and Regeneration Delivering sustainability, a strong, robust and successful economy that stimulates opportunities for all who work and live in	54,454	38,398	29,964	122,817
Roads and Transport Continuous investment in highways infrastructure to meet the needs of current and future users of the network	10,539	9,319	7,940	27,797
Children Services and Schools Dedicated in providing services and schools which ensure all children have the opportunity to achieve their goals potential	17,278	26,992	21,034	65,304
Climate Emergency Commitment to reduce carbon emissions and working towards becoming a carbon neutral Council	5,289	3,089	4,939	13,317
Internal Services Investment in Council assets and technology to continue to support all Council services and priorities	6,443	3,690	3,040	13,173
Environment Investment and enhancement of facilities across the borough benefiting communities and resident's wellbeing	883	100	1,100	2,083
Adult Social Care An effective, high-quality care and support service to providing a better quality of life for residents	6,820	3,081	1,787	11,688
Total Capital Programme 2023/24 to 2025/26	101,706	84,669	69,804	256,179

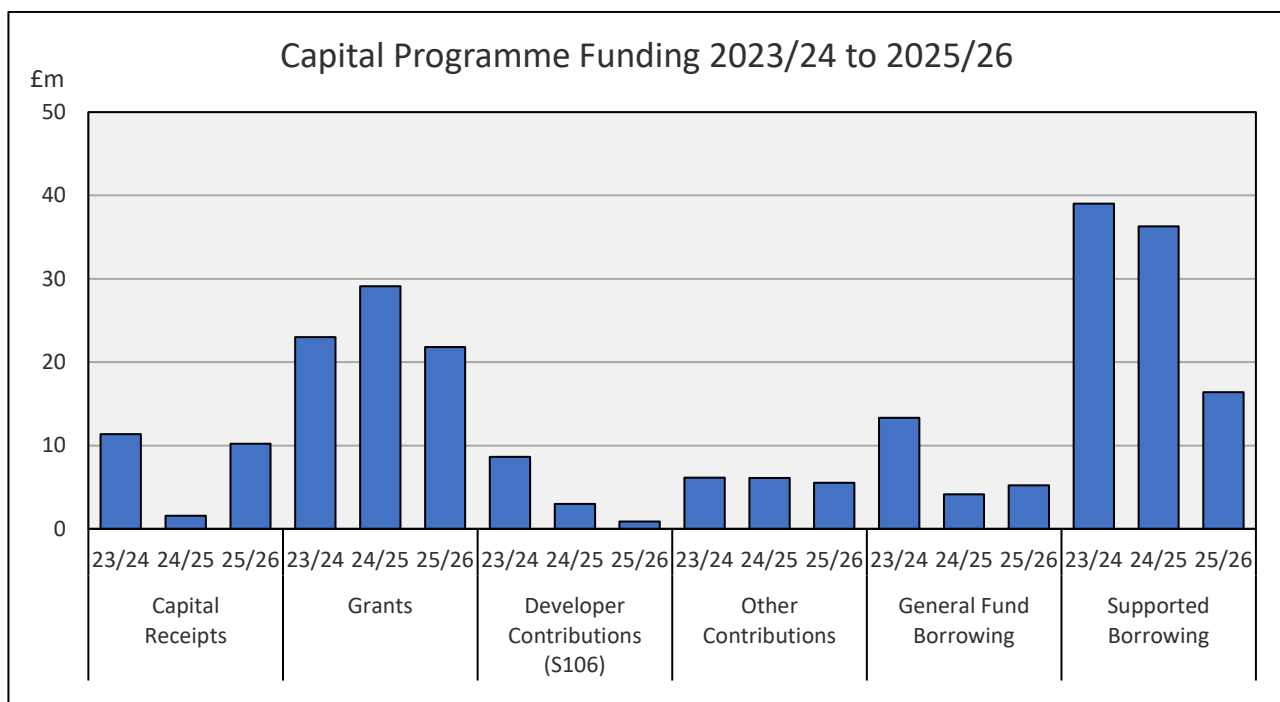
9. Capital Funding and Capital Reserves

Like most Local Authorities, the Council has limited capital resources available and these are allocated to each scheme to ensure best value for money by maximising the use of grants, developer funding and capital receipts in order to minimise the need for revenue contributions and borrowing. Although borrowing does make a large portion of the capital resources, this has been calculated on a prudent, sustainable and affordable basis. Each individual scheme is evaluated before being added to the capital programme.

The table and graph below set out the capital funding for the next three years.

	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Supported borrowing	(39.4)	(36.3)	(16.4)	(92.1)
Developer contributions (S106 / CIL)	(8.6)	(3.0)	(0.9)	(12.5)
Capital grants	(23.0)	(29.1)	(21.8)	(73.9)
Other contributions	(6.1)	(6.1)	(5.5)	(17.7)
Capital receipts	(11.3)	(1.6)	(10.2)	(23.1)
General fund borrowing	(13.3)	(4.1)	(5.2)	(22.6)
Total	(101.7)	(80.2)	(60.0)	(241.9)

The capital programme currently has a budget shortfall of c£28m over three years which includes a fully funded year 1 programme. This shortfall is made up of c£14m budget shortfall against the capital programme highlighted above (£256m less £242m). The remaining c£14m shortfall is the current estimated gap between CIL income and associated capital spend requirements. This shortfall over three years will be balanced through a combination of reducing or reprofiling capital expenditure, additional CIL income from potential new developments and by maximising capital funding opportunities such as bidding for capital grants.



10. Financing Need (Borrowing)

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 sets out the total borrowing need for the Council. 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.

It is important to note that 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 know 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 following tables shows the CFR balance for supported borrowing and general fund borrowing.

Table 3 Capital Finance Requirement (CFR)

	Supported Borrowing				General Fund Borrowing			
	22/23	23/24	24/25	25/26	22/23	23/24	24/25	25/26
	£m	£m	£m	£m	£m	£m	£m	£m
Opening balance	280.9	300.4	309.6	329.2	100.6	103.2	107.7	114.7
Expenditure in year	46.1	42.8	44.8	31.0	6.3	7.9	11.0	7.7
Repayments in year	(26.6)	(33.6)	(25.2)	(28.6)	(3.7)	(3.5)	(4.0)	(4.2)
Closing balance	300.4	309.6	329.2	331.5	103.2	107.7	114.7	118.1

It is important to note, the "expenditure in year" row is an estimate of actual capital expenditure to be incurred in the financial year based on a detailed analysis of project spend, timing and delivery 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 these are setting out the permission to allocate capital budget to a project.

The following table shows the CFR balance for the housing revenue account.

	Housing Revenue Account			
	22/23	23/24	24/25	25/26
	£m	£m	£m	£m
Opening balance	80.3	78.2	77.6	95.4
Expenditure in year	0	0.4	18.8	7.0
Repayments in year	(2.1)	(1.0)	(1.0)	(1.4)
Closing balance	78.2	77.6	95.4	101.0

The repayments of the Housing Revenue Account CFR are known as Voluntary Revenue Provision (VRP). These are set out as part of the HRA budget setting and form part of the budget setting process. The additional prudential borrowing from year 2 onwards relate primarily to Gorse Ride Redevelopment. Capital receipts and additional rental income will be received once the project is completed and will be used as additional VRP to reduce the HRA CFR balance. This is shown in the HRA liability benchmark prudential indicator set out below.

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

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

A summary of our external and internal debt over the medium term financial plan time period, can be found in the Treasury Management Strategy approved by executive on 16 February 2023.

11. Long Term Revenue Implications of Capital Investment Decisions

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

12. Risk Appetite

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

13. Knowledge and Skills

The Council has professionally qualified staff across a range of disciplines including Finance, Legal and Property and follow Continuous Professional Development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

External professional advice is taken where required.

14. Training

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

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CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
			£,000	£,000	£,000	£,000
Housing, Local Economy and Regeneration						
Income Generation	Community Investment	To build on the commercial property portfolio in line with the Council's socio-economic and sustainability agendas	26,500	0	0	26,500
		Income Generation Total	26,500	0	0	26,500
Housing Delivery	Gorse Ride Regeneration Project	Redevelopment of Gorse Ride housing estate to provide new affordable housing	6,204	18,648	15,484	40,337
	WBC Holdings Ltd Loan	Wokingham Borough Council owned houses funding	6,000	6,000	6,000	18,000
	Housing Tenants Services (HRA)	Investment in the Council's housing stock (Inc. adaptations/estate improvements)	5,400	5,500	5,250	16,150
	Bulldog Garage - Temporary Accommodation	Build temporary accommodation to meet increase demand in the borough	4,900	1,500	0	6,400
	Wellington Road	To deliver homes for our most vulnerable residents and key workers	4,000	1,930	0	5,930
	Mandatory Disabled Facility Grants	Mandatory means tested grants for adapting the homes of people with disabilities to enable them to live independently at home	1,100	1,100	1,100	3,300
	Self-Build Project	Delivery of an affordable self-build schemes	250	250	0	500
	Seaford Court Development	Options being considered for the scheme which includes accommodation for vulnerable young people or for temporary accommodation for homelessness	0	2,470	530	3,000
	Purchase of Council Houses (HRA)	To replace HRA housing stock using the 1 for 1 right to buy receipts	0	1,000	1,000	2,000
		Housing Delivery Total	27,854	38,398	29,364	95,617
Service Improvements	Commercial Portfolio - Improvement to WBC commercial properties	To ensure commercial properties are suitable for letting	100	0	100	200
		Service Improvements Total	100	0	100	200
Regeneration of Towns	Denmark Street Environmental Improvements	Improving the borough towns and parishes	0	0	500	500
		Regeneration of Towns Total	0	0	500	500
Housing, Local Economy and Regeneration Total			54,454	38,398	29,964	122,817

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Children Services and Schools						
78	SEND Sufficiency		5,862	16,400	13,300	35,562
	Basic Needs Secondary Places	Extension / new build projects to provide additional places throughout the borough to meet demand	4,500	6,500	4,500	15,500
	Sixth Form Expansion		3,500	1,900	0	5,400
	Care Leaver Accommodation		1,200	0	0	1,200
	UASC Accommodation	To provide a setting to meet the needs of vulnerable children. To provide a setting to meet the needs of vulnerable children	500	0	0	500
	New Facilities	Matthews Green Primary School	38	25	15	78
		Arborfield / Barkham Primary School	30	30	30	90
		Shinfield West Primary School	30	30	30	90
		Montegue Park Primary School	11	0	0	11
		Basic Needs Primary Programme	Extension / new build projects to provide additional places throughout the borough to meet need	0	500	1,500
	Primary Strategy - FFE	Furniture, fittings & Equipment to meet need of additional places throughout the borough	0	0	52	52
		New Facilities Total	15,671	25,385	19,427	60,483
Improvement to Existing Facilities	Schools Maintenance	Capital improvements and suitability issues	630	630	630	1,890
	Schools Devolved Formula	Specific government grant to carry out capital works, controlled by schools	375	375	375	1,125
	Children in Care Equipment	Purchase / replace equipment that is provided to children in care in line with our children in care pledge	200	200	200	600
	School Kitchens	Improve various school meals kitchens including delivery of the universal free school meal programme	50	50	50	150
	ICT Equipment for Children in Care	Purchase / replace equipment that is provided to children in care in line with our children in care pledge	22	22	22	66
		Improvement to Existing Facilities Total	1,277	1,277	1,277	3,831
Service Improvements	Capita IT System	Children's Services IT system	192	192	192	576
	Capitalisation of Analysts and Report Developers	Investment in business analysts part of continued change programme	138	138	138	414
		Service Improvements Total	330	330	330	990
Children Services and Schools Total			17,278	26,992	21,034	65,304

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Roads and Transport						
Service Improvements	Toutley Highways Depot Modernisation	Environmental services facility enhancement	3,500	0	0	3,500
	Wokingham Highways Investment Strategy (WHIS)	A "Needs Based" approach to maintaining Wokingham's highways network, aligned to the Council's and stakeholder priorities	2,126	2,126	0	4,252
	Integrated Transport Schemes	Enhancement the integrated transport schemes	400	400	400	1,200
	Safer Routes to Schools	Infrastructure changes to make school journey's by most sustainable mode	150	150	150	450
	Highway Infrastructure Flood Alleviation Schemes	To deliver flood risk management schemes and sustainable drainage systems to reduce the risk of flooding to major highways across the borough	0	500	0	500
	Traffic Signal Upgrade Programme	Investment in highways signals	0	250	250	500
		Service Improvements Total	6,176	3,426	800	10,402
79 Improvement to Existing Facilities	Highways Carriageways Structural Maintenance	Rolling programme to resurfacing carriageways (roads) to repair damage and extend the life of the asset	2,280	2,280	2,280	6,840
	Safety / Crash Barriers	Improving safety / crash barriers on the highways in the borough	500	750	500	1,750
	Bridge Strengthening	Continued enhancement to highway structures	225	225	225	675
	Highway Drainage Schemes	To reduce the overall degradation of the highway drainage network	200	200	200	600
	Highways Footway Structural Maintenance Programme	Enhancement to footways within the borough	100	100	100	300
	Strengthening Approach Embankments to Bridges	Continued enhancement to highway structures	20	20	20	60
	Street Lighting Column Structural Testing	Structural testing of lighting assets	20	0	20	40
	Commonfield lane passing bays	Improvements to roads	0	252	0	252
		Improvement to Existing Facilities Total	3,345	3,827	3,345	10,517
Alternative Transport	Active Travel & Bus Priority	Improvement to traffic flow and the encouragement of alternative sustainable modes of transport	954	2,000	0	2,954
		Alternative Transport Total	954	2,000	0	2,954
New Roads	Completed Road Schemes Retention	Meet any retention costs from completed road schemes	64	66	68	197
	SCAPE - Road infrastructure (dist roads etc) initial costs	Investment in future road building / enhancement across WBC road network (including new relief roads)	0	0	3,727	3,727
		New Roads Total	64	66	3,795	3,924
Roads and Transport Total			10,539	9,319	7,940	27,797

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Adult Social Care						
New Facility	Older People's Dementia Home	Manage the future demand by investing in dementia care accommodation	5,541	0	0	5,541
	Accommodation Transformation	Additional supported living accommodation	0	1,500	1,000	2,500
	Replacement of Day Services for Adults	Investment in provision of day services	0	800	0	800
		New Facility Total	5,541	2,300	1,000	8,841
Service Improvements	Adult Social Care - Community Equipment	Support statutory duty to provide prevention, reduction and delay of long term care and support through the provision of equipment.	729	731	737	2,197
	Mosaic Modernisation and Reimplementation	Improvements to Adult Social Care IT System	500	0	0	500
		Service Improvements Total	1,229	731	737	2,697
Improvement to Existing Facilities	Adult Social Care Urgent Maintenance & Refurbishment	Urgent maintenance / refurbishment of the Adult Social Care estate to retain the function and value of the assets and to meet health and safety issues	50	50	50	150
		Improvement to Existing Facilities Total	50	50	50	150
Adult Social Care Total			6,820	3,081	1,787	11,688

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Internal Services						
Service Improvements	Central Contingency	Held to meet unforeseen cost pressures across the capital programme	1,500	1,500	1,500	4,500
	IT - Microsoft E5	Continued enhancement in IT network	808	890	890	2,588
	IT - Hardware	Continued enhancement in IT network (Ensuring that Tier A apps used Council Wide remain in support, with ongoing security of applications and for the data held in them.)	400	200	0	600
	IT - Applications		345	50	0	395
	IT - Infrastructure		330	350	0	680
	New CRM (Microsoft D365) system		300	50	0	350
	IT - Maintenance & Enhancement		150	300	300	750
	IT - Security		130	0	0	130
	Digital Tools- Replace CMS		100	0	0	100
	Application Tracking System (ATS) Implementtion		30	0	0	30
		Service Improvements Total	4,093	3,340	2,690	10,123
New Facilities	Capital Construction Inflation Costs	To meet increasing labour and material costs of construction across the programme where required	2,000	0	0	2,000
		New Facilities Total	2,000	0	0	2,000
Improvement to Existing Facilities	Property Maintenance and Compliance	The continued development and upkeep of the Councils customer digital assets and infrastructure	350	350	350	1,050
		Improvement to Existing Facilities Total	350	350	350	1,050
Internal Services Total			6,443	3,690	3,040	13,173

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Climate Emergency						
Co2 Reduction	Energy Reduction Projects	Energy efficiency projects at existing properties including, installing LED lighting, cavity wall & loft insulation, boiler controls, etc	1,750	1,750	1,750	5,250
	Electric Vehicle Charge Points	Installation of electric vehicle charge points	1,200	1,200	1,200	3,600
	Waste Schemes - Recycling	Purchase of waste receptacles to enable the borough to enhance their waste / recycling	89	89	89	267
	Food Waste Collection	To provide food waste containers	20	20	20	60
Co2 Reduction Total			3,059	3,059	3,059	9,177
Alternative Transport	Local Cycling and Walking Infrastructure Plans	Improvements for walking and cycling in borough	1,200	0	0	1,200
	Greenways	A network of quiet commuting and leisure routes for pedestrians and cyclists	1,000	0	0	1,000
	Bus Stop Infrastructure Works to Support North Arborfield SDL Bus Strategy	Transport infrastructure enhancement	30	30	30	90
	Feasibility and first stage of new non highway crossing (new foot and cycle structures in borough)	New non highway crossing (new foot and cycle structures in borough)	0	0	1,500	1,500
	A327 Cycleway	Investment in cycle networks in the borough	0	0	350	350
Alternative Transport Total			2,230	30	1,880	4,140
Climate Emergency Total			5,289	3,089	4,939	13,317

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Environment						
Improvement to Existing Facilities	California Lakeside Refurbishment	Refurbishment and upgrading of the lakeside area and associated paths at California Country Park.	600	0	0	600
	Leisure Centre Refurbishments / upgrades across the borough	The enhancement of existing leisure facilities	100	100	100	300
		Improvement to Existing Facilities Total	700	100	100	900
Service Improvements	New Bid - Planning Civica APP replacement	New software system with mobile functionality required to support PPP service Planning service	100	0	0	100
	New Bid - PPP Civica APP replacement		83	0	0	83
		Service Improvements Total	183	0	0	183
New Facilities	New Pool at Arborfield	A development of a new swimming pool and leisure facilities	0	0	1,000	1,000
		New Facilities Total	0	0	1,000	1,000
Environment Total			883	100	1,100	2,083
Total			101,706	84,669	69,804	256,179

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FIVE YEAR CAPITAL VISION 2023/24 to 2027/28

Appendix C

The following table sets out in further detail by key area, the Councils Capital Programme for the next five years.

	2023/24 £,000	2024/25 £,000	2025/26 £,000	2026/27 £,000	2027/28 £,000	Total £,000
Housing, Local Economy and Regeneration						
Income Generation	26,500	0	0	0	0	26,500
Housing delivery	27,854	38,398	29,364	25,304	18,984	139,905
Service Improvements	100	0	100	0	100	300
Regeneration of towns	0	0	500	0	0	500
Housing, Local Economy and Regeneration Total	54,454	38,398	29,964	25,304	19,084	167,205
Children Services and Schools						
New facilities	15,671	25,385	19,427	8,895	5,310	74,688
Improvement to existing facilities	1,277	1,277	1,277	1,277	1,277	6,385
Service improvements	330	330	330	330	330	1,650
Children Services and Schools Total	17,278	26,992	21,034	10,502	6,917	82,723
Roads and Transport						
Service improvements	6,176	3,426	800	800	800	12,002
Improvement to existing facilities	3,345	3,827	3,345	3,575	3,325	17,417
Alternative transport	954	2,000	0	0	0	2,954
New roads	64	66	3,795	70	0	3,994
Roads and Transport Total	10,539	9,319	7,940	4,445	4,125	36,367
Adult Social Care						
New facilities	5,541	2,300	1,000	0	0	8,841
Service improvements	1,229	731	737	745	745	4,187
Improvement to existing facilities	50	50	50	50	50	250
Adult Social Care Total	6,820	3,081	1,787	795	795	13,278

Internal Services						
Service improvements	4,093	3,340	2,690	2,690	2,690	15,503
New facilities	2,000	0	0	0	0	2,000
Improvement to existing facilities	350	350	350	350	350	1,750
Internal Services Total	6,443	3,690	3,040	3,040	3,040	19,253
Climate Emergency						
C02 Reduction	3,059	3,059	3,059	3,459	1,859	14,495
Alternative transport	2,230	30	1,880	3,500	3,500	11,140
Climate Emergency Total	5,289	3,089	4,939	6,959	5,359	25,635
Environment						
Improvement to existing facilities	700	100	100	100	100	1,100
Service improvements	183	0	0	0	0	183
New facilities	0	0	1,000	6,000	0	7,000
Environment Total	883	100	1,100	6,100	100	8,283
Total Capital Programme 2023/24 to 2027/28						
	101,706	84,669	69,804	57,145	39,420	352,744

Approval of S106 and CIL Funding 2023/26

Appendix D

The table shows the capital programme schemes which have been identified to be part/fully funded by developers contributions.

As per the finance regulations, the Executive are asked to approve the allocation of Section 106 and CIL funding up to the value of the total budget of each scheme.

Project Description	Total Budget 2023-24 to 2025-26	2023/24 Budget	2024/25 Budget	2025/26 Budget	Total Estimated Developer Contributions Funding	Total Estimated Other Funding
	£,000	£,000	£,000	£,000	£,000	£,000
Sixth Form Expansion	5,400	3,500	1,900	0	(201)	(5,199)
Integrated Transport Schemes	1,200	400	400	400	(470)	(730)
Openways	1,000	1,000	0	0	(1,000)	0
Gorse Ride Regeneration Project Management	180	60	60	60	(180)	0
Bus Stop Infrastructure Works to Support North Arborfield SDL Bus Strategy	60	30	30	0	(60)	0
Local Cycling and Walking Infrastructure Plans	1,200	1,200	0	0	(242)	(958)
SEND Sufficiency	35,562	5,862	16,400	13,300	(201)	(35,361)
Bulldog Garage - Temporary Accommodation	6,400	4,900	1,500	0	(4,900)	(1,500)
California Lakeside Refurbishment	600	600	0	0	(200)	(400)
Wellington Road	5,930	4,000	1,930	0	(3,000)	(2,930)
Basic Needs Secondary - Additional Places	15,500	4,500	6,500	4,500	(5,273)	(10,227)
Commonfield lane passing bays	252	0	252	0	(252)	0
Primary strategy - Primary School FFE	53	0	0	53	(53)	0
Bus Stop Infrastructure Works to Support North Arborfield SDL Bus Strategy - General	30	0	0	30	(30)	0
A327 Cycleway	350	0	0	350	(159)	(191)
Care Leaver Supported Accommodation: Funding for renovation costs of Seaford Court	3,000	0	2,470	530	(3,000)	0
Total	76,717	26,052	31,442	19,223	(19,221)	(57,495)

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TITLE	Treasury Management Strategy 2023-2026
FOR CONSIDERATION BY	Council on Thursday, 16 February 2023
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Executive Member for Finance - Imogen Shepherd-DuBey

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

Agree the treasury management procedures, limits, and objectives for 2023/24.

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

RECOMMENDATION: That Council consider the recommendations of the Executive in respect of the Treasury Management Strategy 2023- 2026. That Council:

- 1) Note the Treasury Management Strategy as set out in Appendix A including the following additional appendices;
 - Prudential Indicators (Appendix B)
 - Annual Investment Strategy 2023/24 (Appendix C)
 - Minimum Revenue Provision (MRP) policy (Appendix D)

- 2) Note that the Audit Committee agreed the Treasury Management Strategy, including the change of minimum credit rating for investments, on 1 February 2023 and have recommended the report to Council.

EXECUTIVE SUMMARY

The Chartered Institute of Public Finance & Accountancy (CIPFA) 2021 Prudential Code sets out the requirements for all local authorities to set an annual Treasury Management Strategy. The key objectives are to ensure, within a clear framework, that local authorities’ capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice. Local authorities are required to have regard to the prudential code as set out in part one of the Local Government Act 2003 in England and Wales.

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

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

Treasury Management Strategy

The Executive are asked to note 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	2023/24 £m	2024/25 £m	2025/26 £m
<u>Limits</u>			
Authorised Limit (Note: CFR*120%)	£594.0m	£647.2m	£661.0m
Operational Boundary (Note: CFR*110%)	£544.5m	£593.2m	£605.9m
Maturity structure of borrowing	See Appendix B		
<u>Performance Indicators</u>			
Capital financing requirement – General Fund (GF)	£417.3m	£443.8m	£449.6m
Capital financing requirement – HRA	£77.7m	£95.5m	£101.2m
Gross external borrowing – General Fund (GF)	£130.1m	£177.7m	£185.7m
Gross external borrowing - HRA	£65.0m	£82.8m	£88.5m
Ratio of financing costs to net revenue stream - GF	(0.57%)	(0.36%)	(0.39%)
Ratio of financing costs to net revenue stream - HRA	20.26%	20.06%	21.61%
Net income from commercial & service investments to net revenue stream - GF	9.44%	9.77%	9.75%
Liability benchmark	See Section 5		

- Annual Investment Strategy 2023/24 (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 in line 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.

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;

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Housing, Local Economy & Regeneration – Non HRA	42.9	13.3	8.3	64.5
Children Services and Schools	17.3	27.0	21.0	65.3
Roads and Transport	10.5	9.3	7.9	27.7
Adult Social Care	6.8	3.1	1.8	11.7
Internal Services	6.4	3.7	3.0	13.1
Climate Emergency	5.3	3.1	4.9	13.3
Environment	0.9	0.1	1.1	2.1
Total General Fund Capital Programme	90.1	59.6	48.0	197.7
Housing, Local Economy & Regeneration – Housing Revenue Account (HRA)	11.6	25.1	21.7	58.4
Total Capital Programme 2023/24 to 2025/26	101.7	84.7	69.7	256.1

Note – the figures above do not include any carry forward budgets from the current approved 2022/23 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;

General Fund

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Supported borrowing	(39.0)	(17.5)	(9.3)	(65.8)

Developer contributions (S106 / CIL)	(8.6)	(3.0)	(0.9)	(12.5)
Capital grants	(23.0)	(29.1)	(21.8)	(73.9)
Other contributions	(0.6)	(0.4)	(0.1)	(1.1)
Capital receipts	(5.6)	(1.0)	(1.0)	(7.6)
General fund borrowing	(13.3)	(4.1)	(5.2)	(22.6)
Total	(90.1)	(55.1)	(38.3)	(183.5)

Housing Revenue Account

	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Supported borrowing	(0.4)	(18.8)	(7.1)	(26.3)
Other contributions	(5.5)	(5.7)	(5.4)	(16.6)
Capital receipts	(5.7)	(0.6)	(9.2)	(15.5)
Total	(11.6)	(25.1)	(21.7)	(58.4)

The capital programme currently has a budget shortfall of c£28m over three years which includes a fully funded year 1 programme. This shortfall is made up of c£14m budget shortfall against the capital programme highlighted above (General Fund £198m less £184m). The remaining c£14m shortfall is the current estimated gap between CIL income and associated capital spend requirements. This shortfall over three years will be balanced through a combination of reducing or reprofiling capital expenditure, additional CIL income from potential new developments and by 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.

A major source of funding for the Council's general fund 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	25/26	22/23	23/24	24/25	25/26
	£m	£m	£m	£m	£m	£m	£m	£m
Opening balance	280.9	300.4	309.6	329.2	100.6	103.2	107.7	114.7
Expenditure in year	46.1	42.8	44.8	31.0	6.3	7.9	11.0	7.7

Repayments in year	(26.6)	(33.6)	(25.2)	(28.6)	(3.7)	(3.5)	(4.0)	(4.2)
Closing balance	300.4	309.6	329.2	331.5	103.2	107.7	114.7	118.1

It is important to note, the “expenditure in year” row is an estimate of actual capital expenditure to be incurred in the financial year based on a detailed analysis of project spend, timing and delivery 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 these are setting out the permission to allocate capital budget to a project.

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 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 tenant’s rental income.

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

	Housing Revenue Account			
	22/23	23/24	24/25	25/26
	£m	£m	£m	£m
Opening balance	80.3	78.2	77.6	95.4
Expenditure in year	0	0.4	18.8	7.0
Repayments in year	(2.1)	(1.0)	(1.0)	(1.4)
Closing balance	78.2	77.6	95.4	101.0

The repayments of the Housing Revenue Account CFR are known as Voluntary Revenue Provision (VRP). These are set out as part of the HRA budget setting and form part of the budget setting process. The additional prudential borrowing from year 2 onwards relate primarily to Gorse Ride Redevelopment. Capital receipts and additional rental income will be received once the project is completed and will be used as additional VRP to reduce the HRA CFR balance.

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.

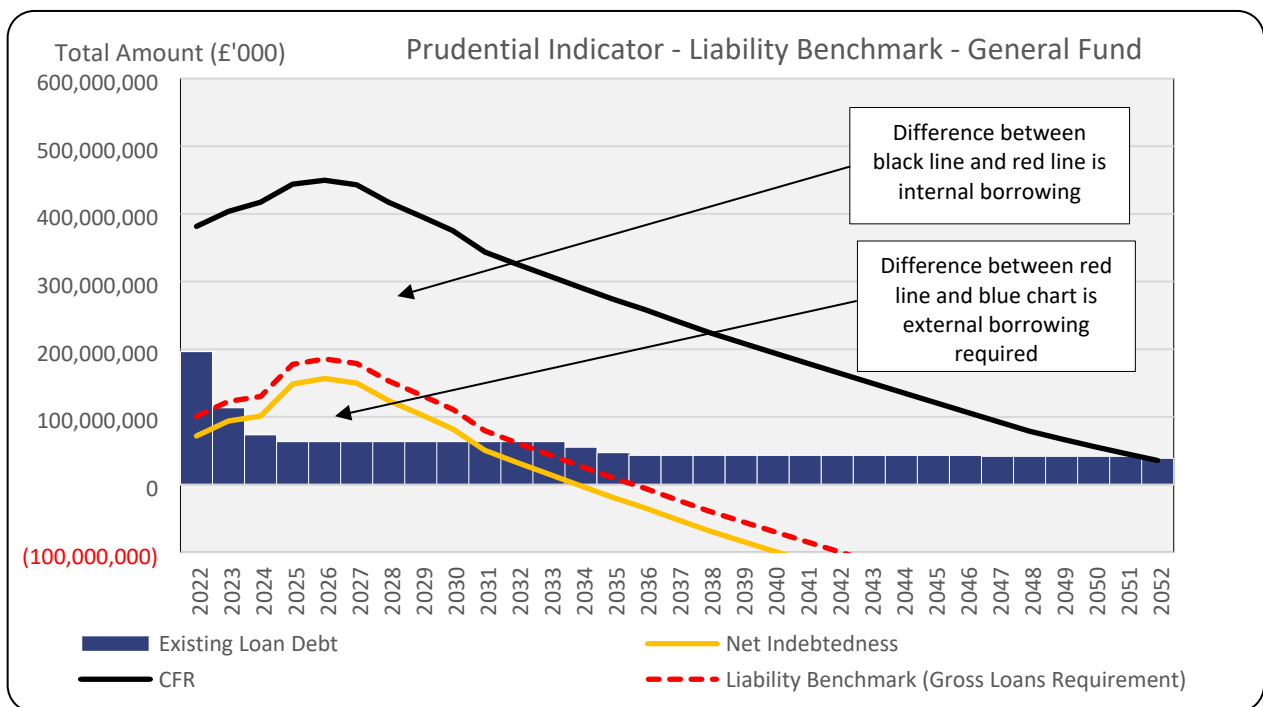
The graph includes four key parts in reference to debt;

- CFR (Capital financing requirement) - A technical calculation of historic capital expenditure less that already paid for, required to arrive at the annual level of debt repayment.
- Existing Loan Debt – this is the actual amount currently borrowed with third parties.
- Net Indebtedness (Net Loans Requirement) – 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.
- Liability Benchmark – Net loans requirement plus a liquidity buffer held for daily treasury management.

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 and shown separately.



	2023/24	2024/25	2025/26
	£m	£m	£m
Loans CFR (a)	417	444	450
Less internally Funded (b)	287	266	264
External debt - general fund only (c = a+b)	130	178	186
Less treasury investments (d)	29	29	29
Net indebtedness (e = c -d)	101	149	157

Key Changes to the Strategy

The following changes are proposed to the strategy for 2023/24.

- Prudential Indicators
 - Inclusion of the new prudential indicator called ‘the liability benchmark’. This sets out a long-term projection of external debt and the capital financing requirement (CFR). This projection should enable review of how the level of underlying borrowing for capital purposes (the CFR) is offset by other cash flows and balances, which reduce the level of actual debt required.

This is shown in graphical format. Due to similarities with the debt graph previously used, this has been replaced.
 - Inclusion of the new prudential indicator called ‘Net income from commercial & service investments to net revenue stream – GF’. This indicator comprises interest and investment income (other than from investments held for treasury management purposes), together with net income from other assets held primarily for financial return, such as commercial property. The intention of this indicator is to show the net financial impact on the authority of its entire non treasury investment income.
- Minimum credit rating criteria for Investments - It is proposed that the Council change their minimum credit rating for investments from high grade rated investments to upper medium grade rated investments. This will give the Council more flexibility with counterparties when investing surplus cash balances. This will allow the treasury team greater resilience around options for investing cash balances whilst maintaining security of investments. Further information is set out in section 9 of appendix A

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and 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	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

Other Financial Information
Capital spend plans are outlined in further detail in the Capital Strategy which is available within the agenda pack for the 16 February 2023 Executive meeting and will be available on the Council's website once approved.

Stakeholder Considerations and Consultation
None

Public Sector Equality Duty
An Equality Impact Assessment is not required for this report

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>
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 2023/24 to 2025/26 Appendix C - Annual Investment Strategy Appendix D - MRP policy

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Treasury Management Strategy 2023-24



WOKINGHAM
BOROUGH COUNCIL

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1. Introduction

The Chartered Institute of Public Finance & Accountancy (CIPFA) 2021 Prudential Code sets out the requirements for all local authorities to set an annual Treasury Management Strategy. The key objectives are to ensure, within a clear framework, that local authorities' capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice. Local authorities are required to have regard to the prudential code as set out in part one of the Local Government Act 2003 in England and Wales.

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. The system is designed to encourage authorities that need and can afford to undertake capital investment to do so within a robust framework.

Alongside the 2021 Prudential Code, local authorities are required to comply with the 2021 Treasury Management Code. Both codes are closely linked; with the prudential code covering a framework for capital investment plans, the treasury management code ensures treasury management practices (TMPs) are adapted and can support the capital investment plans.

The 2017 Prudential Code introduced the requirement for local authorities to produce a capital strategy. The purpose of the capital strategy is to firmly place decisions around borrowing in the context of the overall longer-term financial position of the authority and to provide improved links between the revenue and capital budgets. Both strategies are closely linked and also support the Medium Term Financial Plan.

This strategy 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 management.

The Strategy for 2023/24 covers two main areas: treasury management activities and capital activities.

Treasury Management activities

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates and use of external professional advisors
- the investment strategy and the borrowing strategy;
- reporting arrangements and management evaluation

Capital activities

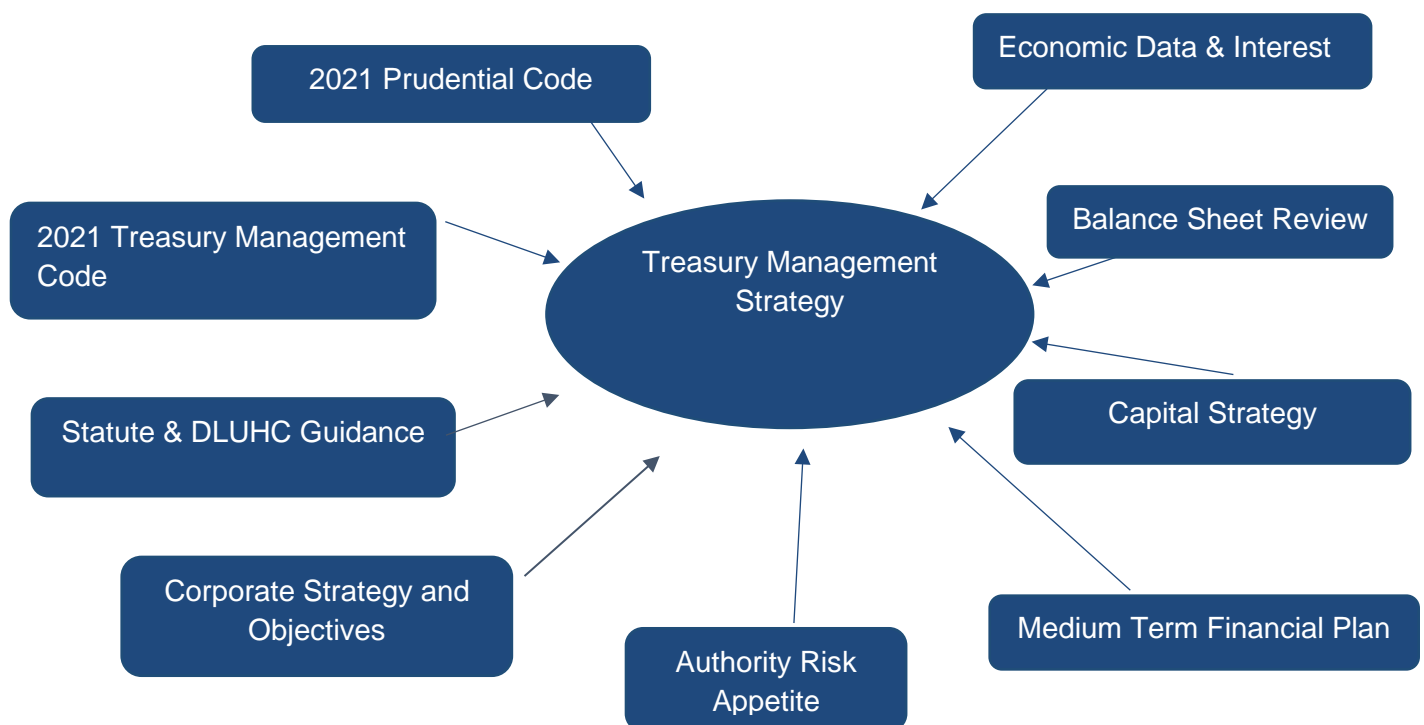
- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

2. Treasury Management Policy Statement

Wokingham Borough Council Treasury Management Policy Statement for 2023/24 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 Group, to advise and support our treasury management practices, policies, investment and borrowing strategy. The Council recognises that responsibility for treasury management decisions always remains with the Council and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

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 the Executive on a quarterly basis and on a monthly basis to the Corporate Leadership Team.
- Regular analysis of income projections for all funding assumptions.
- Regular cashflow reviews and forecasting.
- Treasury management training including continuing professional development (CPD).
- Financial modelling to support investment / borrowing strategy.
- Monthly meetings with Link Group (treasury advisors).

4. Updates to Treasury Management Strategy

The following changes are proposed to the Treasury Management Strategy for 2023/24.

- Prudential Indicators
 - Inclusion of the new prudential indicator called 'the liability benchmark'. This sets out a long-term projection of external debt and the capital financing requirement (CFR). This projection should enable review of how the level of underlying borrowing for capital purposes (the CFR) is offset by other cash flows and balances, which reduce the level of actual debt required.

This is shown in graphical format. Due to similarities with the debt graph previously used, this has been replaced.

- Inclusion of the new prudential indicator called 'Net income from commercial & service investments to net revenue stream – GF'. This indicator comprises interest and investment income (other than from investments held for treasury management purposes), together with net income from other assets held primarily for financial return, such as commercial property. The intention of this indicator is to show the net financial impact on the authority of its entire non treasury investment income.
- Minimum credit rating criteria for Investments - It is proposed that the Council change their minimum credit rating for investments from high grade rated investments to upper medium grade rated investments. This will give the Council more flexibility with counterparties when investing surplus cash balances. This will allow the treasury team greater resilience around options for investing cash balances whilst maintaining security of investments. Further information is set out in section 9 of this report.

5. The Council's Capital Expenditure and Financing 2023/24

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.

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Housing, Local Economy & Regeneration – Non HRA	42.9	13.3	8.3	64.5
Children Services and Schools	17.3	27.0	21.0	65.3
Roads and Transport	10.5	9.3	7.9	27.7
Adult Social Care	6.8	3.1	1.8	11.7
Internal Services	6.4	3.7	3.0	13.1
Climate Emergency	5.3	3.1	4.9	13.3
Environment	0.9	0.1	1.1	2.1
Total General Fund Capital Programme	90.1	59.6	48.0	197.7
Housing, Local Economy & Regeneration – Housing Revenue Account (HRA)	11.6	25.1	21.7	58.4
Total Capital Programme 2023/24 to 2025/26	101.7	84.7	69.7	256.1

The capital programme proposed for 2023/24 is prudent, sustainable, and affordable as per the principles of the prudential code. The proposed funding of the programme is summarised below for the general fund and the housing revenue account (HRA).

General Fund

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Supported borrowing	(39.0)	(17.5)	(9.3)	(65.8)
Developer contributions (S106 / CIL)	(8.6)	(3.0)	(0.9)	(12.5)
Capital grants	(23.0)	(29.1)	(21.8)	(73.9)
Other contributions	(0.6)	(0.4)	(0.1)	(1.1)
Capital receipts	(5.6)	(1.0)	(1.0)	(7.6)
General fund borrowing	(13.3)	(4.1)	(5.2)	(22.6)
Total	(90.1)	(55.1)	(38.3)	(183.5)

Housing Revenue Account

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Supported borrowing	(0.4)	(18.8)	(7.1)	(26.3)
Other contributions	(5.5)	(5.7)	(5.4)	(16.6)
Capital receipts	(5.7)	(0.6)	(9.2)	(15.5)
Total	(11.6)	(25.1)	(21.7)	(58.4)

The capital programme currently has a budget shortfall of c£28m over three years which includes a fully funded year 1 programme. This shortfall is made up of c£14m budget shortfall against the capital programme highlighted above (General Fund £198m less £184m). The remaining c£14m shortfall is the current estimated gap between CIL income and associated capital spend requirements. This shortfall over three years will be balanced through a combination of reducing or reprofiling capital expenditure, additional CIL income from potential new developments and by 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 capital expenditure will be repaid from future developer contributions to be received.

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	25/26	22/23	23/24	24/25	25/26
	£m	£m	£m	£m	£m	£m	£m	£m
Opening balance	280.9	300.4	309.6	329.2	100.6	103.2	107.7	114.7
Expenditure in year	46.1	42.8	44.8	31.0	6.3	7.9	11.0	7.7
Repayments in year	(26.6)	(33.6)	(25.2)	(28.6)	(3.7)	(3.5)	(4.0)	(4.2)
Closing balance	300.4	309.6	329.2	331.5	103.2	107.7	114.7	118.1

It is important to note, the “expenditure in year” row is an estimate of actual capital expenditure to be incurred in the financial year based on a detailed analysis of project spend, timing and delivery 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 these are setting out the permission to allocate capital budget to a project.

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		
	23/24	24/25	25/26
	£m	£m	£m
Invest to save	72.9	94.1	102.1
Town centre regeneration	92.1	84.8	81.9
Wokingham housing companies	24.2	22.7	20.8
Developer contributions forward funded	40.3	48.3	47.8
Housing, economy & regeneration	80.0	79.5	78.9
Closing balance	309.6	329.2	331.5

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 Council's 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.

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.

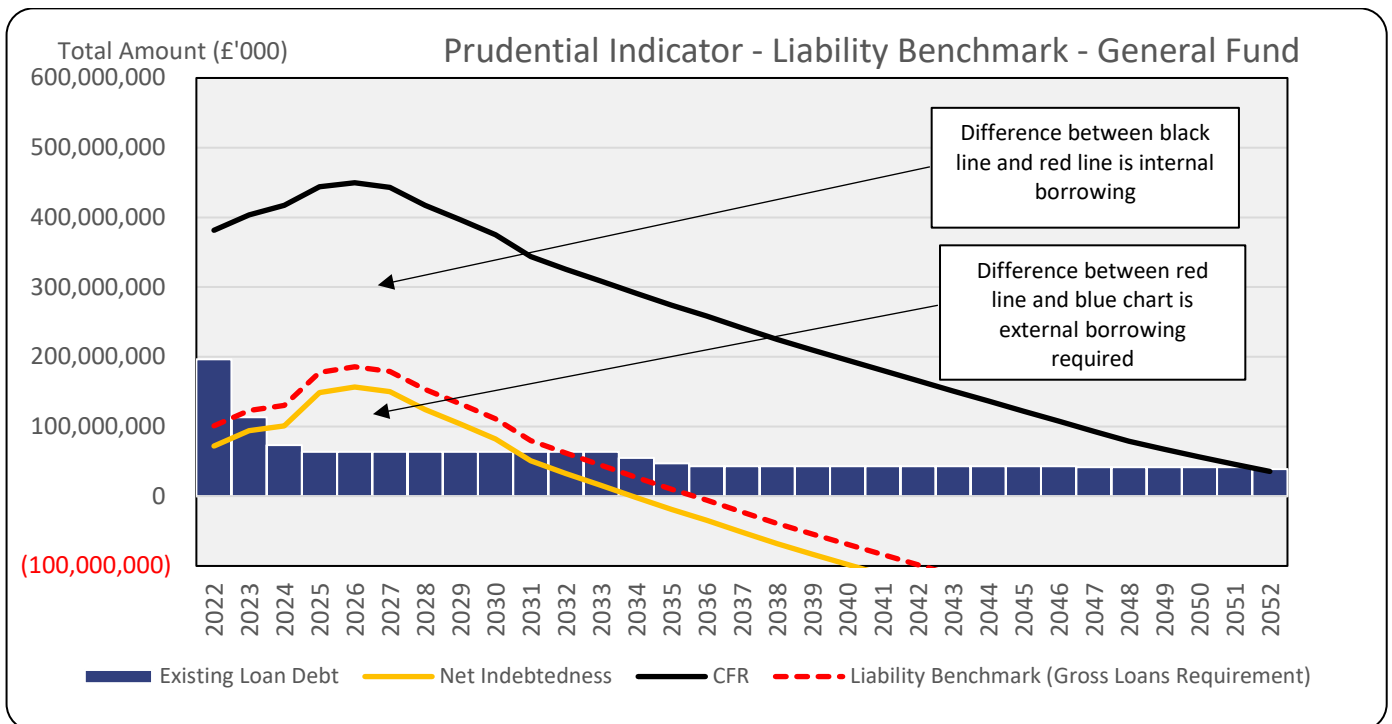
The graph includes four key parts in reference to debt;

- CFR (Capital financing requirement) - A technical calculation of historic capital expenditure less that already paid for, required to arrive at the annual level of debt repayment.
- Existing Loan Debt – this is the actual amount currently borrowed with third parties.
- Net Indebtedness (Net Loans Requirement) – 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.
- Liability Benchmark – Net loans requirement plus a liquidity buffer held for daily treasury management.

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 and shown separately.



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

As referenced in section 4, there is a new prudential indicator called 'the liability benchmark'. This sets out a long-term projection of external debt and the capital financing requirement (CFR). This projection should enable review of how the level of underlying borrowing for capital purposes (the

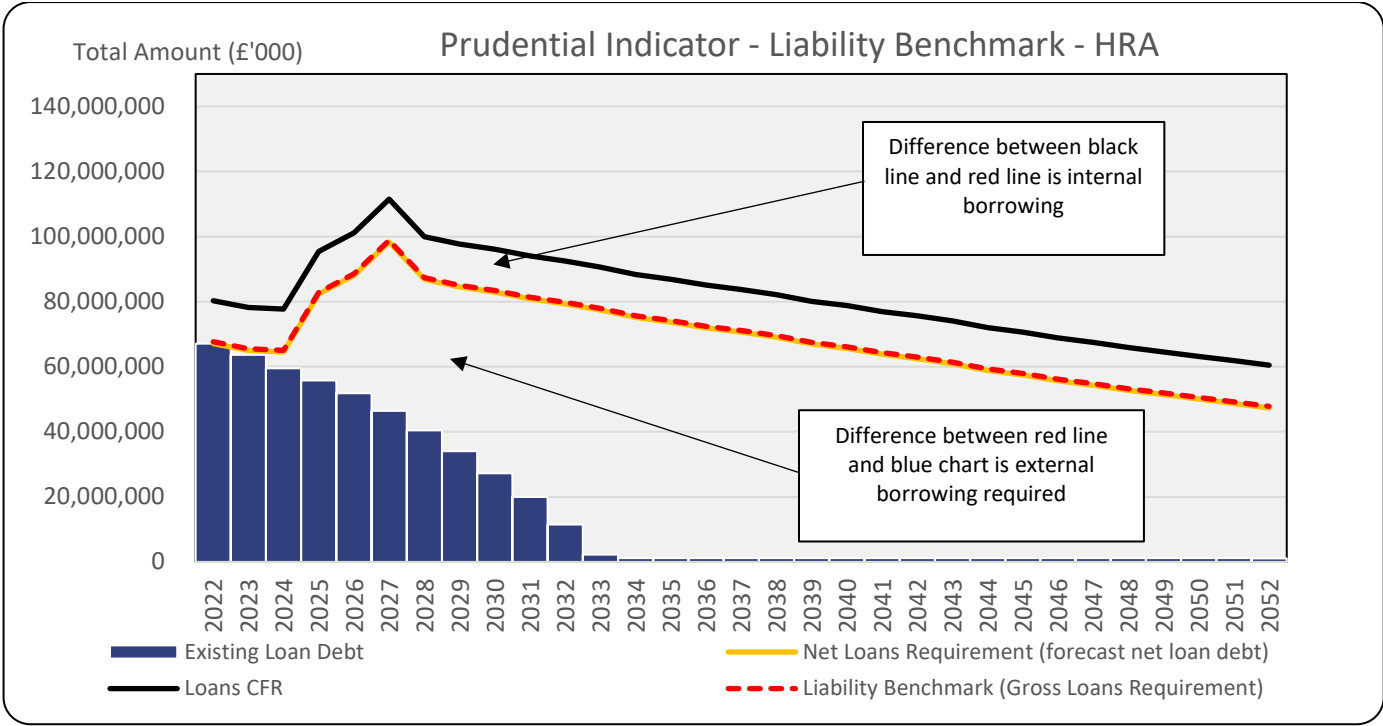
CFR) is offset by other cash flows and balances, which reduce the level of actual debt required. This is shown in graphical format above and due to similarities with the debt graph previously used, this has been replaced.

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 tenant’s rental income.

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

	Housing Revenue Account			
	22/23	23/24	24/25	25/26
	£m	£m	£m	£m
Opening balance	80.3	78.2	77.6	95.4
Expenditure in year	0	0.4	18.8	7.0
Repayments in year	(2.1)	(1.0)	(1.0)	(1.4)
Closing balance	78.2	77.6	95.4	101.0

The repayments of the Housing Revenue Account CFR are known as Voluntary Revenue Provision (VRP). These are set out as part of the HRA budget setting and form part of the budget setting process. The additional prudential borrowing from year 2 onwards relate primarily to Gorse Ride Redevelopment. Capital receipts and additional rental income will be received once the project is completed and will be used as additional VRP to reduce the HRA CFR balance. This is shown in the HRA liability benchmark prudential indicator set out below.



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 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. However where we identify an alternative prudent and more pertinent MRP policy, we are permitted to follow that instead.

For 2023/24 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 50 years using asset life as a guide
Bridges	maximum 50 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 50 years (depending on life of asset type)
Loan Capital in WBC holdings	no charge – loan secured by company asset
Forward Funding Schemes (Developer funded)	a) 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.

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.

The Council are awaiting the outcome of the consultation and are expecting further guidance and clarity on MRP, including applicable start date and confirmation changes are not retrospective. If received during the 2023-24 financial year, changes will be assessed and any significant changes reported through the appropriate governance process.

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 Group, 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. 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 guide the ratio for the current year and future years.

The balance sheet projections can be used to identify timing and quantum of borrowing need based on the capital programme, current borrowing portfolio and internal borrowing capacity of the Council.

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.

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

Capital financing requirement - 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, income or grants).

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

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

Net income from commercial & service investments to net revenue stream – The ratio of the net income from commercial & service investments to net revenue expenditure.

Liability Benchmark - estimate and measure the liability benchmark for the forthcoming financial year onwards. Comprises of existing debt maturity profile and also how minimum revenue provision (MRP) and other cash flows affect their future debt requirement. The liability benchmark is not a single measure but should be presented as a chart of four balances;

- 1) existing loan debt outstanding - the authority's existing loans that are still outstanding in future years.
- 2) CFR – based on historic and future approved prudential borrowing and planned repayments via MRP, capital receipts, etc.
- 3) net indebtedness – the authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned repayments and any other major cash flows forecast.
- 4) liability benchmark - net loans requirement plus short-term liquidity allowance.

Further information on the liability benchmark is included in section 5.

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

Prudential Indicators	2023/24 £m	2024/25 £m	2025/26 £m
<u>Limits</u>			
Authorised Limit (Note: CFR*120%)	£594.0m	£647.2m	£661.0m
Operational Boundary (Note: CFR*110%)	£544.5m	£593.2m	£605.9m
Maturity structure of borrowing	See Appendix B		
<u>Performance Indicators</u>			
Capital financing requirement – General Fund (GF)	£417.3m	£443.8m	£449.6m
Capital financing requirement – HRA	£77.7m	£95.5m	£101.2m
Gross external borrowing – General Fund (GF)	£130.1m	£177.7m	£185.7m
Gross external borrowing - HRA	£65.0m	£82.8m	£88.5m
Ratio of financing costs to net revenue stream - GF	(0.57%)	(0.36%)	(0.39%)
Ratio of financing costs to net revenue stream - HRA	20.26%	20.06%	21.61%
Net income from commercial & service investments to net revenue stream - GF	9.44%	9.77%	9.75%
Liability benchmark	See Section 5		

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

The CIPFA Prudential Code and the DLUHC 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 (yield).

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
Debt Management Account Deposit Facility (DMADF) – UK Government	UK sovereign rating	£20M	6 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	N/A – held for instant liquidity
Local Authorities	N/A	£10m	5 year
Term Deposits with Banks**	F1 / A	£5m	1 year
Term Deposits with Building Societies	F1 / A	£5m	1 year
Certificate of deposit (CD) 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 2023/24

It is proposed that the Council change their minimum credit rating for investments from high grade rated investments to upper medium grade rated investments highlighted in the table below. This will give the Council more flexibility with counterparties when investing surplus cash balances. This will allow the treasury team greater resilience around options for investing cash balances whilst maintaining security of investments.

Whilst it is difficult to quantify the impact of the credit rating changes due to the nature of interest rates and ratings changing on a regular basis, working with Link Group, analysis based on 9th January ratings show an additional c0.15% on the interest rate for a 6-month investment.

The minimum investment criteria will be;

Moody's –

Short Term P-1

Long Term A2

S&P

Short Term A-1

Long Term A

Fitch

Short Term F1

Long Term A

Moody's		S&P		Fitch		Description	
LT	ST	LT	ST	LT	ST		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment Grade
Aa1		AA+		AA+		High Grade	
Aa2		AA		AA		High Grade	
Aa3		AA-		AA-		High Grade	
A1		A+	A-1	A+	F1	Upper Medium Grade	
A2	A	A-1	A	F1	Upper Medium Grade		
A3	P-2	A-	A-2	A-	F2	Lower medium grade	
Baa1		BBB+		BBB+			
Baa2	P-3	BBB	A-3	BBB	F3	Lower medium grade	
Baa3		BBB-		BBB-			

Treasury investment projections

The Council assesses future investment projections, 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.

	2023/24	2024/25	2025/26
	£m	£m	£m
Loans to Council owned companies	24	23	21
Loans to local authorities / fund managers	30	30	30
Total	54	53	51

Estimated investment return rates for treasury investments

Investment returns are expected to increase in 2023/24 compared to last year due to the increases in interest rates during 2022. There remains a lot of uncertainty in terms of the global and national economy and the longer terms impact from Covid-19.

	Link Group - Latest Interest Forecasts							
	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024
Bank rate	4.25%	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%

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

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

Whilst it is difficult to benchmark investment returns on a like for like basis, due to factors such as daily rate changes, credit ratings and the fact returns (yield) are not the primary purpose for investments, the Council will review average returns against Sterling Overnight Index Average (SONIA). SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Counterparty List

The Council maintain an updated counterparty list on a regular basis using credit updates received on counterparties from Link Group.

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 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

Borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Interest rate exposure

Interest rates are very volatile at present and have seen an unexpected increase during mid to late 2022. Whilst the Council continually monitor its cashflow, prudential borrowing requirements and interest rate forecasts, the borrowing strategy and use of internal borrowing play an important role in reducing the exposure to interest rate risks.

Working with Link Group, our treasury management advisors the Council assess which borrowing options best align to our future prudential borrowing requirements.

It is estimated that an increase of 1% in interest rates would cost an additional £1.6 per annum in interest costs. As a majority of the Councils planned borrowing is “supported borrowing”, any increase in interest rate may have an impact on project’s returns on investment, payback periods, future revenue benefits, etc.

Changes to the borrowing strategy for 2023/24

There are no changes proposed for the borrowing strategy for 2023/24.

11. Appendices

- Appendix B – Prudential & Treasury Management Indicators 2023/24 to 2025/26
- Appendix C - Annual Investment Strategy
- Appendix D - MRP Policy

Prudential & Treasury Management Indicators 2023/24 to 2025/26

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.

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Housing, Local Economy & Regeneration – Non HRA	42.9	13.3	8.3	64.5
Children Services and Schools	17.3	27.0	21.0	65.3
Roads and Transport	10.5	9.3	7.9	27.7
Adult Social Care	6.8	3.1	1.8	11.7
Internal Services	6.4	3.7	3.0	13.1
Climate Emergency	5.3	3.1	4.9	13.3
Environment	0.9	0.1	1.1	2.1
Total General Fund Capital Programme	90.1	59.6	48.0	197.7
Housing, Local Economy & Regeneration – Housing Revenue Account (HRA)	11.6	25.1	21.7	58.4
Total Capital Programme 2023/24 to 2025/26	101.7	84.7	69.7	256.1

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources.

General Fund

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Supported borrowing	(39.0)	(17.5)	(9.3)	(65.8)
Developer contributions (S106 / CIL)	(8.6)	(3.0)	(0.9)	(12.5)
Capital grants	(23.0)	(29.1)	(21.8)	(73.9)
Other contributions	(0.6)	(0.4)	(0.1)	(1.1)
Capital receipts	(5.6)	(1.0)	(1.0)	(7.6)
General fund borrowing	(13.3)	(4.1)	(5.2)	(22.6)
Total	(90.1)	(55.1)	(38.3)	(183.5)

Housing Revenue Account

	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Supported borrowing	(0.4)	(18.8)	(7.1)	(26.3)
Other contributions	(5.5)	(5.7)	(5.4)	(16.6)
Capital receipts	(5.7)	(0.6)	(9.2)	(15.5)
Total	(11.6)	(25.1)	(21.7)	(58.4)

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 schemes 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	25/26
	£m	£m	£m	£m
Opening balance	381.5	403.6	417.3	443.9
Expenditure in year	52.4	50.7	55.8	38.7
Repayments in year	(30.3)	(37.1)	(29.2)	(32.8)
Closing balance	403.6	417.3	443.8	449.6

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

	Supported Borrowing				General Fund Borrowing			
	22/23	23/24	24/25	25/26	22/23	23/24	24/25	25/26
	£m	£m	£m	£m	£m	£m	£m	£m
Opening balance	280.9	300.4	309.6	329.2	100.6	103.2	107.7	114.7
Expenditure in year	46.1	42.8	44.8	31.0	6.3	7.9	11.0	7.7
Repayments in year	(26.6)	(33.6)	(25.2)	(28.6)	(3.7)	(3.5)	(4.0)	(4.2)
Closing balance	300.4	309.6	329.2	331.5	103.2	107.7	114.7	118.1

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.

	Supported Borrowing		
	23/24	24/25	25/26
	£m	£m	£m
Invest to save	72.9	94.1	102.1
Town centre regeneration	92.1	84.8	81.9
Wokingham housing companies	24.2	22.7	20.8
Developer contributions forward funded	40.3	48.3	47.8
Housing, economy & regeneration	80.0	79.5	78.9
Closing balance	309.6	329.2	331.5

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.

	Housing Revenue Account			
	22/23	23/24	24/25	25/26
	£m	£m	£m	£m
Opening balance	80.3	78.2	77.6	95.4
Expenditure in year	0	0.4	18.8	7.0
Repayments in year	(2.1)	(1.0)	(1.0)	(1.4)
Closing balance	78.2	77.6	95.4	101.0

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.

	2023/24	2024/25	2025/26
	£m	£m	£m
Operational boundary for total debt	545	593	606

Note: calculation CFR (GF + HRA) *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.

	2023/24	2024/25	2025/26
	£m	£m	£m
Authorised limit for total debt	594	647	661

Note: calculation CFR (GF + HRA) *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 income generated to repay capital costs), against the net revenue stream;

General Fund

	2023/24	2024/25	2025/26
net cost / (income) of financing costs (£m)	(£0.9m)	(£0.5m)	(£0.6m)
Net revenue stream	£153.9m	£148.8m	£154.2m
Percentage of Financing Costs to Net Revenue Stream	(0.57%)	(0.36%)	(0.39%)

The net cost / (income) of financing costs includes the interest costs, minimum revenue provision, treasury investment income and contributions from supported borrowing projects towards their funding costs.

This indicator is estimated to remain 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)

	2023/24	2024/25	2025/26
net cost of financing costs (£m)	£3.6m	£3.6m	£4.0m
Net revenue stream	£17.6m	£18.1m	£18.6m
Percentage of Financing Costs to Net Revenue Stream	20.26%	20.06%	21.61%

The percentage remains consistent over the three years which is a small increase reflecting the additional borrowing for the HRA capital programme. The net cost of financing for the HRA is funded from the rental income generated through the HRA.

Net income from commercial & service investments to net revenue stream - GF

This indicator comprises interest and investment income (other than from investments held for treasury management purposes), together with net income from other assets held primarily for financial return, such as commercial property. The intention of this indicator is to show the net financial impact on the authority of its entire non treasury investment income.

	2023/24	2024/25	2025/26
net income from commercial & service investments (£m)	£14.5m	£14.5m	£15m
Net revenue stream	£153.9m	£148.8m	£154.2m
Percentage of net income from commercial & service investments to net revenue stream	9.44%	9.77%	9.75%

Maturity structure of borrowing

The table below shows the current maturity structure of borrowing forecast as of 31 March 2023. The Council will aim to match the maturity structure of borrowing with the expected profile of when income will come in to repay borrowing.

	31st March 2023 £m
Long Term Borrowing	
Less than 1 year	£54.2m
Between 1 and 2 years	£14.7m
Between 2 and 5 years	£15.4m
Between 5 and 10 years	£38.2m
Between 10 and 15 years	£21.4m
Between 15 and 20 years	£0.0m
Between 20 and 25 years	£1.5m
Between 25 and 30 years	£8.7m
More than 30 years	£34.0m
Total	£188.1m

Note: Less than a year borrowing will be replaced with a mixture of new external debt and internal borrowing if possible. Due to current high interest rates and expectations rates will reduce towards the end of 2023, any new borrowing will be taken on a short-term basis (i.e. less than 2 years). 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.

The following table sets out the current loans the Council have in place, including maturity dates and interest rates.

Loan Number	Counterparty	Start Date	Maturity Date	Loan Principal	Interest Rate
L1089	Local Authority	25/03/2020	24/04/2023	15,000,000	1.60%
L1167	Local Authority	23/03/2023	21/03/2024	10,000,000	2.50%
L1168	Local Authority	28/03/2023	26/03/2024	10,000,000	2.50%
L1169	Local Authority	31/10/2022	05/10/2023	15,000,000	4.10%
488876	Public Works Loan Board	16/07/2004	01/02/2034	2,400,000	4.95%
491320	Public Works Loan Board	15/02/2006	01/08/2051	3,000,000	3.85%
491456	Public Works Loan Board	26/04/2006	30/09/2046	1,465,490	4.35%
491474	Public Works Loan Board	28/04/2006	01/08/2052	5,722,574	4.40%
493309	Public Works Loan Board	24/05/2007	31/03/2054	10,000,000	4.60%
501035	Public Works Loan Board	28/03/2012	28/03/2032	8,516,000	3.30%
501037	Public Works Loan Board	28/03/2012	28/03/2031	7,231,000	3.26%
501039	Public Works Loan Board	28/03/2012	28/03/2029	6,378,000	3.15%
501040	Public Works Loan Board	28/03/2012	28/03/2027	5,415,000	3.01%
501043	Public Works Loan Board	28/03/2012	28/03/2033	9,276,247	3.34%
501044	Public Works Loan Board	28/03/2012	28/03/2034	1,000,000	3.37%
501045	Public Works Loan Board	28/03/2012	28/03/2025	3,744,000	2.82%
501046	Public Works Loan Board	28/03/2012	28/03/2028	5,981,000	3.08%
501047	Public Works Loan Board	28/03/2012	28/03/2030	6,789,000	3.21%
501048	Public Works Loan Board	28/03/2012	28/03/2026	3,971,000	2.92%
501049	Public Works Loan Board	28/03/2012	28/03/2024	4,116,000	2.70%
505948	Public Works Loan Board	31/03/2017	31/03/2034	6,000,000	2.30%
505949	Public Works Loan Board	31/03/2017	31/03/2035	8,000,000	2.34%
505950	Public Works Loan Board	31/03/2017	31/03/2036	4,000,000	2.37%
3b	Barclays	24/02/2007	24/02/2077	5,000,000	4.35%
2c	Barclays	11/01/2007	11/01/2077	5,000,000	4.60%
1c	Just retirement	06/02/2006	06/02/2066	5,000,000	4.88%
4	Barclays	16/02/2006	16/02/2066	2,000,000	3.68%
5	Barclays	19/10/2006	19/10/2076	5,000,000	3.73%
6	Barclays	19/10/2006	19/10/2076	2,000,000	3.77%

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ANNUAL INVESTMENT STRATEGY

The CIPFA Prudential 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.

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		Moody's		Standard & Poors		Money Limit	Time Limit
	Short Term Rating	Long Term Rating	Short Term Rating	Long Term Rating	Short Term Rating	Long Term Rating		
Banks - higher grade	F1+	AA-	P-1	Aa3	A-1+	AA-	£5m	1 year
Banks - medium grade	F1	A	P-1	A2	A-1	A	£3m	1 year
Building Societies	-	-	-	-	-	-	£2m	1 year
Debt Management Office Account (DMADF)	-	-	-	-	-	-	£20m	6 Months
Guaranteed Organisations	-	-	-	-	-	-	£2m	3 Months
Other local authorities	-	-	-	-	-	-	£10m	5 years
Other Institution Limits (Money Market Funds, Gilts and Supranational investments)	-	-	-	-	-	-	£10m	1 year

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 Group, 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 – A (Fitch), A2 (Moody's) , A (Standard and Poor's)
- Building societies. Subject to a minimum asset size of £5bn and meeting a minimum credit rating similar to the bank criteria used
- 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.
- 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 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	N/A – held for instant liquidity
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 Group 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.

2023/24 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 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. The HRA may make a VRP (Voluntary Revenue Provision) to debt repayment which will be agreed through the HRA budget setting process.

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. 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 50 years using asset life as a guide
Bridges	maximum 50 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 50 years (depending on life of asset type)
Loan Capital in WBC holdings	no charge – loan secured by company asset
Forward Funding Schemes (Developer funded)	a) no charge – developer contributions are used to repay principle

For freehold land and bridges, the MRP charge will be over a maximum of 50 years asset life, as required by the MRP guidance.

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 2023 the budget for MRP and voluntary overpayments (VRP) has been set as follows:

Estimated MRP/VRP	2023/24 £m	2024/25 £m	2025/26 £m
MRP (minimum repayment provision)	£14.0m	£15.1	£15.9m
PFI principal charge	£0.4m	£0.3	£0.3m
HRA VRP	£1.0m	£1.0	£1.4m
Contribution from invest to save schemes	(£5.3m)	(£6.0)	(£6.4m)
Contribution from housing, economy & regeneration	(£5.3m)	(£5.1)	(£5.3m)
	£4.8m	£5.3m	£5.9m

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 2024 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 2024 may also have an impact on the estimated balances above. The Council are currently reviewing all leases to ensure correct accounting treatment for 2024/25.

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.

The Council are awaiting the outcome of the consultation and are expecting further guidance and clarity on MRP, including applicable start date and confirmation changes are not retrospective. If received during the 2023-24 financial year, changes will be assessed and any significant changes reported through the appropriate governance process.

Changes to 2023-2024 Policy

- Maximum asset life will be 50 years unless supported by a professional valuer. Previously, the MRP policy had 60 years as the maximum. Under the MRP guidance, asset lives greater than 50 years can only be used subject to advice from a professional valuer.

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TITLE	Medium Term Financial Plan 2023-2026 Including Revenue Budget Submission 2023/24
FOR CONSIDERATION BY	The Council on Thursday, 16 February 2023
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

To provide the key revenue budget extract for 2023/24 of the Medium Term Financial Plan (MTFP) 2023-2024 for submission to Council.

RECOMMENDATION

That Council is asked to consider the recommendations of the Executive.

That Council:

- 1) Approve the Medium Term Financial Plan (MTFP) 2023/26, including the budget submission for 2023/24 and the Summary of Budget Movements (SOBM);
- 2) Note in relation to the capital programme, additional challenges have emerged in the secondary school places capital programme and are currently being worked through and will be reported to Executive in early 2023/24 to seek the necessary budget provision.
- 3) Approve the statutory resolution that sets out the 2023/24 council tax levels (as set out in Appendix A to the report)
- 4) Approve that in the event that there are any changes to the provisional precept of the Fire Authority or parishes, arising from their precept setting meetings being held before the end of February, the Deputy Chief Executive (S151 Officer) is delegated authority to enact all relevant changes to the MTFP, Statutory Resolution and council tax levels.

EXECUTIVE SUMMARY

Members are presented with the Medium Term Financial Plan for 2023-2026 including the proposed revenue budget submission for 2023/24 for recommendation to Council. *(Due to the size of this document, it is not included in the printed version of this agenda. A copy has been circulated separately to all Members. A copy can also be obtained from the Council's website or on request from Democratic Services).*

BACKGROUND

In considering the Council's revenue budget submission, members should be aware of the chief finance officer (CFO) report. The Local Government Act 2003 requires the Chief Finance Officer (Deputy Chief Executive) to report to Members as part of the budget setting process. The report highlights the key financial and service risks contained in the 2023/24 budget proposals.

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

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

The net revenue budget for 2023/24 is approximately £157m excluding capital and internal recharges. The Council needs to set a balanced budget in the context of this.

The budget requirements for 2024/25 and 2025/26 will be shown in the MTFP as indicative figures only.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and 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)	See MTFP	Yes	Revenue
Next Financial Year (Year 2)	See MTFP (Indicative only)	Yes	Revenue
Following Financial Year (Year 3)	See MTFP (Indicative only)	Yes	Revenue

Other Financial Information

None

Stakeholder Considerations and Consultation

The revenue budget submission represents the budget needed to deliver the strategic objectives and priorities of the Council.

Public Sector Equality Duty

A cumulative equality impact assessment has been undertaken on the budget and is detailed in Appendix B. The document provides detail of the overall context of budget changes as well as detail on specific changes and where further work will be required as those changes are progressed.

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

The MTFP includes budget allocation to deliver improvements in climate change.

Reasons for considering the report in Part 2

None

List of Background Papers

- Appendix A – Statutory Resolution
- Appendix B – Cumulative Equality Impact Assessment
- Medium Term Financial Plan 2023-2026

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REVENUE BUDGET & STATUTORY RESOLUTION 2023/24

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

The Leader of the opposition group will make their budget speech and propose any amendments that they wish to the budget proposals put forward by the Leader of the Council.

1. That it be noted that at its meeting on 19th January 2023 Council calculated the following amounts for the year 2023/24 in accordance with regulations made under Section 31B of the Local Government Finance Act 1992, as amended by the Localism Act 2011 and the Local Government Finance Act 2012:-

- (a) 76,247.10 being the amount calculated by the Council, (Item T) in accordance with regulation 31B of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Localism Act 2011 and the Local Government Finance Act 2012), as its council tax base for the year

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

Arborfield and Newland	1,279.1
Barkham	2,336.8
Charvil	1,473.2
Earley	12,005.7
Finchampstead	6,553.7
Remenham	328.7
Ruscombe	580.2
St. Nicholas Hurst	1,106.7
Shinfield	7,613.2
Sonning	827.0
Swallowfield	1,078.6
Twyford	3,046.3
Wargrave	2,143.5
Winnersh	4,433.8
Wokingham	17,230.6
Wokingham Without	3,315.7
Woodley	10,894.3
	<u>76,247.1</u>

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

2. Calculate that the Council Tax requirement for the Council's own purposes for 2023/24 (excluding Parish precepts) is £133,572,720. This includes £17,572,669 in respect of the Adult Social Care precept; this is based on a 2.0% increase on the 2022/23 council tax and annual increases from 2015/2016.
3. That the following amounts be now calculated by the Council for the year 2023/24 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992, amended by the Localism Act 2011. The precept shown below for Thames Valley Police was approved on 27th January 2023 and the Royal Berkshire Fire Authority was approved on 15th February 2023:-

- (a) £356,768,340 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)(a) to (f) of the Act taking into account all precepts issued to it by parish councils
- (b) (£217,836,661) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act
- (c) £138,931,679 being the amount by which the aggregate at 3(a) above, exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year (Item R)
- (d) £1,822.12 being the amount at 3(c) above (Item R), all divided by 1(a) above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the 'basic amount of its Council Tax for the year (including Parish precepts).

(e) £5,358,959

being the aggregate amount of all special items (parish precepts) referred to in Section 34(1) of the Act (as per the table below).

	2023/24			2022/23			Council
	TAX BASE	PARISH PRECEPT £	PARISH BAND D £	TAX BASE	PARISH PRECEPT £	PARISH BAND D £	Tax Increase %
Arborfield and Newland	1,279.1	105,321	82.34	1,298.9	106,955	82.34	0.00
Barkham	2,336.8	61,185	26.18	2,158.9	73,787	34.18	(23.41)
Charvil	1,473.2	90,000	61.09	1,464.9	87,059	59.43	2.79
Earley	12,005.7	1,007,815	83.94	11,974.9	988,054	82.51	1.73
Finchampstead	6,553.7	192,154	29.32	6,295.6	184,615	29.32	0.00
Remenham	328.7	29,138	88.65	327.3	27,751	84.79	4.55
Ruscombe	580.2	28,600	49.29	545.7	29,300	53.69	(8.20)
St. Nicholas Hurst	1,106.7	54,650	49.38	1,104.0	48,400	43.84	12.64
Shinfield	7,613.2	599,570	78.75	7,356.1	552,370	75.09	4.87
Sonning	827.0	42,200	51.03	829.5	39,002	47.02	8.53
Swallowfield	1,078.6	35,487	32.90	1,077.8	32,237	29.91	10.00
Twyford	3,046.3	153,382	50.35	3,026.4	127,238	42.04	19.77
Wargrave	2,143.5	213,865	99.77	2,150.9	204,404	95.03	4.99
Winnersh	4,433.8	191,166	43.12	4,465.3	186,917	41.86	3.01
Wokingham	17,230.6	1,118,820	64.93	16,712.9	1,014,210	60.68	7.00
Wokingham Without	3,315.7	239,957	72.37	3,299.4	227,400	68.92	5.01
Woodley	10,894.3	1,195,649	109.75	10,857.8	1,225,628	112.88	(2.77)
Total / Average	76,247.1	5,358,959	70.28	74,946.3	5,155,327	68.79	2.17

(f) £1,751.84

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

- That it be noted that for the year 2023/24 the Police and Crime Commissioner (PCC) for the Thames Valley has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.
- That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2023/24 for each part of its area and for each of the categories of dwellings.

SUMMARY OF COUNCIL TAX 2023/2024**Valuation Bands**

	A	B	C	D	E	F	G	H
Wokingham Borough Council	1,167.89	1,362.54	1,557.19	1,751.84	2,141.14	2,530.44	2,919.73	3,503.68
Thames Valley Police Authority	170.85	199.33	227.80	256.28	313.23	370.18	427.13	512.56
Royal Berkshire Fire Authority	52.63	61.41	70.18	78.95	96.49	114.04	131.58	157.90

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

Arborfield and Newland	1,222.78	1,426.58	1,630.38	1,834.18	2,241.78	2,649.38	3,056.96	3,668.36
Barkham	1,185.34	1,382.90	1,580.46	1,778.02	2,173.14	2,568.26	2,963.36	3,556.04
Charvil	1,208.62	1,410.05	1,611.49	1,812.93	2,215.81	2,618.68	3,021.55	3,625.86
Earley	1,223.85	1,427.83	1,631.80	1,835.78	2,243.73	2,651.69	3,059.63	3,671.56
Finchampstead	1,187.44	1,385.34	1,583.25	1,781.16	2,176.98	2,572.79	2,968.60	3,562.32
Remenham	1,226.99	1,431.49	1,635.99	1,840.49	2,249.49	2,658.49	3,067.48	3,680.98
Ruscombe	1,200.75	1,400.88	1,601.00	1,801.13	2,201.38	2,601.64	3,001.88	3,602.26
St. Nicholas Hurst	1,200.81	1,400.95	1,601.08	1,801.22	2,201.49	2,601.77	3,002.03	3,602.44
Shinfield	1,220.39	1,423.79	1,627.19	1,830.59	2,237.39	2,644.19	3,050.98	3,661.18
Sonning	1,201.91	1,402.23	1,602.55	1,802.87	2,203.51	2,604.15	3,004.78	3,605.74
Swallowfield	1,189.82	1,388.13	1,586.43	1,784.74	2,181.35	2,577.96	2,974.56	3,569.48
Twyford	1,201.46	1,401.70	1,601.95	1,802.19	2,202.68	2,603.17	3,003.65	3,604.38
Wargrave	1,234.40	1,440.14	1,645.87	1,851.61	2,263.08	2,674.55	3,086.01	3,703.22
Winnersh	1,196.64	1,396.08	1,595.52	1,794.96	2,193.84	2,592.72	2,991.60	3,589.92
Wokingham	1,211.18	1,413.04	1,614.91	1,816.77	2,220.50	2,624.23	3,027.95	3,633.54
Wokingham Without	1,216.14	1,418.83	1,621.52	1,824.21	2,229.59	2,634.97	3,040.35	3,648.42
Woodley	1,241.06	1,447.90	1,654.75	1,861.59	2,275.28	2,688.97	3,102.65	3,723.18

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

Arborfield and Newland	1,446.26	1,687.32	1,928.36	2,169.41	2,651.50	3,133.60	3,615.67	4,338.82
Barkham	1,408.82	1,643.64	1,878.44	2,113.25	2,582.86	3,052.48	3,522.07	4,226.50
Charvil	1,432.10	1,670.79	1,909.47	2,148.16	2,625.53	3,102.90	3,580.26	4,296.32
Earley	1,447.33	1,688.57	1,929.78	2,171.01	2,653.45	3,135.91	3,618.34	4,342.02
Finchampstead	1,410.92	1,646.08	1,881.23	2,116.39	2,586.70	3,057.01	3,527.31	4,232.78
Remenham	1,450.47	1,692.23	1,933.97	2,175.72	2,659.21	3,142.71	3,626.19	4,351.44
Ruscombe	1,424.23	1,661.62	1,898.98	2,136.36	2,611.10	3,085.86	3,560.59	4,272.72
St. Nicholas Hurst	1,424.29	1,661.69	1,899.06	2,136.45	2,611.21	3,085.99	3,560.74	4,272.90
Shinfield	1,443.87	1,684.53	1,925.17	2,165.82	2,647.11	3,128.41	3,609.69	4,331.64
Sonning	1,425.39	1,662.97	1,900.53	2,138.10	2,613.23	3,088.37	3,563.49	4,276.20
Swallowfield	1,413.30	1,648.87	1,884.41	2,119.97	2,591.07	3,062.18	3,533.27	4,239.94
Twyford	1,424.94	1,662.44	1,899.93	2,137.42	2,612.40	3,087.39	3,562.36	4,274.84
Wargrave	1,457.88	1,700.88	1,943.85	2,186.84	2,672.80	3,158.77	3,644.72	4,373.68
Winnersh	1,420.12	1,656.82	1,893.50	2,130.19	2,603.56	3,076.94	3,550.31	4,260.38
Wokingham	1,434.66	1,673.78	1,912.89	2,152.00	2,630.22	3,108.45	3,586.66	4,304.00
Wokingham Without	1,439.62	1,679.57	1,919.50	2,159.44	2,639.31	3,119.19	3,599.06	4,318.88
Woodley	1,464.54	1,708.64	1,952.73	2,196.82	2,685.00	3,173.19	3,661.36	4,393.64

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Cumulative equality impact assessment: Wokingham Borough Council, Medium Term Financial Plan 2023-26 Revenue & Capital Budget

Introduction

Purpose

Wokingham Borough Council is committed to embedding equality, diversity, and inclusion in all aspects of its operations and decision-making. The purpose of this cumulative equality impact assessment is to evaluate the potential impact of the proposed budget for 2023/24 on different groups of people protected by the Equality Act 2010.

The council's approach to equality ensures that where needed, equality impact assessments (EqIAs) are undertaken to support the decision-making process. A cumulative equality impact assessment differs from this usual process as it seeks to assess the impact of all of the budget proposals in combination with each other, rather than looking at each in isolation. This helps our decision makers to consider the overall impact of the budget proposals, including any unintended consequences, and enables the council to take action to mitigate any compound negative impacts.

Public sector equality duty

The Public Sector Equality Duty (PSED) is a legal requirement for public sector bodies to actively consider how their policies and practices impact different groups of people protected by the Equality Act 2010. The duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different groups.

The protected characteristics defined in the Equality Act 2010 are Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion, Sex and Sexual Orientation. As part of its commitment to [Tackling Poverty](#), Wokingham Borough Council includes consideration of socio-economic inequality in equality impact assessments undertaken to support council decisions.

The Public Sector Equality Duty supports good decision-making by ensuring that the potential impact of policies and practices on different groups is considered before they are implemented, and that actions are taken to address any negative impacts and promote equality and inclusion.

A cumulative equality impact assessment is not a statutory requirement, but it is a useful tool to support robust decision making.

Equality Plan & Strategic Priorities

The council's [Equality Plan](#) sets out our commitment to promoting equality and inclusion in everything we do as an employer, provider and commissioner of services, and as a local leader. The Equality Plan sets out three priorities: 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; and to build a diverse and engaged workforce, where everyone is respected. Delivery of our equality plan is supported by the council's annual equality action plan. This sets out how the council will continually work to improve our own processes and practices to ensure we embed inclusion across the business of the council, as well as through our work with partners. The production of a cumulative impact assessment to support the council's budget setting process forms part of this improvement activity.

Approach

Assessing the impact of our budget savings proposals on equality is an ongoing process. Currently, the analysis is general and indicative. As specific proposals are refined and put into action, they will undergo additional examination to determine whether a full equality impact assessment is needed.

For the purposes of this analysis, all savings proposals set out within the MTFP 2023-26 have been subject to an initial equality screening. This screening identifies whether each proposal is considered likely to have a disproportionate impact on protected equality groups. If the screening has identified that there is a risk of a negative impact for a savings proposal for the 2023/24 financial year, full equality impact assessments have been conducted where appropriate or recommended where proposals will be developed and subject to further decisions by our elected members. Proposals for subsequent years will be subject to further scrutiny within the budget setting process for that financial year.

For proposals with staffing implications, equality impact assessments will be carried out prior to a restructure.

Equality Profile

Wokingham borough is a vibrant and sought-after semi-rural region located in Berkshire, with a population of 177,502. The borough has a higher proportion of adults between the ages of 35 and 54 (nearly 30%) compared to the England average (26.4%), and a lower proportion of younger adults (17% compared to 21.8% across England). 17% of the adult population is aged 65 or over. The 2021 census found that 24% of households in Wokingham reported at least one person with a disability, significantly lower than the national average for England and Wales at 32%.

The 2021 census also revealed that 80% of the Wokingham Borough population identifies as White, including 'White Other', 2.4% as Black African/Caribbean/British, and 12.9% as Asian/Asian British. The Annual Population Survey of 2020 highlights that the most ethnically diverse community within Wokingham is among those aged between 20-24 years, where 31% of residents belong to ethnic minority communities. 44.7% of the borough identifies as Christian, 37% as No Religion, 4.8% as Muslim, 4.8% as Hindu, and 1.7% as Sikh.

The [Wokingham Borough Equality Profile](#) provides further information about the borough's demographics and how they relate to protected equality groups.

Investing in our services 2023/24

Costs are increasing for the council as they are for everybody else. Various factors such as inflation on contracts, heightened demand resulting from demographic shifts in the need for services, and reductions or cessation of government funding have exerted further strain on the council's budget. To alleviate these pressures, certain areas of the budget will experience growth, resulting in a net positive impact on those utilising the services, particularly among children and young people, older individuals, and individuals with disabilities.

Fees and Charges

A review of fees and charges for council services and facilities is undertaken annually. This covers a broad range of activity from licensing to exercise classes. Any proposed increase in fees and charges for services used by residents is considered likely to disproportionately impact lower-income households. Though not considered individually prohibitive there is a risk that fee increases can add-up for some individuals or families, generating additional financial pressures. There is a further risk that due to heightened vulnerability to the causes of poverty, any such impact could disproportionately fall upon the protected characteristics of sex (a greater proportion of lone parents are women) and disability

(greater likelihood of increased living costs and barriers to employment). In considering the cumulative financial burden, frequency of use, breadth of services accessed by individuals and families, and the degree to which services might be considered essential, are important factors, alongside the proposed changes to fees and charges.

The schedule of fees and charges for 2023/24 shows a standard 7% increase, and details where increases differ from that due to specific service requirements or changes. The increase in most cases is below the current rate of inflation (CPI 10.5%). Services for residents are optional and of those contained within the schedule, the Sports and Leisure services and facilities are likely to be those most frequently accessed by individuals and families. Some services set out concessionary rates in relation to age, disability, or other factors. Fees proposed for a number of leisure services, such as those delivered at the countryside activity centre, are significantly lower than 7%. It is considered therefore, that the potential cumulative financial impact described above is likely to be low. Nonetheless, the council is taking proactive action to support residents who may be struggling due to the cost of living crisis, and is committed to long term action through its Tackling Poverty Strategy.

There are also several services included within the fees and charges schedule that meet the needs of or are more likely to be utilised by particular cohorts including children and young people, older people, and people with disabilities. Any increase in fees and charges to such services will result in a direct but individually minor adverse financial impact on those groups. However, where proposed increases are to meet cost of service provision, there is a positive anticipated impact as the fee increase enables sustainable delivery of that service.

Savings Proposals 2023/24

Equality screenings have been undertaken for all savings proposals for 2023/24. A number of the proposed savings generate an income for the Council or have other positive impacts on residents and communities.

The following proposals have been identified as potentially having a minor or moderate adverse impact on protected equality groups. Many will require further equality impact assessment as the proposals develop to ensure that any negative equality implications are considered and mitigated where possible, and that opportunities to advance inclusion are maximised.

Adult Social Care

Practice changes to reduce placement costs.

The proposed changes to placement practices with the aim of reducing costs may have an impact on the protected characteristics of Age and Disability. Therefore, an Equality Impact Assessment will be conducted to ensure that any formal changes to policy do not discriminate against these groups.

Extra Care - Decommission Background Support

The proposal envisages a change in the model of delivery for support for the council's extra care facilities. At present, support is provided 24 hours a day and is available to those with no or low care needs as well as those with significant care needs. The proposal sets out a targeted model of support which removes the on-site offer for those with no or low care needs. It is considered that this could have a negative impact on the protected characteristics of Age and Disability. However, in mitigation of this impact, alternative forms of support are available for those with no or low care needs including emergency, out of hours alarm service, ensuring that these customers can continue to access support

suitable to their level of need. A separate equality impact assessment has been conducted to support this decision and will be updated as the proposal progresses.

Childrens Services

Alternative Delivery Model for Children's Centres

This proposal is to review activity and collaborate with partners and other agencies to deliver cost effective yet engaging services at the council's Children Centres. Any change of service is likely to impact women and children (protected characteristics of Age, Sex, and Pregnancy and Maternity) and the proposal will need to be subject to further equality impact assessment as it develops. Consideration will be given to the equality profile of customers of the service to ensure that any negative impacts or opportunities to promote equality are identified and acted upon.

Chief Executive's

Effective use of Council owned Community spaces.

This proposal is to create improved community spaces across the borough by more efficiently using council assets and facilities to yield savings, meet local needs, and achieve positive outcomes. It is likely that this could result in changes to the current activities or locations of those activities that are currently held within those community spaces. This could result in a low or moderate negative impact across a range of protected characteristics. It is also likely however, that positive impacts can be delivered through this review, particularly with the focus on localities. A robust equality impact assessment will be undertaken to inform the review being undertaken and subsequent development of any changes proposed as a result of the review.

Reduce frequency of Borough News

The proposal is to reduce the frequency of the council magazine 'the Borough News' from three issues per year to one issue per year. This is likely to have a minor negative impact in relation to those who may struggle to access council news through digital means. Older people, people with disabilities and those on lower incomes can be at a greater risk of digital exclusion. An Equality Impact Assessment has been conducted to inform this proposal, with consultation undertaken with affected groups. Mitigating actions to enable those affected to continue to access essential council news and information will be undertaken in line with the results of this consultation.

Organisational Foundations Programme

The council has established an Organisational Foundation Programme (OFP) to provide a coordinated and strategic approach to generating efficiencies. There are a number of workstreams: Assets, Contracts, Customer Excellence, and Workforce. Each is supported by an overall equality impact assessment and specific projects within each programme will be required to undertake detailed assessments as the work of the OFP continues to develop. Ongoing support is also provided by the council's Inclusion Team.

Place and Growth

Increase Garden Waste Service annual fees by £10

Any increase in council fees or charges is likely to have a greater impact on lower income households. However, the Garden Waste Service is an optional service, and the impact is considered to be minor.

Stop the annual purchase and delivery of food waste caddy liners to households

This proposal to stop the provision of free food waste caddy liners to households could impact lower income households and could disproportionately impact larger households including multigenerational households. However, the impact is considered to be minor and free alternate methods of lining food caddies are available. Mitigating actions could include promotion of these alternate methods.

Increase in Off Street Parking Charges

The council proposes to increase off-street parking charges. At present charges are below that of neighbouring boroughs and have not been increased for five years. As a semi-rural borough, consideration is needed of the impact of any such changes with respect to accessing town centre facilities, alongside availability and cost of alternative means of transport such as public transport. The increase in parking charges could have a minor negative impact on lower income households, however, provision for disabled parking will not be affected. There is a statutory period of notice required for a change in TRO and comments received during this time will be taken into consideration.

Introduction of On Street Parking Controls - 100 spaces per year for next two years

The addition of on-street parking controls will also require consideration of accessibility of town centre facilities and is likely to have a low negative impact on lower income households. The Blue Badge scheme ensures that there is no adverse impact of this proposal on people with disabilities.

Charging leisure users at Carnival Car Park

Carnival Pool Leisure Centre users are currently entitled to two hours of free parking. This proposal is to remove that concession and apply parking charges. An Equality Impact Assessment will need to be undertaken to inform development of this proposal, with consideration given to users of the centre who may currently be accessing facilities for free – such as free swimming of those over 60, and for whom the cost of parking could be prohibitive.

Reduce the community engagement team by 2 posts

This proposal is to remove two vacant full time equivalent posts from the community engagement team. The community engagement team undertake a range of activities with different community groups, including groups which impact children and young people, older people, and maternity and breastfeeding groups. A full equality impact assessment is being undertaken to inform this decision as it progresses. At present there are no negative impact anticipated by the removal of vacant posts but moderate adverse impacts would be anticipated if the removal of these positions resulted in a change of service provision.

Removal of discretionary concession funding for transport on football services

This service enables qualifying residents to access free one-way travel on “football Special” bus services to Reading Football stadium. Payment is required on a return journey back into the borough. At present, this means that a concessionary pass holder for this special service only has to pay a single fare to travel to and from the football grounds. This proposal is to remove the funding for this, requiring those residents who hold the concessionary pass to pay a full return fare, rather than a single fare for the return service. The direct “football special” bus service will still operate. The removal of this funding will have an adverse impact on those on lower incomes who qualified for this concessionary pass (i.e older people and those with a mobility impairment who are eligible for free bus travel). The impact is considered minor as travel to the grounds can still be achieved via free (non-direct) services and the financial impact on individual residents of continuing to use the direct service is not considered significant.

Resources and Assets

Rationalisation process of Corporate Accommodation

This proposal forms part of the activity being undertaken within the Assets workstream of the Organisational Foundation Programme and will be supported by equality impact assessments as needed. It is likely however, that if there are any changes with regard to assets that are currently utilised by staff or accessed by members of the public that there could be adverse implications for equality groups across the protected characteristics and that consideration of the user profile of any assets will be needed as part of this process.

Penalty charges - Non provision of Information Council Tax/benefits

Legislation permits a penalty of circa £70 (council tax) and £50 (benefits) to those customer who do not tell us about a change in their personal situation. The council applied this charge pre-covid and this proposal is to reintroduce this charge. There is no direct impact on low-income households as the charge is only relevant where the customer has failed to inform the council of a change in circumstances. However, it is important to note that where customers have a compelling reason for failing to inform the council, the decision to implement a charge would be reviewed.

Summary & Cumulative impacts

There are 55 savings proposals for 2023/24 (a further 10 proposals are set out in the MTFP for delivery in subsequent years). 36 proposals were deemed to have no adverse equality implications at this time, and 18 were considered likely to have a minor or moderate impact. Of these, it was considered that 6 proposals required an equality impact assessment at this stage. For a further 14 proposals, Officers will be expected to undertake new or update existing equality impact assessments as the proposals are developed and further formal decisions are required to determine implementation.

The table provided in Appendix 1 sets out a summary of the anticipated adverse impacts of the savings proposals for 2023/24. It is considered that these could result in the following cumulative impacts for our residents.

Age & Disability

There is a small number of proposals that could result in an adverse cumulative impact for the older people and disabled people, in particular proposals relating to services provided for adults with care needs. There are further proposals that could, depending on how they are progressed result in additional negative impact for disabled people, including the reduced frequency of the council magazine. However, there are sufficient individual mitigating actions in place to address these risks and this will be kept under review as these proposals progress.

Socioeconomic inequality

There are a number of proposals that support income generation which will have a positive impact on residents, communities and service delivery. However, there are clear impacts for low-income households in the borough of increased fees and charges. This cumulative impact is considered minor with regard to the proposals that are included within the 2023/24 budget. Nonetheless, the council is committed to tackling poverty and supporting our residents through the cost-of-living crisis and will continue to review the cumulative impact of any increases to charges to our residents.

Conclusion

In light of the above, the proposed budget saving proposals are considered reasonable and have shown due regard to the Public Sector Equality Duty.

Although initial equality screenings have been undertaken to ascertain potential impact, many of the proposals are in their formative stages and are still to be developed and or subject to consultations. Consequently, as the proposals are developed further equality impact assessment will be undertaken to assess the relevance to the Public Sector Equality Duty.

Table 1: Adverse impact across protected characteristics

Proposal	Age	Disability	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion	Sex	Sexual Orientation	Socio-economic inequality	Mitigation
Extra Care - Decommission Background Support	Medium	Medium	None	None	None	None	None	None	None	None	Alternative support services available
Policy changes to reduce placement costs	Medium	Medium	None	None	None	None	None	None	None	None	To be identified as proposal progresses
Effective use of Council owned Community spaces	Minor	Minor	Minor	None	Minor	Minor	Minor	Minor	Minor	Minor	Mitigating actions to depend on changes proposed. Significant opportunity to identify opportunities to promote inclusion.
Organisational Foundation Project - Assets	Minor	Minor	Minor	None	None	Minor	Minor	Minor	None	Minor	To be identified as proposal progresses
Reduce number of Borough News Editions from 3 to 1	Minor	Minor	None	None	None	None	None	None	None	Minor	Alternative options for accessing information and news, with targeted print as appropriate.
Alternative Delivery Model for Children's Centres	Medium	None	None	None	None	None	None	None	None	None	To be identified as proposal progresses
Charging leisure users at Carnival MSCP	Minor	None	None	None	None	None	None	None	None	Minor	To be identified as proposal progresses
Increase garden waste service annual fees by £10	None	None	None	None	None	None	None	None	None	Minor	To be identified as proposal progresses
Increase in off street parking charges	None	None	None	None	None	None	None	None	None	Minor	To be identified as proposal progresses
Introduction of on street parking controls - 100 spaces per year for next two years	None	None	None	None	None	None	None	None	None	Minor	To be identified as proposal progresses

Table 1: Adverse impact across protected characteristics

Proposal	Age	Disability	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion	Sex	Sexual Orientation	Socio-economic inequality	Mitigation
Reduce the Community Engagement Team by 2 posts	Minor	Minor	Minor	None	Minor	Minor	None	Minor	Minor	Minor	To be identified as proposal progresses, consideration to be given to how best to support community based activities and groups
Removal of discretionary concession funding for transport on football services	Minor	Minor	None	None	None	None	None	None	None	Minor	Alternative indirect free travel is available. Minor financial impact to continue to use direct services.
Stop the annual purchase and delivery of food waste caddy liners to all households	None	None	None	None	None	None	None	None	None	Minor	Promotion of free alternatives
Rationalisation process of Corporate Accommodation	Medium	Medium	None	None	None	None	None	None	None	Minor	To be identified as proposal progresses

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Medium Term Financial Plan 2023/2024

Including Revenue Budget Forecast & Capital Budget
Forecast to 2025/2026



WOKINGHAM
BOROUGH COUNCIL

Introduction

The Council's Medium Term Financial Plan provides a framework which enables the Council to effectively allocate its available financial resources to achieve its priority outcomes and objectives.

The plan accounts for expected changes in income and expenditure and provides an outline of the Council's approach to meeting its statutory requirements and setting a balanced budget each year.

This document provides a focus on both revenue expenditure (day-to-day running costs of providing services) and capital expenditure (long-term investment in infrastructure, like schools and roads). The Council also produces a separate Capital Strategy document which concentrates on its policy relating to investment in public assets.

The following pages also include;

- Statutory letter from the Chief Finance Officer, which summarises the overall financial position of the Council, key risks and historical and contextual information regarding funding and efficiencies.
- Summary of the services provided by each department and their risks and major projects
 - Details of the Schools Grant,
 - Housing Revenue Account (the Councils housing stock) and
 - Council Tax levies – including those from Parish Councils.

WOKINGHAM BOROUGH COUNCIL MEDIUM TERM FINANCIAL PLAN 2023/24 (Inc. Revenue Budget Forecast & Capital Budget Forecast to 2025/26)

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Contents	Description	Pages
Chief Finance Officer's Statutory Report	This is a statutory report from the Chief Finance Officer confirming the robustness of the budget and level of reserves. It highlights key risks and in appendices shows historical detail in respect of various areas including efficiency and funding	4 – 29
Reserves and Balances	Lists the reserves and balances held – providing detail of their value, purpose and benefit	30 – 34
Grand Summary – General Fund Proposed Budget 2023/24	Summary of the budget at department level, income/grant streams and how that calculates against a Band D council tax charge	35 – 36
Grand Summary – General Fund Forecast Budgets 2024/25 and 2025/26	Current forecast of future revenue budgets	37
Gross Income and Expenditure	Summary position for all expenditure and income including Dedicated Schools Grant and Housing Revenue Account	38
Service Narratives (including Service Budgets)	Provides summary by department of the services key priorities, pressures, risks and transformation plans	39 – 58
Summary of Budget Movements 2023/24	Details the changes in budgets between 2022/23 and 2023/24 – their value and reason	59 – 62
Three Year Budget Forecast	Details the expected areas of growth for each department from 2023/24 to 2025/26	63 – 65
Budget Variables and Financial Risk Analysis	Lists the areas of risk identified and how they inform the level of general fund balance required	66 – 67
General Fund Reserves Policy Statement	Provides understanding of the purpose and need for the General Fund Balance	68
Housing Revenue Account Revenue and Capital Budget	Details for the accounts of the Councils Housing Stock including running costs, income / rents and capital investment	69 – 70

Contents	Description	Pages
Housing Revenue Account Budget Variables and Financial Risk Analysis	The areas of risk identified in calculating the required level of HRA reserves held	71
Housing Revenue Account Reserves Policy Statement	Provides detail and understanding to the purpose and need for the HRA Reserves	72
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CHIEF FINANCE OFFICER’S STATUTORY REPORT

1. Introduction

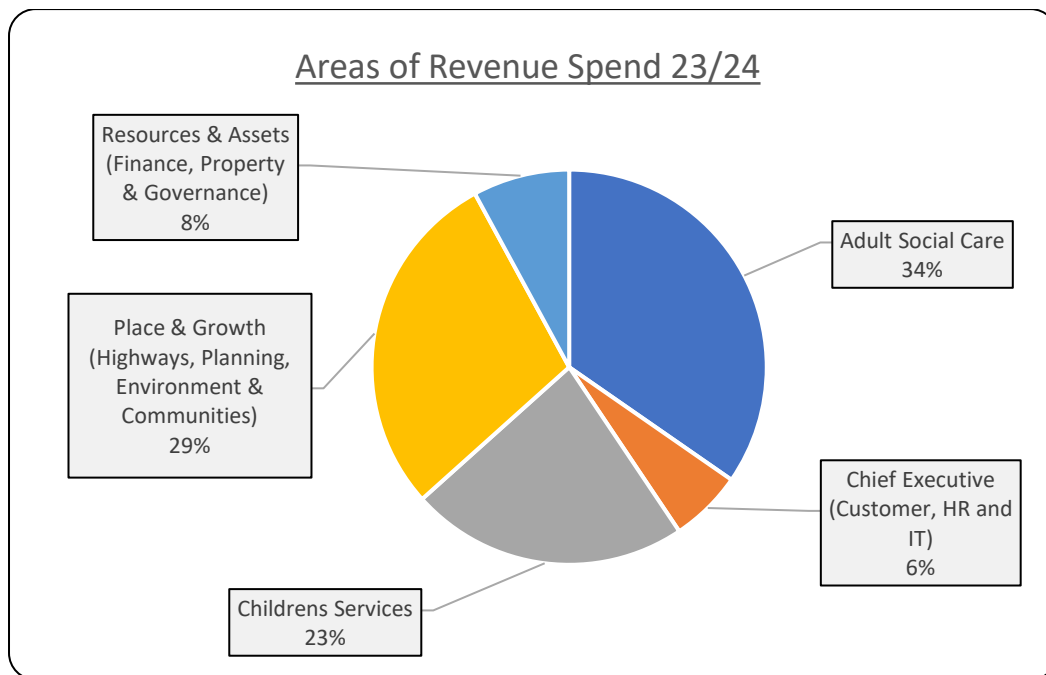
The Local Government Act 2003 requires the Chief Finance Officer (CFO) to report to Members (Councillors), when setting the council tax charges. The CFO must state if the budget is robust and if it has enough reserves. The report is intended to discharge this responsibility and provides an overview of the Council’s financial position as a context before making specific recommendations on the 2023/24 budget.

The budget setting process started early in 2022/23 ensuring spend supports delivery of the Council’s priorities (below) and are further detailed in the Council Plan (<https://www.wokingham.gov.uk/council-and-meetings/open-data/community-vision-and-council-plan/>). Budget proposals are put forward to invest in areas that require more spend to meet increasing demands, to reflect where services can be more efficient or where they can generate more income. The budget is also set to try to meet changing need, such as with the cost of living crisis.



A thorough and detailed budget setting process (where appropriate including impact assessments such as for Equalities) is undertaken to ensure spend is challenged against the Council’s aims and objectives. To enhance transparency and engagement, this year’s process has again included consultation with the Community & Corporate Overview & Scrutiny Committee (CCOSC) which is made up of Councillors from all parties and independent councillors. Information provided at CCOSC is also available to the Public.

A robust budget must be a balanced budget whereby total expenditure is matched by total income. Any change in the annual budget in relation to increased spend must be balanced by service efficiencies and/or additional income or council tax increases.



2. The financial standing of the Council

Heading into the 2023/24 financial year, the financial standing of the Council remains robust but with a number of significant local and national challenges ahead. This position has been maintained despite the Borough facing some of the most acute challenges in many years; the pandemic, cost of living/inflation rises, migration and the impacts of Brexit. It has only been achieved through strong financial management.

The Council has established financial resilience and sustainability, despite years of austerity resulting in minimal real terms increases and often real terms decreases in Government funding. **Appendix 6** is a letter from the Leader of the Council, Executive Member for Finance and Housing and the Chief Finance Officer to the Ministry of Housing, Communities and Local Government in response to the latest Local Government Financial Settlement (2023/24) detailing the pressures and impacts locally from the current approach and allocation.

Further challenges currently outside of the main General Fund also continue to build, significantly the DSG deficit as with many councils continues to increase and requires intervention to develop a longer-term sustainable position.

Further information is provided in **Appendix 1** which details:

- The standing of Wokingham Borough Council as indicated by the Chartered Institute of Public Finance & Accountancy (CIPFA) Resilience index; which shows the Council in the top 20 of upper tier authorities for financial sustainability, when initially published;
- context of the position in relation to government grants;
 - Lowest funding level across Berkshire LA's
 - Lowest Settlement Funding Assessment per head of population (unitary authorities)
 - Percentage of Revenue Support Grant lost between 2017/18 and 2022/23 – 100%

In order to achieve such a strong financial position, despite the challenges from funding and local and national pressures, the Council has enacted and enhanced; an effective budget monitoring and management process, an ongoing improvement and efficiency programme, and a continual review of the allocation of resources to meet demand and local priorities.

Further details of the outcomes and impacts of the above approaches are detailed in **Appendix 2**

Enhanced financial management has been vital to the organisation through recent financial challenges and particularly the Covid-19 pandemic. As we further understand the longer-term implications of those events and now face further challenges such as “Cost of Living” and from specific services such as Home to School Transport, we are working closely with Directors and Lead Members to continually review and challenge forecasts and to model future impacts.

These activities include;

- Seeking to maximise opportunities to deliver on savings plans, ensuring service models and approaches reflect latest demand and local need.
- Exploring reduced expenditure opportunities, including a review of Special (one-off) expenditure Items.
- Maintaining a regular financial review of the ongoing Covid-19 and emerging pressures of cost of living impacts including collection rates and Direct Debit failure rates on major income streams.
- Undertaking a Corporate transformation and efficiency program identifying key workstreams to shape and drive key opportunities including through use of assets and our approach to procurement and contract management.
- Initiating an early MTFP review process tailored to identify areas of relative financial certainty and high-risk areas of greater ambiguity.
- Reviewing non-General Fund balances to assess risks and potential options to transfer balances to the General Fund reserve (if the General Fund position becomes perilously low).
- Continuing to make representations for additional funding through Government Returns, Regional Conference calls and MPs.

As well as ongoing operational budget management and monitoring the authority utilises external and historical data and understanding to ensure confidence and robustness in its overall finances, funding and future spending need including those detailed in Appendix 1 and 2

3. How Council services are funded?

For 2023/24, the Council are planning to spend in the region of £530 million across revenue, capital, housing revenue account and dedicated school grants services. Council services can be broken down across 4 key financial areas known as;

- **Revenue (also known as General Fund) – expenditure in providing day to day services.**

Revenue expenditure covers the day to day running of services across the Council. For 2023/24, the Council will spend approximately £231m across these services. This is known as gross expenditure. Service specific grants and income will reduce this spend to a net expenditure in the region of £154m.

Further information on where this money is spent is highlighted throughout the Medium Term Financial Plan (MTFP). Funding of this revenue expenditure is determined through the local government finance settlement and consists of;

- Settlement Funding Assessment (SFA);
 - Revenue Support Grant (RSG)
 - Retained Business Rates
- Council Tax
- New Homes Bonus

A robust budget must be a balanced budget whereby total expenditure and total income match. Any change in the annual budget in relation to spend pressures must be balanced by service efficiencies and where appropriate council tax increases.

Local authorities have continued to push for a fairer funding review and long-term finance settlements to provide sustainable long-term funding for Local authorities. The intention from the government for some years has been to set a three-year finance settlement, however this has yet to materialise. The fundamental funding review is not likely to be enacted until 2025/26 at the earliest and has recently been published for 2023/24 only, with some indications for 2024/25. This means that there is still much uncertainty around future settlements in terms of duration and the actual funding Wokingham will receive. Consequently, it has been difficult to make definite determinations about budgets in 2024/25 and 2025/26. This context alongside a number of local and national pressures means it is extremely important the Council takes a prudent approach in its budget setting proposals for the 2023-2026 medium term financial plan.

- **Capital – expenditure in assets that generate economic benefits greater than one year.**

A five-year capital strategy has been developed with the aims of realising the Council's vision, raising the quality of life of residents and improving medium to long term planning.

The first three years of the capital vision invariably receive greatest consideration and provides an indicative capital programme, although budget approvals and scheme commitments are provided to year 1 only. This has been developed following an assessment against key Council priorities, including a value for money and risk analysis.

The capital programme over the next three years will include existing asset investment (predominantly school buildings and infrastructure assets) and schemes that seek to deliver the Council's vision.

To finance the capital strategy, an approach to funding has been taken that: optimises assets; seeks flexible use of future section 106 contributions and Community Infrastructure Levy (CIL); and attracts new funding sources where available (particularly through the bidding for Government grants).

Under the prudential code, all authorities can borrow as much as they require to fund their capital programme provided it is affordable, prudent, and sustainable. A large proportion of Council borrowing is deemed as "supported" borrowing which means there is a direct repayment method identified meaning the cost of borrowing does not impact on the council taxpayer. These include investment to generate future cost reductions / income generation and forward funded investment to be recovered from developer contributions

The capital programme is funded from a variety of sources: capital receipts, borrowing, grants and other contributions. The relative reliance on each funding source is set out below and shows a greater dependency on borrowing and developer contributions as the Council embarks on its ambition to develop its four strategic development locations, regenerate the borough, and reduce our impact on the climate.

Further detail of the Capital Programme and its funding is shown in **Appendix 3**

- **Housing Revenue Account (HRA) – ringfenced expenditure across the local authority housing stock.**

Under the Localism Act the Council took control of its housing rental income thus enabling more effective planning for the long-term management of these key assets. In return Wokingham took on its share of the £28bn national housing debt as part of the self-financing settlement. Although the Council took on significant debt to do this, the scheme should be beneficial to the Council and its tenants in the longer term both regarding retaining income and generating capacity to invest in the housing stock.

The HRA is a ring-fenced account and as such has no impact on the level of council tax. The money spent maintaining the Council's housing stock (valued at approximately £274m) and providing a service to Council tenants is mainly funded by housing rents paid by Council tenants.

For capital spend, this is funded from the major repairs reserve, right to buy receipts and borrowing. Under accounting rules, an amount equal to the depreciation charge is transferred from the HRA revenue reserve into the major repairs reserve to contribute towards capital expenditure. It is therefore necessary to generate sufficient net income through housing rents to both reduce the level of debt over time and provide for major repairs.

- **Dedicated Schools Grant (DSG) – ringfenced expenditure across maintained schools, early years and high needs services.**

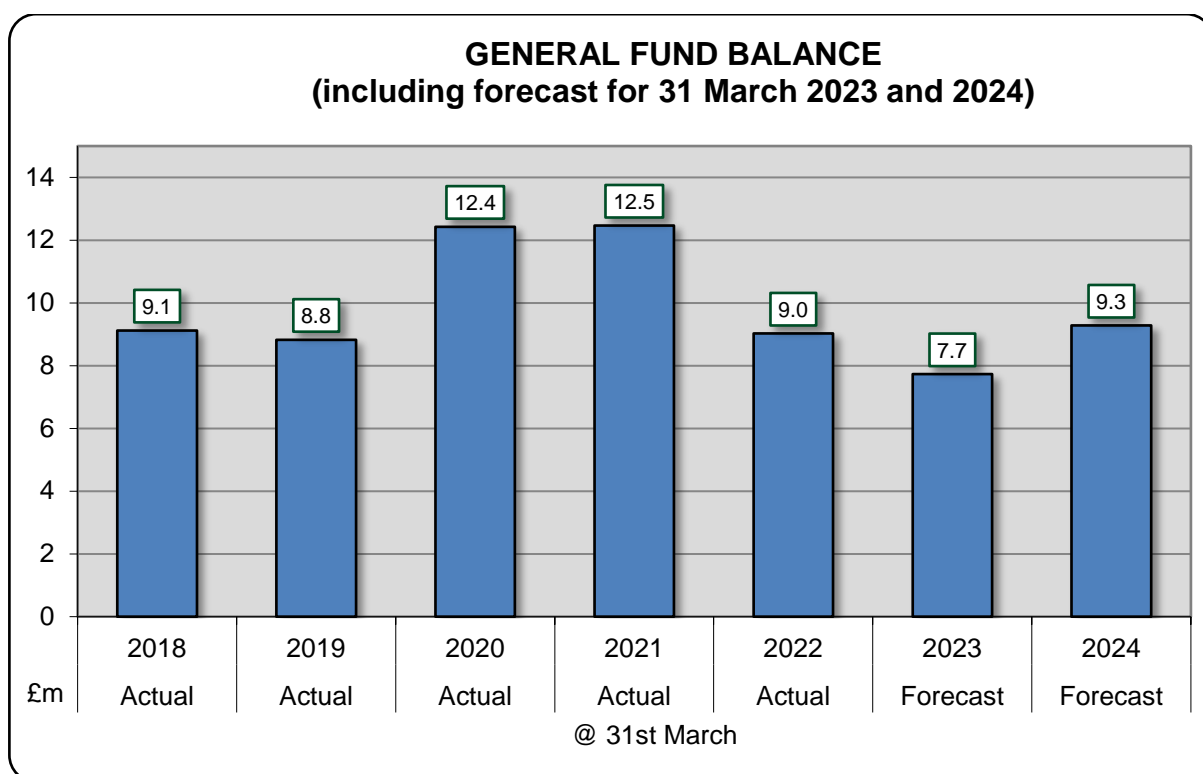
The Council receives DSG annually from the DfE and it must be used in support of the schools' budget as defined in the School and Early Years Finance (England) Regulations 2022. The purpose of the schools' budget is defined in legislation as the provision of primary and secondary education. Since the implementation of these regulations DSG deficits have risen in many Councils across the country and Wokingham is no exception. The annual deficit has risen significantly over the past five years and the accumulated deficit is of considerable concern. For this reason the Council has enlisted in the national Safety Valve programme, to ensure it is doing all it can to appropriately contain demand through numerous measures with regards to early intervention and prevention, manage need through greater self-provision and attain some additional financial support from the Government.

Further detail of the DSG are included in **Appendix 4**

4. Adequacy of reserves

The level of general fund balances is informed by a budget risk analysis. This approach was introduced in 2003/04 when the Council agreed the policy on reserves and balances. The budget risk analysis is included annually in the medium-term financial plan. Historically this has shown that a safe level of General Fund Balances to be in the region of £9m with a minimum at £5m.

The risks facing the Council's finances have increased significantly, they include the implication of future years of austerity; further grant reductions; additional service pressures; substantial regeneration programmes requiring forward funding; dependency on future commercial income and capital contributions; risks around business rate receipts, and the level of retained business rates.



Please note that work continues in 2022/23 to reduce the in-year overspend of £1.3m reported in the quarter three revenue monitoring and thereby restore reserves towards an intended minimum target level of £9m.

Capital

The Council hold various reserves for capital spend in the form of capital grants and contributions. Due to the nature of capital spend and multi-year projects, some reserves will be held but will be allocated to funding future year capital projects. The Council continuously review all capital funding each financial year to ensure grants are used where possible ahead of borrowing to reduce the capital financing costs (e.g. principal repayment + interest).

Housing Revenue Account (HRA)

Similar to the general fund balance, the level of HRA balance is informed by a budget risk analysis. Due to nature of the HRA being a ringfenced account where the main source of income is tenant's rental income, holding prudent reserves remain important to act as a contingency to meet unforeseen spending requirements or income reductions and to provide stability in medium term financial planning. Reserves have remained stable for the past two years and in line with our estimate of a prudential reserve limit

Dedicated Schools Grant (DSG)

As highlighted earlier, the Council have faced significant pressures over the past 4 years in relation to the High Needs Block, combined with under funding from the government the Council are now estimating a deficit reserve at 31st March 2023 of £16.5m in this area. For 2022/23 the mitigations are largely due to be delivered from actions and provision already planned for in the budget. From 2023/24 onwards successful delivery of the mitigations are predicated on increased local provision and are likely to require additional capital investment options currently being developed. We are currently working with the DfE to form a recovery plan for this. Recent accounting guidance published by CIPFA confirmed that this deficit reserve should be held as an unusable reserve and does not require to be covered by the authorities general reserves, although the authority may wish to contribute non-DSG funds to help manage the longer-term position.

The Council also hold approximately c£7m in school reserves which are held to act as a contingency to offset future pressures and or put towards capital investment within schools.

Other Balances

The Council holds other earmarked balances in addition to the general fund balance. These should be reviewed as part of the budget submission and in the context of their benefit and opportunity cost.

Many of the earmarked reserves are held for specific purposes such as developer funding for future maintenance of assets, grants received in advance and equalisation funds to smooth annual changes on demand led areas such as waste and recycling. Other reserves include interest equalisation and forward funding which are linked to the capital programme where infrastructure is delivered ahead of receipt of developer funding.

Further information is available in section 2 of the medium-term financial plan under reserves and balances.

5. Major Financial Risks – Forward Look

Although the Council has worked over many years on the highest standards of financial management, including a strong track record of delivery of significant savings, the financial future looks both extremely challenging and uncertain. The degree of uncertainty is at a level never previously experienced by the Council.

The explanatory below sets out the key risks identified by each Directorate. Further detail including the mitigations and controls that are in place are provided in **Appendix 5**

Adult Social Care – Although the charging reform has been postponed until year 3 of the MTFP, the risk of care reform measures and the impact on the care market remains. The National living wage increase will mean an already struggling care market will require additional financial support through care payment increases. There is also a national requirement to enable an expedited hospital discharge rate with the consequence of a higher number of care placements to be secured and funded by the Local Authority with little additional funding to do this. Already demand in this area is increasing both in terms of numbers and complexity, which will be exacerbated through further pressures on both the care market and the health system.

Children’s Services – Particularly pressures are being experienced through a starkly rising number of Children in Care and through increased EHCPs. The later which is the primary reason behind the escalating DSG deficit and linked to this is significant year on year growth in Home to School Transport which is compounded by other factors such as the increase in transport running costs. Inward migration, particularly the Unaccompanied Asylum scheme which has recently required a higher uptake brings further pressure on Children’s Services.

Place & Growth – Inflationary pressures are being felt severely in many areas undertaken within this Directorate in terms of both in Revenue and Capital. As a Directorate that provides the highest value of discretionary services and generates the highest value of discretionary income, it is inevitable that it will be putting forward a number of the funding solutions to address the budget gap. The successful delivery of these proposals will carry risk, some considerably higher than others.

Corporate – The impact of inflation, interest rates, the continuing impact of Covid and the cost of living crisis is felt Council-wide both in terms of the direct impact and the imperative to respond to the needs of the community where we can. Similar to Place & Growth, there will be considerable Corporately held savings and efficiencies targets, such as those coming out of the Organisation Foundations, that must be delivered on.

From a strategic financial perspective, it will be extremely challenging to keep spending within budget in 2022/23 given the National and Local context and we must do all we can to minimise and prevent any unfunded financial burdens flowing into 2023/24. The 2023/24 budget proposals will attempt to fund and address the challenges described above, however considerable financial risk will need to be held and managed within Directorates and across the Council. The longer term strategic financial position will be impacted by the Council’s responsible approach in setting the 2023/24 budget and how it continues to closely review and respond where necessary. These endeavours will need to be discharged in the context of considerable uncertainties which includes both the economic landscape and Government funding, given the financial settlement was for one year only. Longer term the unknown financial pressures around future legislative requirements, will also need to be understood

and overcome, such as; the removal of the statutory override on the DSG; the new requirements for Minimum Revenue Provision; and the ASC charging reform.

6. Conclusion

The budget submission to Council inevitably contains considerable risk that must be managed next year and beyond. The savings targets are challenging but are necessary and considered deliverable, and expenditure budgets will need to be carefully managed with considerable unknowns. A budgeted General Fund balance of over £9m is considered safe and prudent in the context of this. The Housing Revenue Account also experiences a higher level of risk than in previous years, however expenditure fluctuations are not as great in this area and therefore a modest forecast reserve of approximately £1m is considered to be adequate. Over recent years the DSG deficit has escalated to a level of considerable concern and the proposal to utilise 1% of the Council Tax increase p.a. for this is considered to be wholly necessary, in conjunction with all the other work being undertaken in this area to reduce costs.

The Capital Programme, although balanced in 2023/24 provides little to cover risks of unknown emergency expenditure or unmanageable increases in inflation. Diligent cost control measures and a continuous review of schemes will need to continue into 2023/24 to curtail or rephase expenditure where possible and enhance the level of contingency in year. Although good progress has been achieved in reducing pressure on future years programme, there remains a sizeable gap for Years 2 and 3 which will become more severe with any re-profiling from year 1. If costs cannot be curtailed overall, there may need to be a sizeable growth bid in future years to support additional borrowing.

From a strategic and longer term financial perspective the outlook remains both challenging and uncertain and as such it would be prudent to plan on using the maximum Council Tax flexibilities. The Council does hold sizeable Earmarked Reserves but also carries significant risk. The use of £1.4m Earmarked Reserves in 2023/24 is reasonably modest and necessary given the current national and local context.



Graham Ebers
Deputy Chief Executive
(and Chief Financial Officer)

7. Glossary

Abbreviation	Description
ASC	Adult social care
CCOSC	Community & Corporate Overview & Scrutiny
CIPFA	Chartered Institute of Public Finance & Accountancy
CFO	Chief Finance Officer
CPI	Consumer Price Index
DSG	Dedicated Schools Grant
DFE	Department for Education
DoHSC	Department of Health and Social Care
ESG	Education services grant
GFB	General fund balances
HND	High Needs Block
HRA	Housing revenue account
MOD	Ministry of Defence
MTFP	Medium term financial plan
NDR	Non-domestic (business) rates
NHB	New homes bonus
PUF	Primary unit cost
RPI	Retail Price Index
RSG	Revenue support grant
SDL	Strategic development locations
SEND	Special Educational Needs and Disability
SFA	Settlement funding assessment
SoBM	Summary of budget movements
SUF	Secondary unit cost
TCR	Town centre regeneration
WHL	Wokingham Housing Limited

Appendix 1;

Key Financial Standing & Funding Context

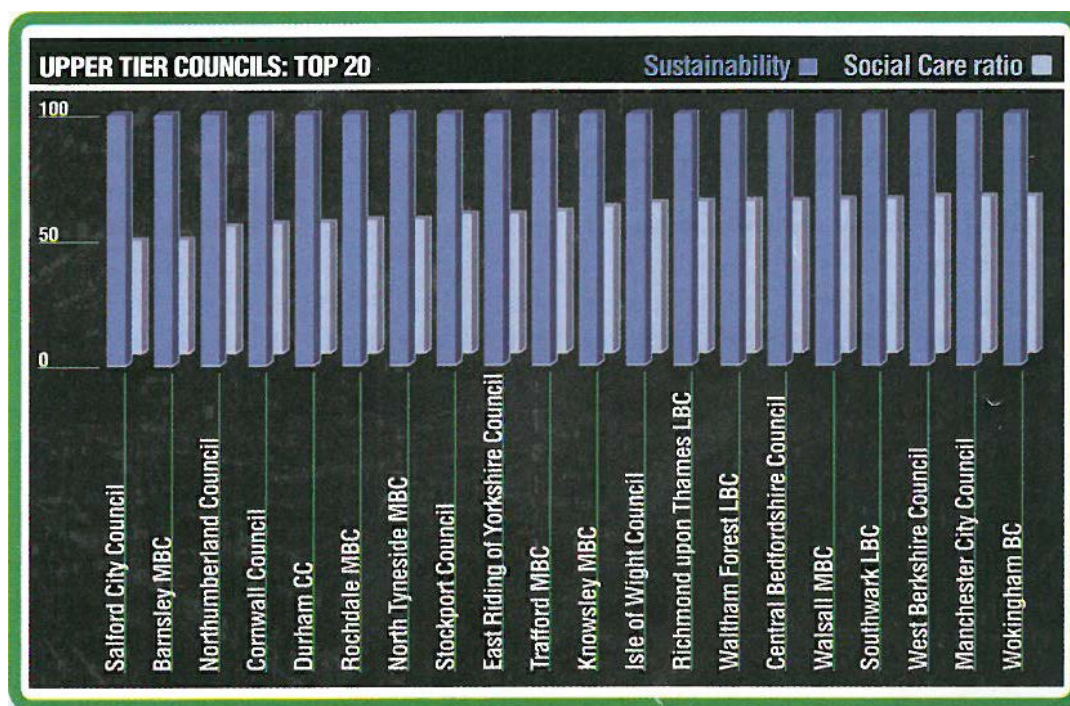
As part of the overall approach to managing and monitoring the financial position it is important to monitor and review the longer-term trend, impacts of funding and the position against other Councils. These are useful measures to further ensure Wokingham's approach and understanding is reasonable and there are not other risks or opportunities that have not been considered or understood.

CIPFA Resilience Index

In December 2019, CIPFA published their first financial resilience tool which highlighted key financial indicators such as reserves sustainability, external debt and social care ratios based on the 2018/2019 financial year. The index shows a council's position on a range of measures associated with financial risk and financial stress. The selection of indicators has been informed by the extensive financial resilience work undertaken by CIPFA over a number of years, public consultation and technical stakeholder engagement.

Wokingham have been rated in the top 20 of upper tier councils for financial sustainability (source: 9th Jan 2020 – The Management Journal). Although Wokingham have been rated highly for financial sustainability (measured by ability to maintain reserve balances), the Council still face significant challenges and risks in the future which are outlined in this report and throughout the Medium Term Financial Plan (MTFP). Also included in the graph is the social care ratio which shows how much of the annual spend is linked to social care which is seen by CIPFA as an area of financial risk for all local authorities.

The latest resilience index published (based on 2020/21 data) showed an improved position on indicators of financial stress. These included improved indicators around maintaining or improving earmarked reserves and the cost of social care as a proportion of total expenditure compared to other local authorities.



Source – The MJ – 9th January 2020 (The above analysis, undertaken for a national report, has not been repeated or updated since January 2020, however is still relevant to understand Wokingham’s position and context at that time. We will consider methods to update this for future years reports)

Wokingham Funding Context

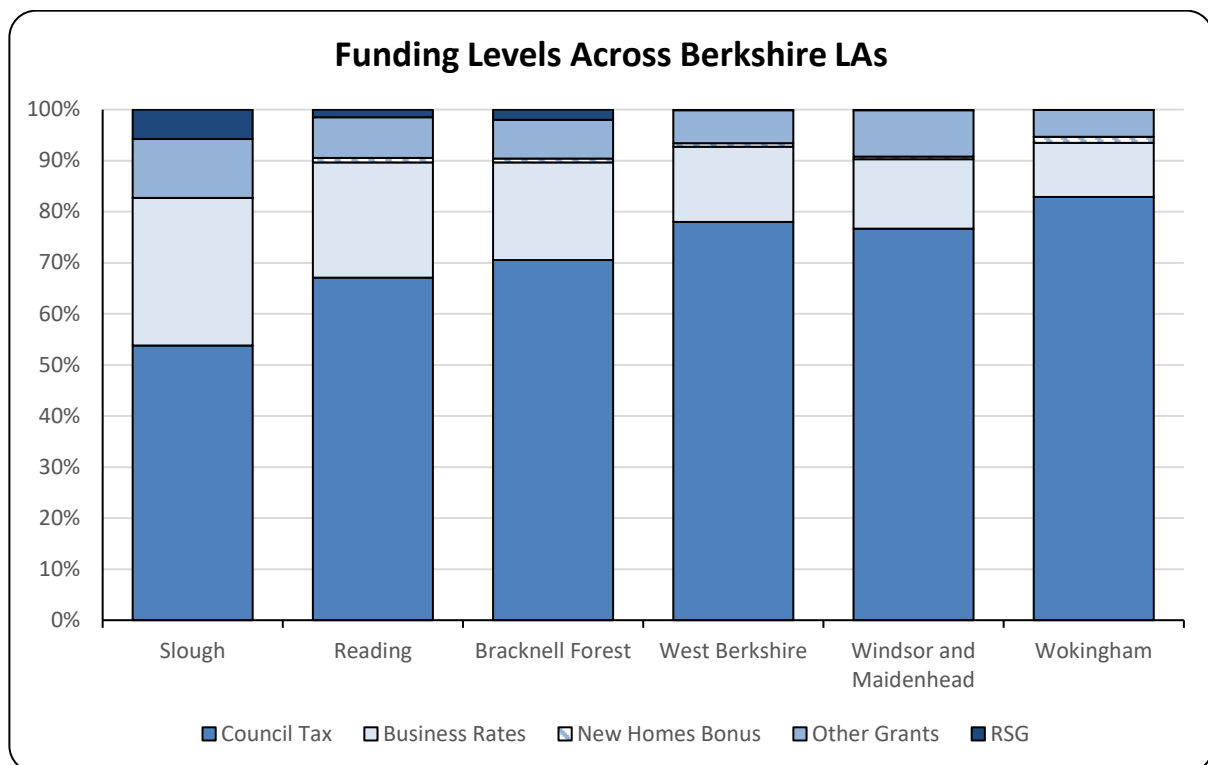
The reductions in Government grants have had a major impact on the Council’s finances and budgets since 2010/11. The Council’s net expenditure budget has been reduced each year since 2010/11 as shown in the table below, which indicates that the net expenditure budget has been reduced by £53m (50%) between 2010/11 and 2023/24 meaning the Council are delivering services more cost effectively.

	£m
WBC 2023/24 net expenditure budget	153.9
Less reduction in grants for services now part of formula grant	(12.5)
Less discount re inflation since 2010/11 (based on CPI)	(68.4)
Less discount re growth in council tax base since 2010/11	(21.5)
Net expenditure budget 2023/24 discounted to 2010/11 Prices (a)	52.2
WBC 2010/11 net expenditure budget (b)	105.2
Estimated reduction in expenditure since 2010/11 (b – a)	£53.0m (50%)

This is the result of numerous years of local government funding driven by a formula that is skewed toward deprivation factors (as opposed to recognising the basic cost of providing services) and reductions in centrally funded grants based on percentage reductions to

previous years, Wokingham Borough Council has been for many years the lowest funded unitary authority (per head of population) in the country. A consequence of this is that Wokingham Borough Council's local services are deemed in the finance settlement to have the majority funded by its council taxpayers. Whilst the average unitary authorities receive revenue support grant and retained business rates to fund around 30% of their service costs, Wokingham receive only 11%.

The graph below highlights the imbalance of funding requirements across the 6 Berkshire authorities. Based on the core spending assumptions from central government in the finance settlement, Wokingham has the majority of funding expected to come from council tax as opposed to Slough for example, who receive more revenue support grant and can retain more business rates funding.

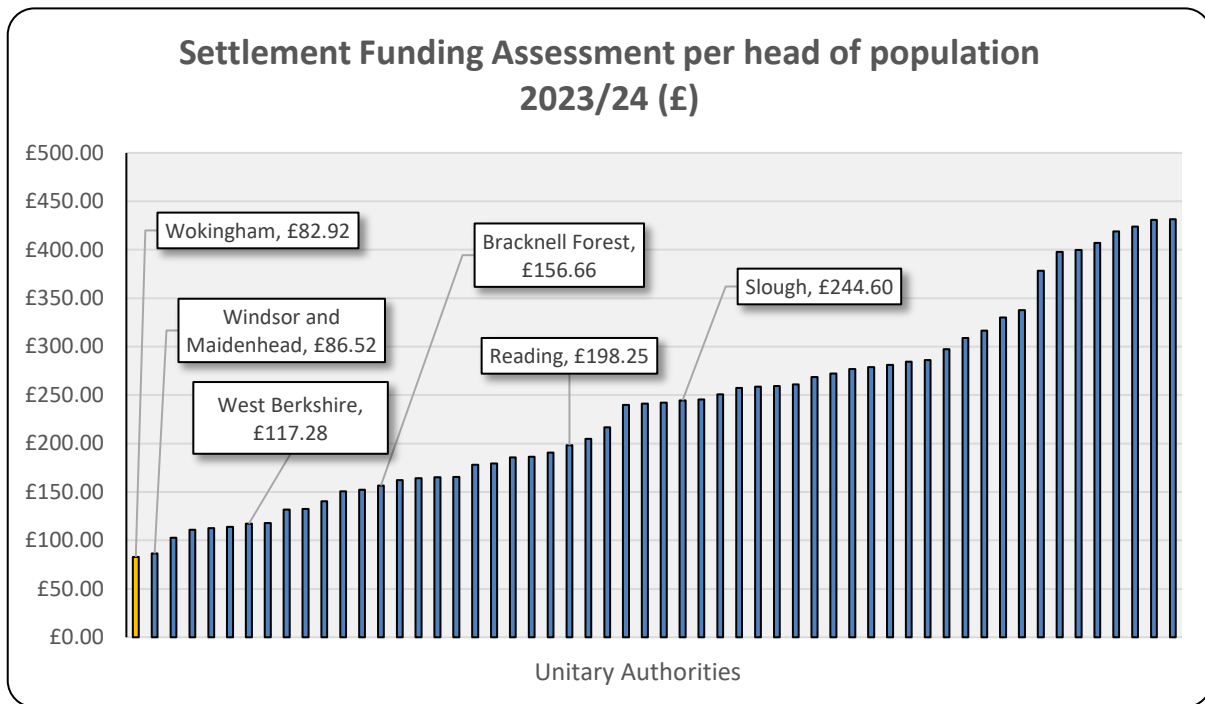


Settlement Funding Assessment (SFA)

The SFA is a calculation consisting of the sum of baseline funding level (BFL) and the revenue support grant (RSG). The BFL represents Wokingham's share of business rates retained income (£14.65m) and the RSG represents a grant from government to help fund services within Wokingham (£0.12m).

Wokingham's total SFA will be £14.77m in 2023/24, compared to £19.07m in 2016/17, a reduction of 22.5%, or £4.3m. Wokingham's SFA has remained close to £14.1m since 2017/18 after the reduction in 2016/17. 2023/24 is the first year the Council have seen a small increase (c4%). This means our baseline funding level and therefore retained business rates have not seen any inflationary increases.

The graph below shows the position for 2023/24 in terms of SFA funding per head of population and confirms that Wokingham is the lowest funded unitary authorities, well below the unitary average, and less than 17% of the highest funded unitary authority:



Wokingham will receive the SFA per head of £82.92, which is significantly lower than the unitary authorities' average. It is also less than half the funding of two of the Berkshire authorities. If the Council received £250 per head, this would equate to an additional c£30m in funding.

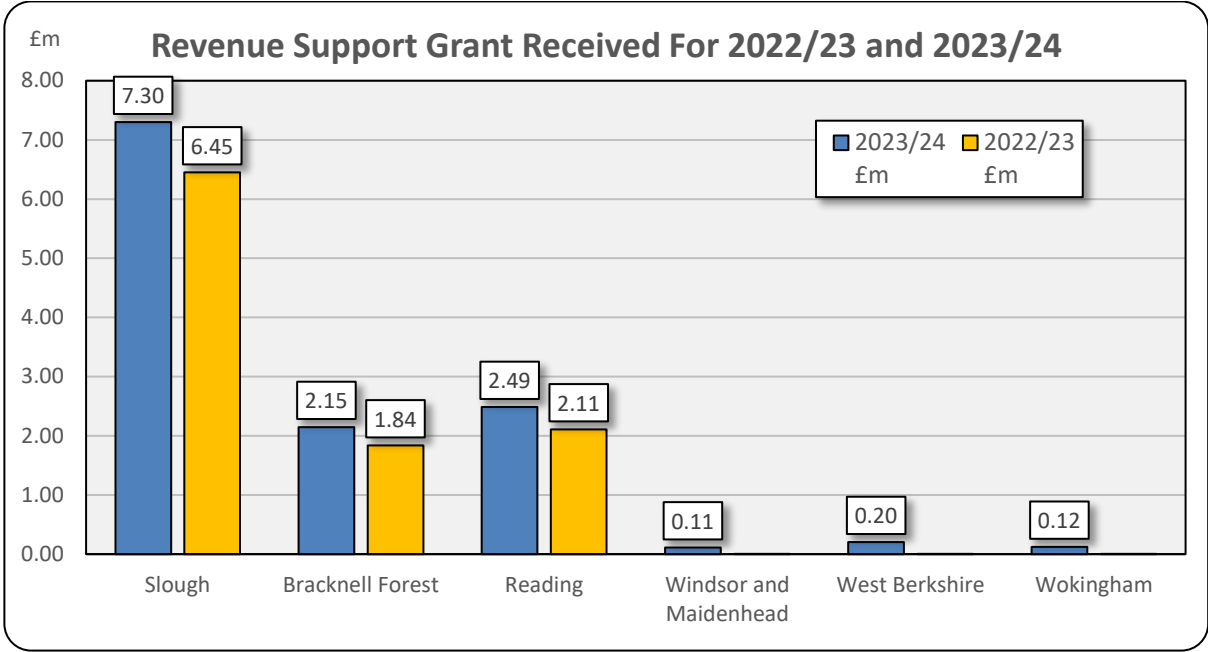
Revenue Support Grant (RSG)

RSG was previously the significant un-ringfenced grant that supported the Council's ongoing revenue expenditure. From 2013/14 it has been incorporated within the settlement funding assessment (SFA) which Wokingham faced reductions in grant yearly and the complete removal of this grant since 2018/19. Only this year (2023/24), have Wokingham seen some RSG allocation, £0.12m.

It was expected that from 2019/20 the grant would be cut still further with some authorities required to pay a 'negative RSG'.

However, following consistent representations made by this authority, we have been informed again through the finance settlement that negative RSG will not be enacted in 2023/24 (similar to 2022/23). The funding position is unclear from 2024/25 onwards and Wokingham will need to continue to make representations regarding the new methodology for financing local authorities to ensure we secure a fair and viable ongoing funding settlement from the Government.

The graph below compares the RSG allocations over the past two years across Berkshire Councils.

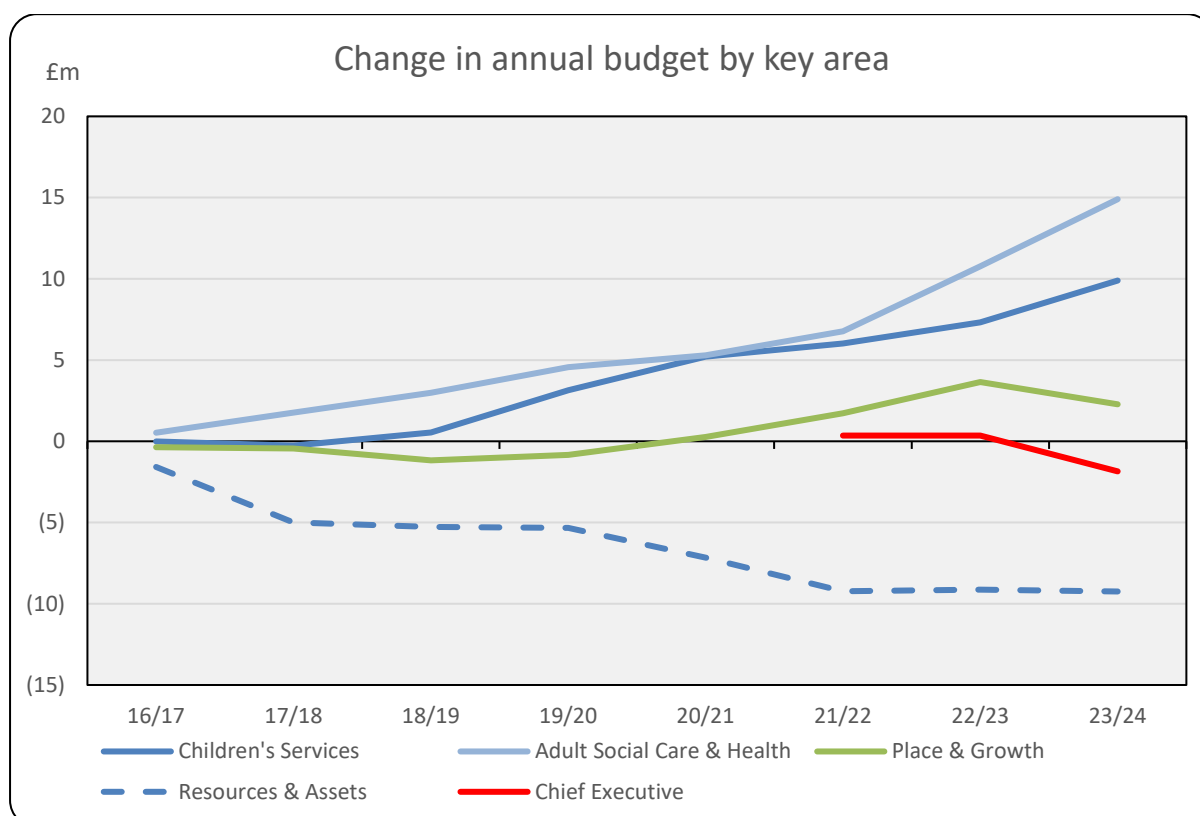


Appendix 2;

Delivering through financial governance and ongoing efficiency

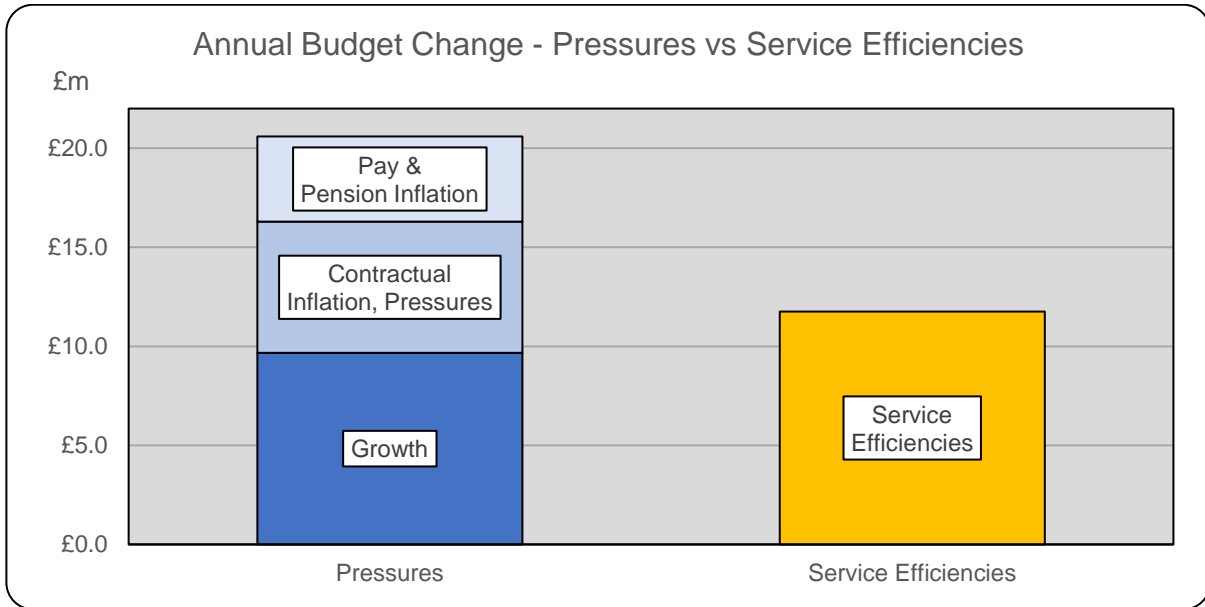
Across the many varied and complex services the Council provide, there will be pressures and risks as well as efficiencies and opportunities to reduce costs or to deliver more value from current resources. Often efficiency initiatives are required to meet additional demand and service need without the need for budget growth. The budget process aims to capture these to ensure the budget set is prudent and robust and that services continue to review their operations and cost base. The detail below shows where opportunities have been identified and how those initiatives have impact the distribution of resources across services and the impact on the overall budget position.

The graph below shows the cumulative change in annual budget across four key areas of Children's Services, Adult Social Care & Health, Place & Growth, Resources & Assets. Whilst the graph shows cost pressures across the social care areas, the Council have managed to offset many of these through efficiencies and income generation within resources & assets services and recently place & growth.



Note – the graph above excludes £2.96m of inflation in 2023/24 which will be distributed to services during the year.

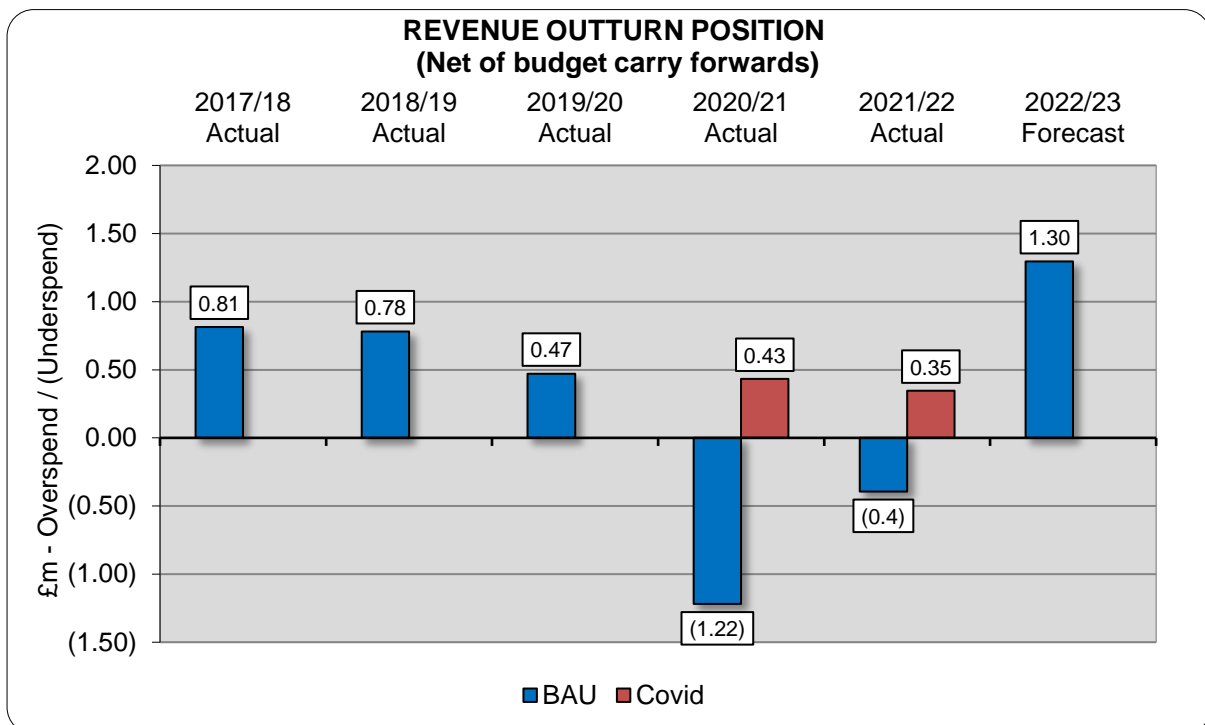
The annual change in budget is shown below. For 2023/24, the total pressures outweigh the service efficiencies. The difference will be required to be funded via council tax rises. The detail budget changes have formed part of the information provided to Community and Corporate Overview and Scrutiny Committee throughout the budget process.



* Service Efficiencies are designed to reduce costs whilst maintaining services to the public.

Mitigating Service and Budget Pressures

Over the past number of financial years, the Council have faced a number of demand led pressures in year and more recently, the financial impact from Covid-19. These underlying pressures are considered as part of the budget process. The forecast budget variance in 2022/23 currently shows a combined overspend of £1.295m compared to the budget approved in February 2022, based on December 2022 monitoring.



Further information is available in the quarterly revenue monitoring reports reported to Executive and available on the Councils website.

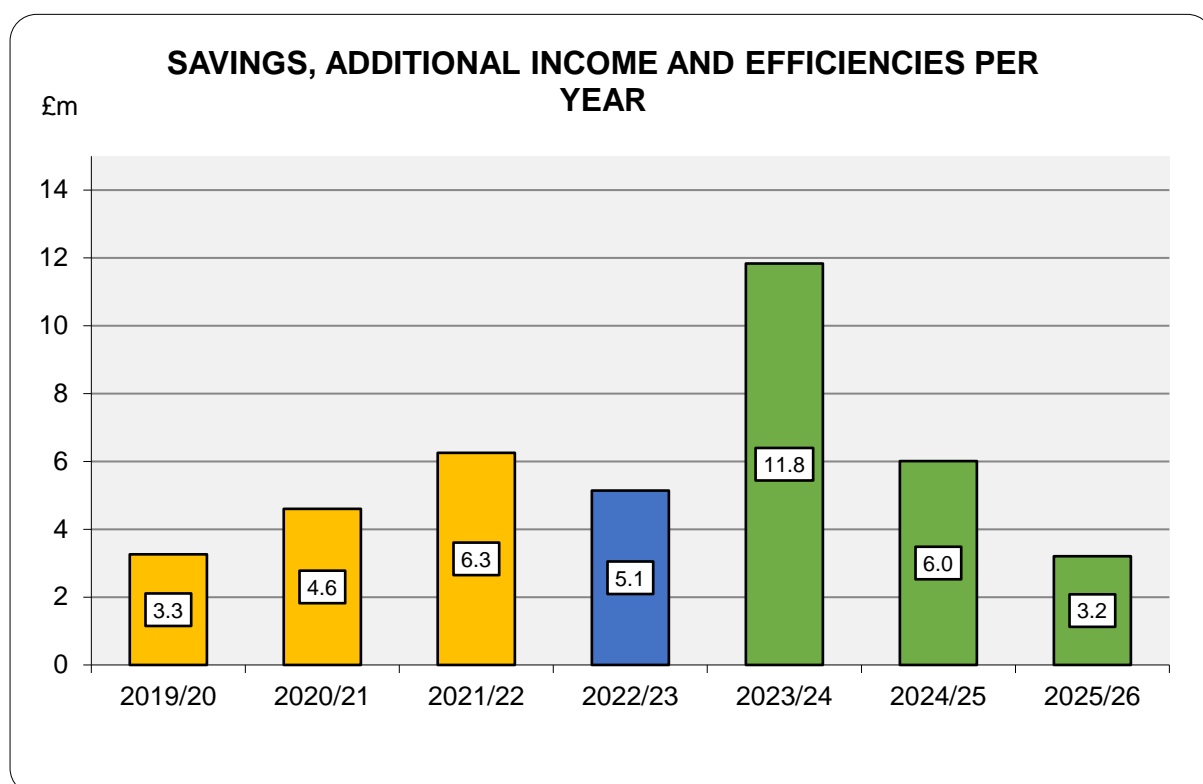
Extensive work is currently underway to manage the in-year 2022/23 position and to bring the current forecast back to a balanced position. This is critical in order to maintain appropriate reserves. Current activity includes;

- a) Departmental budget savings programmes,
- b) Restrictions on all recruitment,
- c) Implementation of future savings programmes being brought forward where possible,
- d) Program of contract reviews to manage inflation and understand efficiency options

Delivering Efficiency and Income generation

In order to continue to provide value for money and to maintain budgets within the ever difficult financial environment, efficiencies and income generation are required to meet the changing pressures in growth, inflation, and demand for services.

The total savings, efficiencies and income generation that have been identified in setting the council tax in previous years are shown below, along with planned savings required in the 2023/24 three year medium term financial plan. Efficiencies are used to fund growth, inflation and reductions in Government grants whilst allowing the Council to maintain frontline services.



Nb – Amber denotes savings delivered, Blue denotes savings in delivery and Green denotes savings in future plans.

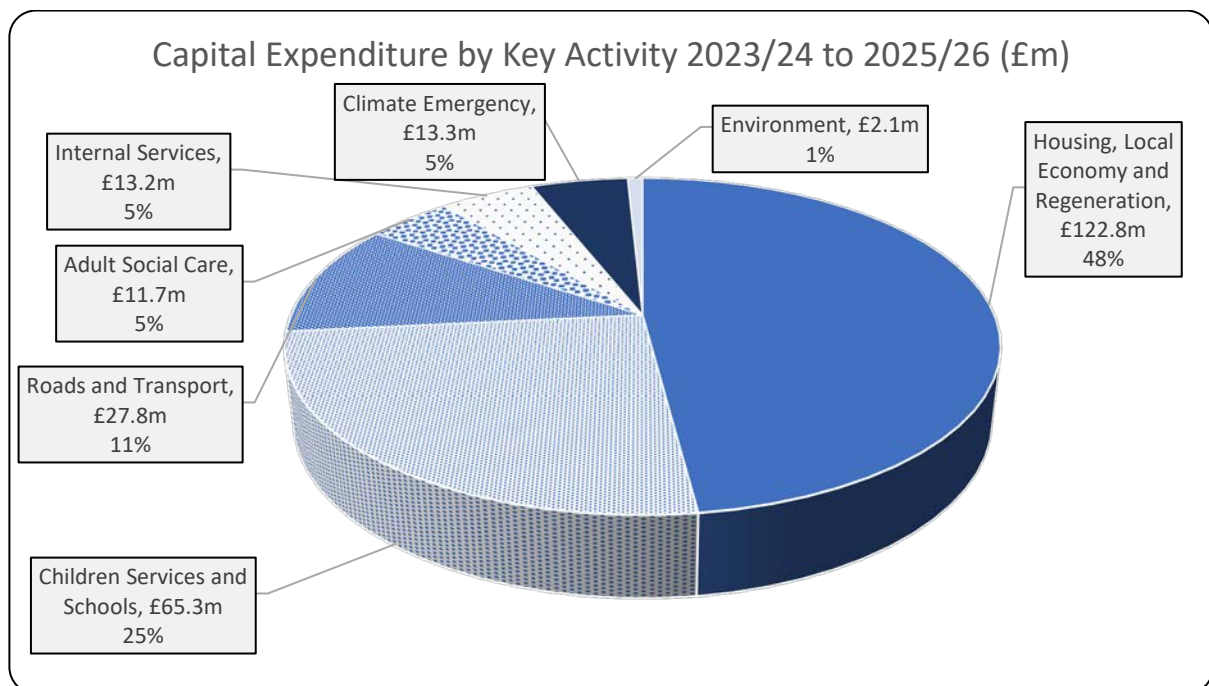
Appendix 3;

Capital Programme – Investing in the Borough

The following paragraphs further detail the Capital Programme showing where investment is being made, how the programme is being funded and the overall impact on borrowing, the capital financing requirement and the return on investments.

Spend Analysis

The graph below shows the capital expenditure planned for the next 3 years by key activity area. This excludes any previously approved budget that has will be carried forward into future years. In total the Council plan to invest a further £216m (including HRA) over the next 3 years.



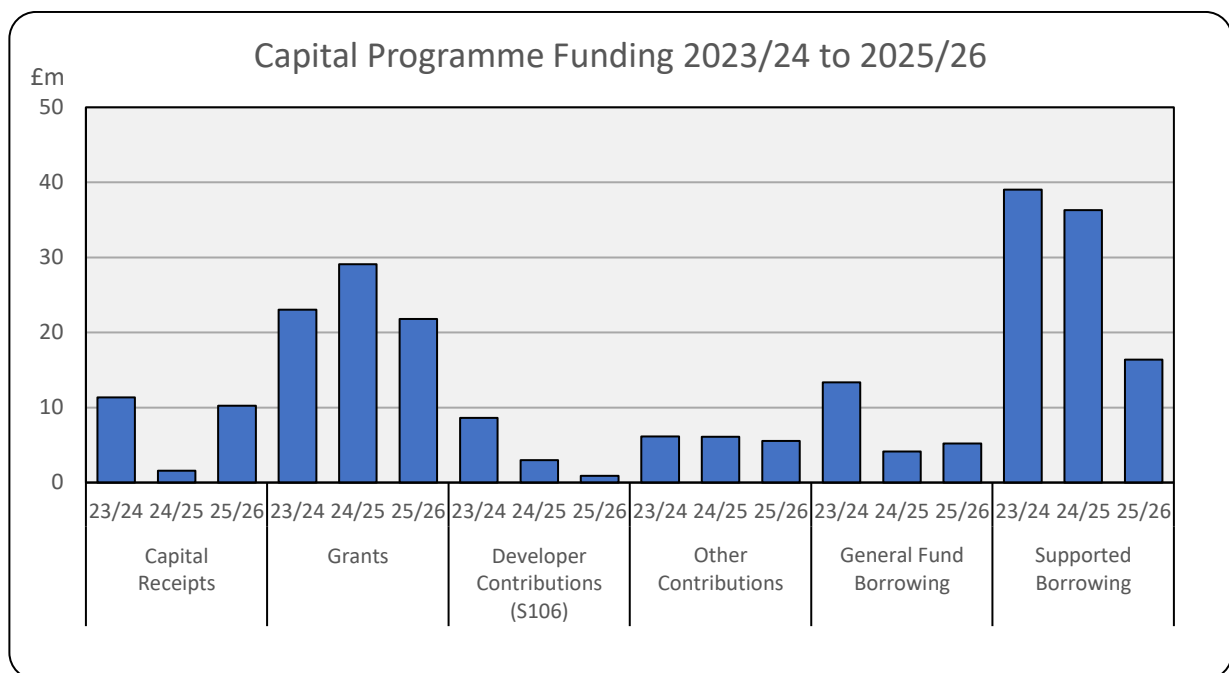
As highlighted above, significant investment is planned across schools, roads and transport, housing, local economy, and regeneration.

Funding Capital Investment

There is currently a gap in funding for the capital programme over the full MTFP period, however year 1 of the programme is fully funded. The longer-term budget gap will be addressed through a combination of expenditure reductions, reprofiling of projects and seeking to maximise funding resources.

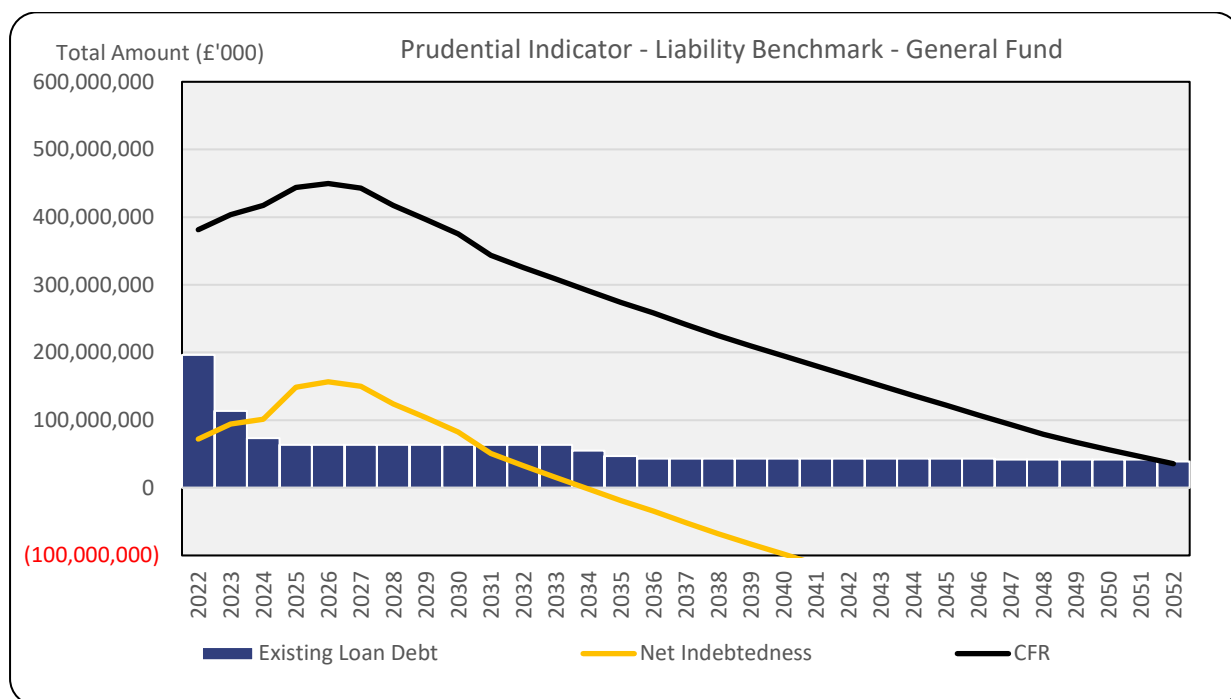
The major funding source for the capital programme will be supported borrowing which relates to borrowing upfront where a direct repayment source (e.g. Income generation, HRA rental income, repayment of subsidiary company loans and future developer contributions) has been identified whereas general fund borrowing is funded through existing revenue base budget. The graph below shows how the capital programme will be funded over the next 3 years (assuming the funding gap in year 2 and 3 are met through reducing / rephasing capital expenditure).

The amounts shown under supported borrowing are based on the budget permissions set out in the capital programme consisting of different projects. Some projects will be committed to deliver whereas some budget allocations will not yet have detailed plans for spend or relevant outcomes/returns and therefore will not progress until that detail is fully understood.



Nb; as explained above, funding identified in graph is currently less than total capital requirements. Further funding opportunities will be required or a reduction in the total capital programme will be needed in order to balance the position.

As the Council continues to borrow over the short to medium term period, debt levels will increase as shown by the CFR line in the graph below. The level of debt is considered affordable and sustainable as required by the CIPFA prudential code. All capital projects are supported by detailed business cases which include where appropriate how supported borrowing will be repaid.



Note – net indebtedness is calculated by subtracting treasury investments from external borrowing.

Further information on the funding of the capital programme is set out in the Capital Strategy and the Treasury Management Strategy.

Appendix 4;

Dedicated Schools Grant

The Council receives DSG annually from the DfE and it must be used in support of the schools' budget as defined in the School and Early Years Finance (England) Regulations 2022. The purpose of the schools' budget is defined in legislation as the provision of primary and secondary education.

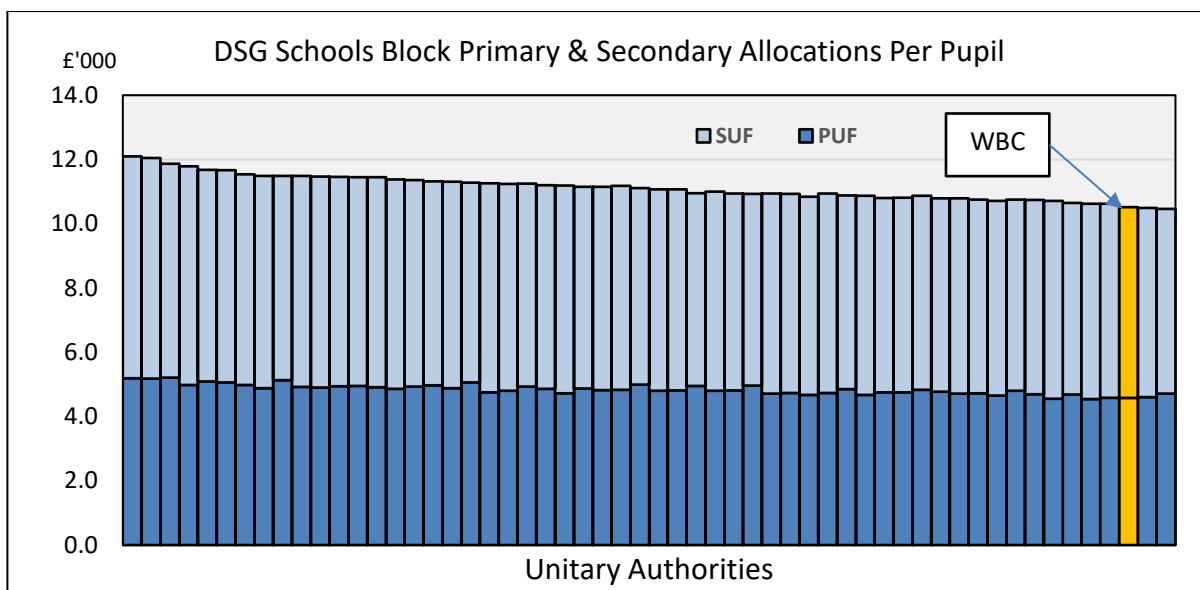
The following pages explain further how the grants are calculated and distributed. They also show Wokingham's grants in comparison to some other unitary authorities

The amount for 2023/24 was notified to the authority by the Department for Education (DfE) in December 2022. However, a proportion of this amount is in respect of free schools and must be paid to them. The actual DSG allocation available to the Council for 2023/24 is £180.86m, compared to £167.16m in 2022/23. The increase to 2022/23 is accounted for by increased funding on both two-unit costs, one for primary unit cost (PUF) and one for secondary unit cost (SUF). The DfE created a centrally retained schools block for the Council to carry out its statutory duties which includes an element of the old education support grant.

DSG funding has increased for 2023/24 for all four blocks. This much needed funding increase is welcomed by the Council and all of our schools and will help contribute to the day-to-day funding of services.

Block	2022/23 £,000	2023/24 £,000	Change £,000	Change %
Schools Block	129,842	138,780	8,938	7
High Needs Block	25,031	28,430	3,399	14
Early Years Block	11,289	12,615	1,326	12
Central School Services Block	995	1,039	44	4

The actual 2023/24 PUF is £4,579 and SUF is £5,936 per pupil compared to £4,404 (PUF) and £5,656 (SUF) in 2022/23. Wokingham continues to receive one of the lowest funding amounts of all unitary authorities.



As outlined in the previous section, the DSG funding is based on 4 blocks and therefore expenditure mirrors these 4 blocks and includes;

- Schools Block – expenditure on day to day running of schools.
- High Needs Block – expenditure on high needs including independent special schools. This area has seen significant financial pressures due to growing demand and complexity in cases.
- Early Years Block – expenditure in relation to providing to early year settings including funding for free entitlement for 2, 3 and 4 years old.
- Central Schools Services Block – expenditure in relation to statutory services such as school admissions and education support services.

Of the £138.8m in the Schools Block, £1.7m is proposed to be retained for the Growth Fund, funding new and growing schools. The remaining £137.1m is allocated to individual school budgets based on the local funding formula, which all schools have been consulted on, and will be presented to Schools Forum for final approval on the 11th January.

All schools are funded using the same formula regardless of whether they are maintained or an academy, with the formula taking account of a large number of variables including pupil numbers and other factors such as deprivation.

The current school profile is as follows:

	Number of Schools	Total Number on Roll	Draft Budget 2023/24 £,000
Maintained Schools	29	9,713	46,758
Academies	36	16,702	90,356
TOTAL	65	26,415	137,114

The High Needs Block is separate block of funding to support those young people with SEND requirements. This has been underfunded by central government for the past few years and, when combined with the increased demand and out-of-borough placements this has meant that the account has operated in a deficit position since 2017/18. Whilst this is permitted under regulation in the short term, it is not an ideal scenario nor sustainable in the medium to long term; The Council have been invited into the government's Safety Valve Programme and are working with the ESFA to produce a DSG management Plan that will see The Council setting an in-year balanced budget by 2028/29".

Appendix 5;

Key Financial Risks and Mitigations / Controls

Risk	Mitigation and Controls
Adult Social Care and NHS reform	Significant work has been undertaken to model costs and service options. Liaison is ongoing with central govt and professional organisations. Contingency budgets built into MTFs. Recent delays allow for further preparation and understanding
Additional statutory costs of Children in Care	We are experiencing significant increases in demand and a number of management actions are in place to mitigate the risks including targeted service work to support children to remain at home and working with partners to manage and reduce costs of placements.
One-year financial settlement	Working with central govt, professional orgs and other local authorities to best understand future options and implications. MTFP includes a number of assumptions and contingencies
Increasing Interest rates and debt charges	The treasury team work with External experts to continually review and update borrowing and lending strategies. Investments are reviewed and modelled against various scenarios
Inflationary pressures – including pay and contracts	Specific corporate support is in place to assist contract management and procurement. MTFP includes provision for increases as best understood.
Future changes to Minimum Revenue Provision	Continue to work to understand likely changes and timing, input into consultation to inform future model. Investments are modelled against various future scenarios to ensure any revised investment decisions or further provisions are provided for
Dedicated Schools Grant Deficit	Actively involved in Safety Valve potential opportunity. Continually review service models and efficiency opportunities. MTFP includes further annual funding
Continuing impacts from COVID	Key budgets (leisure, parking) are continually reviewed with short-term additional funds and increased base budgets provided in MTFP where required.
Cost of living pressures	Ongoing engagement with community partners to provide support and wherever possible proactive interventions. Increases in Council Tax Reduction schemes to support vulnerable
Specific service pressures; Home to School Transport Unaccompanied Asylum Seekers	Detailed budget monitoring and forecasting. Support to services to review and innovate in service delivery models. Where appropriate lobbying to central government for appropriate funding.

Reserves and Balances

The council keeps a number of reserves in the balance sheet. Of these, some are required to be held for statutory reasons, some to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. The reserves are reviewed bi-annually for continued relevance and adequacy as part of the budget setting process and closedown.

Reserve	Purpose	Policy	Estimated Level @ end of March	Benefit	Opportunity Cost
General Fund Reserves:					
General Fund (Statutory) 68	Resource available to meet future running costs for non-housing services	<ul style="list-style-type: none"> Policy based on a combination of financial risks and Audit Commission guidance as follows: Min 5% of net expenditure (excluding Dedicated Schools Grant) – this equates to £7.9m Risk assessments of budgets To enable stability in longer term financial planning 	2024 £9.3m 2025 £9.0m 2026 £9.0m	Provides: <ul style="list-style-type: none"> General contingency for unavoidable or unforeseen expenditure Stability for longer term planning Interest on Balances helps to reduce costs to the taxpayer: Interest on Balances @ 3.0% = £30k per £1m. 	<ul style="list-style-type: none"> Could be used to fund one off General Fund expenditure which would result in loss of interest £30k per £1m Could be used instead of borrowing @ 4.0% = £40k per £1m but loss of interest of £30k per £1m
Insurance Fund (Earmarked Reserve)	This is used to fund part of each insurance claim, up to losses of c£1m in a year	<ul style="list-style-type: none"> Needs to be at a level where provision could sustain claims in excess of current claims history May have to meet claims incurred but not yet reported May have to meet any uninsured / uninsurable losses 	2024 £2.8m 2025 £2.4m 2026 £2.0m	<ul style="list-style-type: none"> Used to fund deductibles / excesses in order to minimise premiums Provides the Supply Teacher Scheme Helps maintain current rates charged to schools Interest earned builds up the reserves 	<ul style="list-style-type: none"> Fund could be used to fund one off General Fund expenditure

Reserve	Purpose	Policy	Estimated Level @ end of March	Benefit	Opportunity Cost
Renewals Funds (Earmarked Reserves)	<p>These are reserves held in order to finance the renewal or maintenance of specific items of equipment or furnishings.</p>	<ul style="list-style-type: none"> Contributions to the reserve are made on the basis of the anticipated replacement cost of the items over their expected life 	2024 £0.7m 2025 £0.7m 2026 £0.7m	<ul style="list-style-type: none"> Reduces pressure on maintenance budgets Interest is accrued on the reserves at 3.0% = £20k which helps to reduce costs 	<ul style="list-style-type: none"> Could be used for alternative maintenance or other revenue expenditure
Waste PFI Equalisation Fund (Earmarked Reserve)	<p>The reserve is held to even out the cost of the waste PFI contract over the life of the contract and smooth revenue impacts from volatility in landfill and recycling usages.</p>	<ul style="list-style-type: none"> The level of the balance and contributions to the reserve are set out in the PFI financial model and reviewed annually as part of the budget setting process 	2024 £4.2m 2025 £4.2m 2026 £4.2m	<ul style="list-style-type: none"> Provides stability of budgets in the medium to long-term 	<ul style="list-style-type: none"> A reserve in deficit cannot be used for other purposes, it will be offset by General Fund Reserves
Pension, Interest, and WTCR / Equalisation Funds (Earmarked Reserve)	<p>These equalisation funds reflect that investments will fluctuate due to market conditions. Also includes funds to cover any potential losses in investments and smooth pension fund contributions. These reserves also held to smooth the negative impact from the fairer funding review.</p>	<ul style="list-style-type: none"> To build up reserves based on favourable investment returns over budget Contributions from the reserves will be used to fund Wokingham Town Centre Regeneration (WTCR) until cash flow becomes positive Smooth annual variations to pension fund contributions Smooth annual variations between leisure contract income and capital investment costs Smooth impact of fairer funding review and loss of new homes bonus 	2024 £50m 2025 £48m 2026 £46m	<ul style="list-style-type: none"> Equals out market fluctuations in income due to volatile interest rates Avoid short term borrowing @ 4.0% = £40k per £1m but loss of interest of £30k per £1m Equalises WTCR scheme costs 	<ul style="list-style-type: none"> Could be used to support revenue expenditure

Reserve	Purpose	Policy	Estimated Level @ end of March	Benefit	Opportunity Cost
Commuted Sums (Earmarked Reserve)	These are amounts received from developers for the maintenance of open spaces, parks and natural greenspaces	<ul style="list-style-type: none"> There is no policy on the level of balances due to the nature of developer works and CIL agreements All contracts are unique to each developer and will vary depending on the nature of the particular project and may be subject to planning permissions etc. 	2024 £21m 2025 £22m 2026 £23m	<ul style="list-style-type: none"> Used to maintain parks and open spaces so avoiding service spend Interest to be used in a specified and agreed manner Avoid short term borrowing @ 4.0% = £40k per £1m but loss of interest of £30k per £1m 	<ul style="list-style-type: none"> Money cannot be used for other purposes
Forward Funding (Earmarked Reserve)	Offset impact where infrastructure required ahead of developer contributions being received	<ul style="list-style-type: none"> Reserve held to offset annual differences between capital investment costs and receipt of developer contributions 	2024 £23m 2025 £22m 2026 £21m	<ul style="list-style-type: none"> Infrastructure can be delivered ahead of developer receipt 	<ul style="list-style-type: none"> Could be used to support revenue expenditure

Reserve	Purpose	Policy	Estimated Level @ end of March	Benefit	Opportunity Cost
Capital Reserves:					
Usable Capital Receipts (Excluding right to buy) (Statutory)	Proceeds of fixed asset sales and repayments of other loans/grants available to meet future capital requirements and to act as a contingency	<ul style="list-style-type: none"> The current policy is to ensure that balances are sufficient to cover the first year of the capital programme (including urgent health & safety issues that may arise during the year) 	2024 £2m 2025 £2m 2026 £1m	<ul style="list-style-type: none"> To finance future capital schemes This provides stability for longer term planning Interest on balances helps to reduce costs to the taxpayer. 	<ul style="list-style-type: none"> Loss of interest income
Usable Capital Receipts (Right to buy element)	The council's share of HRA sale receipts are ring fenced for One for One Replacement	<ul style="list-style-type: none"> Housing sales receipts must be used for social housing within the Borough 	2024 £1m 2025 £1m 2026 £1m	<ul style="list-style-type: none"> Government's commitment to ensure that the receipts on every additional home sold under the Right to Buy are used to fund its replacement 	<ul style="list-style-type: none"> Will be used to help fund the HRA reinvestment in new homes for affordable rent
Other Capital Contributions:					
Developer Contributions (S106 and Community Infrastructure Levy (CIL) and Revenue to Capital Contributions)	<p>Money received from developers as part of their development obligations</p> <p>A time lag exists between receipt and design/delivery of schemes</p>	<ul style="list-style-type: none"> There is no policy on the level of balances due to the nature of the contributions Aim to fund schemes identified within the 3 year capital programme / 5 year capital vision All contracts are unique to each developer and will vary depending on the nature of the particular project Balances may increase due to restrictions on how contributions may be spent, and matching these to schemes within the capital programme 	2024 £75m 2025 £74m 2026 £73m	<ul style="list-style-type: none"> Avoid short term borrowing @ 4.0% = £40k per £1m but loss of interest of £30k per £1m 	<ul style="list-style-type: none"> S106 Monies can only be used for purposes specified in the agreement S106 Contributions might be time restricted therefore if not utilised may need to be repaid to the developer Could be used instead of borrowing, but loss of interest

Reserve	Purpose	Policy	Estimated Level @ end of March	Benefit	Opportunity Cost
Ring Fenced Reserves:					
Housing Revenue Account (HRA) (Statutory)	Resources available to meet future running costs for council houses	<ul style="list-style-type: none"> Local Government and Housing Act 1989 section 76 (3) forbids a year end deficit on the HRA Balance is determined by level of risk associated with the budget Current recommended minimum level of reserves is £1m 	2024 £1m 2025 £1m 2026 £1m	<ul style="list-style-type: none"> Provides general contingency for unavoidable or unforeseen expenditure or fall in income Stability for longer term planning and for meeting the decent homes standard Interest on Balances helps to reduce costs. 3% Interest = £30k 	<ul style="list-style-type: none"> Could be used to fund HRA Capital expenditure to help meet decent homes standard which would result in loss of interest £30k per £1m Could be used to fund HRA debt repayment
193 Major Repairs Reserve (Statutory)	This records the unspent balance of HRA Capital projects	<ul style="list-style-type: none"> Use of Capital to meet Decent Homes Standard Redevelopment and regeneration of the council's housing stock 	2024 £0.1m 2025 £0.1m 2026 £0.1m	<ul style="list-style-type: none"> Provides capital to invest in stock to meet the government's Decent Homes Standard policy Provides general contingency for unavoidable or unseen expenditure 	<ul style="list-style-type: none"> Will be used to fund HRA capital expenditure to help meet decent homes standard
Other Earmarked Reserves	These reserves are held for specific accounting reasons	<ul style="list-style-type: none"> The funds in these reserves are ring fenced funds that cannot be used for other purposes 	2024 £15m 2025 £14m 2026 £13m	Reserves include: <ul style="list-style-type: none"> Challenge of business rates Energy contract reserve Building Control trading account reserves 	<ul style="list-style-type: none"> Interest on these reserves at 3.0% would be £390k which helps to reduce costs

GRAND SUMMARY - GENERAL FUND PROPOSED BUDGET 2023/24

The service totals below **exclude** the allocation of internal charges (e.g. office accommodation & finance) and depreciation charges.

	2022/23 Restated Estimate £	2022/23 Local Tax Rate £	2023/24 Estimate £	2023/24 Local Tax Rate £
Adult Social Care	58,094,700	775.15	59,011,680	773.95
Chief Executive	10,576,770	141.12	9,327,050	122.33
Childrens Services	31,172,970	415.94	33,718,660	442.23
Place & Growth	32,638,920	435.50	31,318,990	410.76
Resources & Assets	12,171,520	162.40	23,515,750	308.42
Total Net Expenditure	144,654,880	1,930.11	156,892,130	2,057.68
Appropriation to / (from) Balances	6,807,582	90.83	7,522,963	98.67
Borough Council Requirement	151,462,462	2,020.95	164,415,093	2,156.35
Income:				
Government Support / Business Rates	(20,643,100)	(275.44)	(27,976,943)	(366.92)
New Homes Bonus	(4,765,095)	(63.58)	(1,865,430)	(24.47)
Council Tax Collection Fund Surplus	(1,000,000)	(13.34)	(1,000,000)	(13.12)
Council Tax for Borough Council Purposes	125,054,267	1,668.58	133,572,720	1,751.84
General Fund Balance Estimates (Note 1)				
Brought Forward	9,025,630		7,730,293	
In Year Variation	1,295,337		1,549,707	
Carried Forward	7,730,293		9,280,000	
Council Tax Base	74,946.3		76,247.1	

Note 1 - 2022/23 estimate based the in year revenue monitoring position at quarter three

The local tax Band D rate of £1,751.85 is a 2.99% core increase in council tax and a 2.00% increase which forms the Adult Social Care precept.

GRAND SUMMARY - GENERAL FUND PROPOSED BUDGET 2023/24

The service totals below **include** the allocation of internal charges (e.g. office accommodation & finance) and depreciation charges.

	2022/23 Restated Estimate £	2022/23 Local Tax Rate £	2023/24 Estimate £	2023/24 Local Tax Rate £
Adult Social Care	61,342,940	818.49	62,638,850	821.52
Chief Executive	10,307,740	137.54	10,098,870	132.45
Childrens Services	37,710,820	503.17	42,037,440	551.33
Place & Growth	47,355,280	631.86	51,535,820	675.91
Resources & Assets	4,596,730	61.33	13,772,030	180.62
Depreciation Charges	(16,658,630)	(222.27)	(23,190,880)	(304.15)
Total Net Expenditure	144,654,880	1,930.11	156,892,130	2,057.68
Appropriation to / (from) Balances	6,807,582	90.83	7,522,963	98.67
Borough Council Requirement	151,462,462	2,020.95	164,415,093	2,156.35
Income:				
Government Support / Business Rates	(20,643,100)	(275.44)	(27,976,943)	(366.92)
New Homes Bonus	(4,765,095)	(63.58)	(1,865,430)	(24.47)
Council Tax Collection Fund Surplus	(1,000,000)	(13.34)	(1,000,000)	(13.12)
Council Tax for Borough Council Purposes	125,054,267	1,668.58	133,572,720	1,751.84
General Fund Balance Estimates				
Brought Forward	9,025,630		7,730,293	
In Year Variation	1,295,337		1,549,707	
Carried Forward	7,730,293		9,280,000	
Council Tax Base	74,946.3		76,247.1	

GRAND SUMMARY - GENERAL FUND FORECAST BUDGETS 2024/25 & 2025/26

This takes into account budget pressures identified to deliver the Council's Vision. Work will be on-going to contain growth and increase service efficiencies where possible.

The service totals below **exclude** the allocation of internal charges (e.g. office accommodation & finance) and depreciation charges.

	2024/25 Estimate £	2024/25 Local Tax Rate £	2025/26 Estimate £	2025/26 Local Tax Rate £
Adult Social Care	59,021,680	774.08	60,034,680	787.37
Chief Executive	7,901,050	103.62	6,527,050	85.60
Childrens Services	33,586,660	440.50	33,173,660	435.08
Place & Growth	28,059,690	368.01	27,614,390	362.17
Resources & Assets	33,283,750	436.52	42,104,750	552.21
Total Net Expenditure	161,852,830	2,122.74	169,454,530	2,222.44

The above figures are based on the bids in the MTFP. Figures will be revised during the budget setting process for 2024/25 and 2025/26.

GROSS INCOME AND EXPENDITURE

The table below shows the total gross income and expenditure for the General Fund, Dedicated Schools Grant and Housing Revenue Account.

2022/23 Budget £'000		2023/24 Estimate £'000
Income		
General Fund		
32,950	Fees and Charges	34,569
35,955	Specific Grants	34,973
1,920	Other Income	1,920
2,649	Internal Income	5,385
73,474		76,846
Dedicated Schools Grant		
86,127	Specific Grants	90,273
0	Plus movements from reserves	0
86,127		90,273
Housing Revenue Account		
16,309	Fees and Charges	19,841
0	Specific Grants	1
68	Other Income	33
16,377		19,875
175,978	Total Income	186,994
Expenditure		
General Fund		
79,469	Adult Social Services	87,922
13,089	Chief Executive	11,733
38,076	Children's Services	48,221
57,583	Place & Growth	75,379
46,570	Resources & Assets	33,674
234,788		256,929
Dedicated Schools Grant		
46,436	Schools Block incl Growth Fund	47,825
29,142	High Needs Block Budget	35,420
11,289	Early Years Block	12,615
995	Central School Services Block	1,039
1,806	Pupil Premium allocated to schools	1,860
(3,541)	Contribution to reserves	(8,484)
86,128		90,273
Housing Revenue Account		
16,377	Housing Revenue Account	19,875
16,377		19,875
337,291	Sub Total Expenditure	367,077
161,313	Net Expenditure	180,083
16,659	Less: depreciation	23,191
5,379	Less: special items	5,339
22,038		28,530
139,276	Net Expenditure (excluding Special Items & Depreciation)	151,553

Notes

Movements between areas are described in detail in the summary of budget movements, service budgets, housing revenue account and dedicated schools budget.

SERVICE NARRATIVES

ADULT SOCIAL CARE 2023/26

1. SERVICE AIMS

The Adult Social Care Services Directorate aims to support all adults who have care and support needs to be as independent as possible in a way that works for them throughout their lives. This includes adults with mental health conditions, autism, learning disabilities, physical disabilities, sensory impairment (sight or hearing difficulty) and older people.

2. SERVICE SCOPE

The main policy driver for the work of Adult Social Care is The Care Act (2014). The Care Act (2014) is the legislative framework providing Duties and Powers that all Local Authorities must adhere to. The key emphasis of The Care Act (2014) is to support prevention; to promote well-being; and to offer choice and control. It also outlines general responsibilities for Local Authorities including promoting individual wellbeing of the entire population as well as meeting the eligible support and care needs of residents. Delivering this will be a collaborative approach, particularly working closely with our Health and Voluntary and Community Sector partners as we progress towards integrated health and social care services.

Adults Services are supported by;

The **Strategy, Commissioning and Performance** Team:

- **Strategic Commissioning:** Supports transformational change through commissioning high quality, cost effective and outcome-based services that ensure the right level of support is provided at the right time, in the right place and at the right cost.
- **People at the Heart of Care:** Leads the development and delivery of the Social Care Future agenda (People at the Heart of Care). This includes cross directorate co-ordination of the programme and accountability for the delivery of fundamental transformational benefits this programme will have across the Social Care system.
- **Contracts, Performance and Assurance:** Develop and maintain a Contract Management Framework for Adult Social Care, ensuring best practice in contract management. Oversight of the contracting service ensuring that legislative and procedural agreements are always adhered to.
- **Operation Commissioning (inc. Intelligence Purchasing):** Responsible for commissioning placements for vulnerable adults and children across a number of different provisions, including residential, nursing care, supported living, fostering services and Post 16.

The **Population Health, Integration and Partnerships** Team:

- Focuses on improving the health and wellbeing of Wokingham residents through integrated working with external partner organisations and working within the Integrated Care System.
- Works with partners from across the health (The Royal Berks Hospital, Community Nursing and primary care), adult social care, housing and voluntary sector to prevent people going into hospital as an emergency, to support residents to be discharged from hospital if they have been admitted and to reduce differences in health between different groups of people in Wokingham.
- Carries out commissioning and contract management.

As of **November 2022**:

- 20.7% of working age people with a learning disability in Wokingham Borough are in paid employment (included supported employment) in 2021-22, compared to 4.8% for the England average in 2021-22. Our rank was number 2 from all local authorities
- 212.6 older adults (aged 65 and over) per 100,000 whose long-term support needs met by admission to residential and nursing care homes in 2021-22 compared to 538.5 England average in 2021-22
- 86.8% of service users in Wokingham Borough with a learning disability in 2021-22, are living on their own or with their family compared to 78.8% England average in 2021-22
- 612 people were assessed in year 2021-22
- 960 people were reviewed in year 2021-22
- 15,593 people received long term services throughout 2021-22

3. SERVICE PRIORITIES

We are proud of the diversity of our borough, and that people are living longer and are healthier. We are committed to supporting all adults who have care and support needs to be as independent as possible in a way that works for them throughout their lives. This includes adults with mental health conditions, autism, learning disabilities, physical disabilities, sensory impairment (sight or hearing difficulty) and older people.

Our strategy is focused on the following priorities:

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

Over the last 24 months the Council has faced considerable challenges. Most notably, due to COVID-19, Brexit, and the ongoing Cost of Living Crisis. This has presented a huge opportunity to rethink, redesign, and reorientate care.

At the same time we have also identified that there is still work to do to support the market to be more innovative, and to be able to deliver services under more personalised arrangements. We are also aware of the changing diversity of the Borough and acknowledge that we must work to incorporate this into arranging people's care and support.

The Social Care Futures (SCF) movement was started during lockdown, where it was recognised that many people, particularly those who use social care, live in permanent lockdowns and experience everyday inequality. SCF is about ensuring that everyone is included and change only happens in people's lives with their say.

This provides us with an opportunity to do something fundamentally different and to reimagine the care that we all want for ourselves and our families.

4. BUDGET SUMMARY

REVENUE

	Budget 2022/2023 £'000	Budget 2023/2024 £'000
REVENUE SERVICE BUDGETS 2023/2024		
Adult Social Care		
Adult Social Care	56,466	56,861
Strategy and Commissioning	3,242	3,767
Public Health and Better Care Fund	(1,533)	(1,616)
<i>Internal Recharges & Depreciation Charges</i>	3,248	3,627
Total Health & Wellbeing	61,423	62,639

Note: 2022/23 figures have been realigned to take accounts of movements between service during the year

CAPITAL

Capital schemes include the following:

- Older People's Dementia Home: To meet demand in the market for functional, comfortable and homely accommodation that represents value for money;
- Adult social care accommodation transformation: This will address the accommodation needs of our clients, and meet any future increased demand, to ensure that suitable services are available;
- Replacement of Day Services for adults;
- Adult Social Care – community equipment; and,
- Mosaic Modernisation and Reimplementation.

5. SERVICE PRESSURES AND RISKS

Risks are documented in, and monitored via, our directorate and corporate risk registers. Our current risks are:

- Market pressures and inflation:
There are significant pressures within the Adults Social Care market, placing increased pressure on the local authority finance and the sustainability of care providers. This has been exacerbated by the cost of living crisis and workforce issues across the sector. These pressures affect capacity in the market, reducing care providers ability to take new packages of care and limit staff cover arrangements.

To mitigate these risks, Adult Services are working with our commissioned providers (care providers and voluntary sector) to ensuring sustainability within the parameters of the local government financial settlement. Adult Services continues to liaise with regional and central government partners to reiterate the importance of fair funding within Adults Services.

- NHS and Social Care Systems Pressures:

The interface between the NHS and Social Care is fundamental in ensuring positive outcomes for local residents.

Adult Services will continue to work closely with Integrated Care Boards (ICBs) to develop a joint funding model and discharge plan that maximises the resources available within the system to ensure appropriate services are in place for a smooth transition from hospital to home, or a residential care setting.

6. TRANSFORMATION AND EFFICIENCIES

Adult Services has developed a wide-ranging programme of transformation and service improvement which builds upon the Government publication of its adult social care system reform white paper, 'People at the heart of care' (1st December 2021). The white paper sets out a 10-year vision for care and support in England, which includes the introduction of an assurance process, moving towards inspection from April 2023.

Adults Services will build upon its successful transformation programme, reflecting the reforms within adults social care, and continue to implement its fast-paced transformation of the Adult Social Care and Health services to deliver better outcomes for people, improved value for money, and a sustainable high quality Adult Social Care system for the people of the borough of Wokingham, in line with our strategic priorities set out in the Adult social Care Strategy.

CHIEF EXECUTIVE OFFICE 2023/26

1. SERVICE AIMS

The Chief Executive's directorate supports all council customers and other service teams in their service delivery through:

- Providing a clear Council Plan to focus other strategies and plans across the council, sitting alongside the Medium Term Financial Plan (MTFP).
- Championing excellent Customer Experience.
- Promoting effective communications and engagement with our residents, our workforce and our partners.
- Delivering high quality IT services which are secure and effective.
- Providing a flexible, skilled, diverse workforce through an effective Human Resources and Organisational Development provision.
- Ensuring the council's approach to service delivery and change is evidence-based, inclusive and focused on the council's priorities.

2. SERVICE SCOPE

Customer Excellence

- Manages frontline customer interactions with 120,000 calls, 48,000 emails and over 7,000 web chats received a year.
- Delivers 300 weddings, 70 citizenship ceremonies and registers the births and deaths for the borough, generating an income of approximately £250,000 each year.
- Provides a range of library services across ten sites including access to digital services via computers with 500,000 visits a year.

Change

- Supports and enables the organisation to deliver effective Programme Management and strategic change, through the Organisational Foundation Programmes (OFPs) and directorate-led transformation programmes (in Adult Social Care, Place & Growth and Children Services).

IT and Digital

- Provides the Council's technical infrastructure, software, applications and hardware, supporting and maintaining the Council's 48 network locations and 130 servers. The function supports approximately 2,000 IT users, 18,000 IT Service calls and 51 software applications.
- Develops and manages the Council's digital customer interfaces to help manage demand. including the Council's corporate website, several service specific websites and online customer facing services (visited 1.7 million times in 2020).
- Develops and manages the customer relationship management system (CRM) which enables customer shift to a more cost-effective channel.

Insight, Strategy & Inclusion

- Develops and co-ordinates a strategic framework and strategic forward plan to ensure key policies, strategies and plans are aligned to the council plan priorities, reviewing and refreshing the Council Plan as required.
- Co-ordinates quarterly performance reports to senior managers and councillors, along with the council's annual report.
- Provides horizon scanning and Business Intelligence to support the organisation's decision-making, strategy development and change programmes.

- Ensures the council meets the Public Sector Equality Duty and develops its approach to equalities, diversity and inclusion, in line with the Equality Framework for Local Government.
- Implements the Tackling Poverty Strategy with the Hardship Alliance and supports the response to the cost-of-living crisis.

Partnerships, Voluntary and Community Sector, Community Development

- Co-ordinates the council's relationships with Town and Parish Councils and the borough's Voluntary and Community Sector (VCS).
- Works with partner organisations to provide services or support that reduces the need for services.
- Engages the voluntary sector as key and equal partners to inform strategies and approaches that support delivery.
- Engages our residents in community-based initiatives and volunteering.

Communications

- Provides a pro-active communications strategy and programme for the borough, working with VCS partners on shared messaging, and communications support for departments, partnerships and key programmes of activity.
- Provides an external and internal communications resource to support service delivery, brand and marketing of the council and borough.
- Consults and engages with residents through the Engage Wokingham platform to support key initiatives, strategy development and implementation of these.

Human Resources and Organisational Development

- Provides support and advice on employee relations matters, resourcing strategies, reward and recognition, recruitment, service transformations and people management issues.
- Ensures there is a robust people performance management system in place and that there are appropriate learning and development opportunities available to develop and grow council staff to deliver the services for the Borough.
- Publishes and reviews HR Policies to keep them current and up to date with legislation changes.
- Strives to be an employer of choice. We will put equality, diversity and inclusivity at the heart of everything we do, valuing the strength of a diverse workforce.

3. SERVICE PRIORITIES

To support the delivery of the Council Plan and Community Vision the service priorities are focused on Providing Safe and Strong Communities, Enriching Lives, Changing The Way We Work For You and Being The Best We Can Be. Priorities are to:

- Improve customer experiences when interacting with the council, to maximise 'right first time' and minimise costs by reducing failure demand.
- Deliver services, including digital and technology services that are value for money, inclusive and focused on customer needs, to improve outcomes for the individual and wider community.
- Strengthen the way the council engages and works with partner organisations to develop and deliver a shared community vision, Borough Plan and Council Plan.
- Deliver effective communications and engagement with our communities on the matters that are important to them.
- Support the organisation to achieve outcomes set out in the Council Plan through developing a People Strategy, improving the performance reporting on how the Council is delivering its services, implementing effective Business Change methodology, and robust Programme governance.

4. BUDGET SUMMARY

REVENUE

	Budget 2022/2023 £'000	Budget 2023/2024 £'000
REVENUE SERVICE BUDGETS 2023/2024		
Chief Executive		
Chief Executives Office	1,036	665
Strategy and Inclusion	410	504
Human Resources	1,581	1,752
Customer & Localities	2,526	2,205
Communications, Marketing & Exchange	425	651
Change Programme	1,048	(1,149)
Information Technology	3,578	3,555
Digital	1,185	1,145
<i>Internal Recharges & Depreciation Charges</i>	274	772
Total Chief Executive	12,061	10,099

Note: 2022/23 figures have been realigned to take accounts of movements between service during the year

CAPITAL

Capital schemes include the following:

- IT – Hardware: provision of equipment such as laptops, audio visual and other peripherals to enable staff to deliver services whether remote or in the office;
- IT – Security: Funding of security projects to protect the Councils digital and technology assets from continued cyber threats;
- IT – Infrastructure: Project funding to ensure the Councils core estate of servers and network is maintained and refreshed in line with their expected lifecycle (Server 2012, firewalls, wireless infrastructure);
- IT – Applications: Project funding to ensure the Councils critical applications are maintained, upgraded and replaced in line with vendor lifecycles and statutory changes;
- IT – Microsoft E5: Funding of the Councils Microsoft licensing; and
- IT – Maintenance and Enhancement: Implementation of Teams telephony along with capital funding of resources who are working of technology projects.

5. SERVICE PRESSURES AND RISKS

For the Chief Executive's Office particular impacts and challenges are:

- Managing expectations from residents, and voluntary and community sector around what can be delivered.
- Many contracts in place are subject to the Consumer / Retail Price Index which is currently above the budgeted levels.
- Multiple systems / websites purchased internally but outside of the IT / Digital Framework and require retrospective support or integrations.

6. TRANSFORMATION AND EFFICIENCIES

The Chief Executive's Directorate is leading the council's Organisational Foundation Programmes (OFPs) of Customer Excellence, Workforce, Community and Partnerships, Business Intelligence, Contracts and Procurement, and Asset Opportunities. It is also enabling and facilitating the wider OFP programme and supporting directorate transformations; including Children's Services, Safety Valve, Adult Social Care and Place & Growth.

Other areas of focus are:

- Working with the Hardship Alliance to support people in need.
- Improving customer experiences and focusing on customer needs to improve outcomes.
- Developing digital services.
- Involving the voice of customers to drive improvements and developing services that are inclusive and easily accessible.
- Running projects to deliver savings in the operational costs of the Council's IT estate through
 - Reduced cloud computing spend
 - Implementation of VOIP telephony
 - Reduction in provision of staff mobile phones.

CHILDREN'S SERVICES 2023/26

1. SERVICE AIMS

The Children's Services Directorate's primary aims are to safeguard children, promote their welfare, and ensure that children have access to good quality teaching so they can have the best start in life and achieve their ambitions.

We aim to achieve this by:

1. Ensuring that Wokingham Borough's children are able to live, learn and thrive free from fear and harm, with a network of safe people around them;
2. Enabling families to use their own resources so children live, learn and thrive in safety; and
3. Delivering improved outcomes for children and families through our Early Help approach, building on what works well, empowering professionals to maintain a relentless focus on children, and designing services to enable excellent practice.

2. SERVICE SCOPE

Social Work and Early Help:

- Provides Support, Help and Intervention for some of Wokingham's most vulnerable children delivered by social work teams, children's centres, respite care, therapeutic and practical support, a youth offending team; foster care and adoption services.
- Delivers support which is either statutory or preventative to stop needs escalating to the point of needing statutory intervention.
- Works closely with children, families, schools, health, the police and range of other community services.
- As at the end November 2022:
 - 124 children and young people are subject to a Child Protection Plan;
 - 144 are children in care for whom WBC is a corporate parent;
 - 324 children are supported through child in need plans;
 - 103 young people are care leavers between the ages of 18 and 25; and
 - 305 children are in receipt of Early Help support.

Learning, Achievement and Partnerships (LAP) through a range of statutory and chargeable activity:

- Champions positive outcomes for all children and young people attending Wokingham schools and settings;
- Supports Wokingham children placed in schools outside the Borough;
- Promotes, supports and challenges maintained schools and academies to raise achievement levels;
- Secures effective early years and childcare provision;
- Assesses the needs of children and young people with Special Educational Needs and Disabilities (SEND), and issues Education, Health and Care Plans (EHCP) where the threshold of need is met;
- Administers the School Admissions service for the Borough's maintained schools and academies;
- Ensures sufficiency of school places;
- Delivers specialist educational support through the Virtual School for Children in Care;
- Supports young people who are NEET (Not in Employment, Education or Training) into positive destinations; and
- Delivers a range of adult learning opportunities.

- As at the end of November 2022:
 - 1675 children and young people are supported by WBC through an EHCP.
 - 93% of children and young people are attending a “good” or “outstanding” Wokingham school.

Quality Assurance and Safeguarding Standards (QASS):

- Develops the IT case management systems which capture and provide reports on management and performance data;
- Produces a range of statutory and local performance reports;
- Coordinates inspection and peer review activity, and cross service policy initiatives as well as the audit function;
- Provides the Independent Reviewing Officer, Child Protection Chair, and Local Area Designated Officer (LADO) resource;
- Manages the complaints and compliments service;
- Provides advocacy and children’s rights support;
- Provides a Learning and Development offer;
- Provides challenge and support to Social Workers through the audit programme, and Principal Social Worker; and
- Manages the practice improvement programme

The Strategic & Operational Delivery sub-directorate:

- Provides Strategic Commissioning support to Children’s Services;
- Leads the Children’s Services transformation, efficiency and savings programme;
- Supports specialist recruitment and retention activity;
- Develops and writes key strategies and action plans;
- Oversees the development and implementation of the Children and Young People’s Participation Strategy, including programme management of the UNICEF Child Friendly Community initiative, coordination and development of the Youth and Children in Care Councils;
- Represents Children’s Services in corporate matters and activity; and
- Delivers the Holiday Activity and Food Programme, supporting over 800 children and young people so far in 22/23.

3. SERVICE PRIORITIES

To support the delivery of the Council Plan and Community Vision the service priorities are focused on Providing Safe and Strong Communities, and Enriching Lives, through:

- Ensuring we are designed to deliver excellent outcomes for all children, young people and families in Wokingham.
- Excelling in our practice, being known for the quality of our work, and performing to the highest standards.
- Developing effective strategies which improve outcomes and deliver them in the most efficient way.
- Recruiting, developing and retaining a high-performing children’s workforce.
- Strengthening our partnerships, driving system leadership and putting children at the heart of everything Wokingham does.

4. BUDGET SUMMARY

REVENUE

REVENUE SERVICE BUDGETS 2023/2024	Budget 2022/2023 £'000	Budget 2023/2024 £'000
Children's Services		
Learning, Achievement & Partnerships	7,600	8,757
Social Work & Early Help	18,228	19,644
Quality Assurance & Safeguarding Standards	2,452	2,564
Directorate	2,622	2,376
Strategic & Operational Delivery	271	379
<i>Internal Recharges & Depreciation Charges</i>	<i>6,538</i>	<i>8,319</i>
Total Children's Services	37,711	42,037

Note: 2022/23 figures have been realigned to take accounts of movements between service during the year

CAPITAL

Capital schemes include the following:

- Capital investment in the provision of Special Education (SEND) to best meet needs across primary and secondary, with a focus on additional capacity for children with challenging behaviour and Autistic Spectrum Disorder (ASD) and those with social emotional and mental health needs;
- Secondary School extension projects to meet the need of additional places in the borough;
- Sixth Form expansion to meet the need of additional places in the borough;
- New and improved accommodation for care leavers requiring residential support;
- Schools maintenance planned improvements and suitability issues; and
- Schools Devolved Formula – to carry out specific capital works on schools.

5. SERVICE PRESSURES AND RISKS

For Children's Services particular impacts and challenges are:

- Increasing demand and complexity of need against a backdrop of severe public sector financial challenges;
- Increasing numbers of Unaccompanied Asylum Seeking Children coming into our care;
- Ensuring sufficiency of appropriate placements for children in care and care leavers;
- Ensuring sufficiency of school places as the number of children and young people coming into the Borough (including Ukraine, Hong Kong) rises;
- Ensuring children with SEND are supported effectively and efficiently in a context of rising demand and increasing complexity of need;
- Rising demand for Home to School Transport; and
- Shortages of qualified staff.

6. TRANSFORMATION AND EFFICIENCIES

Far-reaching transformation and efficiency programme underway including a focus on:

- Ensuring we have sufficient and appropriate placements for young people close to their home;
- Engagement in the Safety Valve programme;
- Providing an efficient and effective statutory Home to School Transport offer;
- Reducing the need for interim agency workers; and
- Realignment and redesign of services.

PLACE & GROWTH SERVICE 2023/26

1. SERVICE AIMS

The Place and Growth Directorate's primary aims are to shape places, plan for future housing and infrastructure, maintain and improve the built, natural and economic environments, create thriving, safe neighbourhoods, and support all residents with their housing needs.

2. SERVICE SCOPE

Economic Development and Growth

- Leads the development and implementation of the Housing Strategy, enables and commissions affordable housing, including that tailored to different client groups, and manages the Registered Provider partnership with eight Housing Associations.
- Leads on strategic housing matters, evidence, policies and initiatives, providing advice and guidance and liaison with Homes England, securing external funding for major projects, including for homelessness and rough sleeping; oversees the governance, and delivery of the regeneration of Gorse Ride ensuring liaison with residents and involvement of stakeholders.
- Leads on the representation for devolution and a county deal and works collaboratively at local level to meet shared economic priorities including employment and skills, business engagement, sustaining thriving town centres and promoting the borough as a place for foreign investment and growth; and at a sub-regional level on economic development initiatives including business start-ups, Superfast Broadband and Berkshire Net Zero.
- Promotes Wokingham as a borough, and arts and culture, through partnership working.
- Leads on the council's response to the Climate Emergency, embedding in all operations and services through providing specialist advice; delivers promotional activity and engagement to raise awareness and encourage behavioural change among our residents and businesses.

Environment and Safety:

- Provides regulatory services for environmental health, licensing, trading standards, and Emergency Planning, including co-ordinating the response and recovery phases of major incidents.
- Manages major contracts for Grounds Maintenance, Street Cleansing, and Waste Collection for refuse and recycling from every household, and the delivery of the 25 year Private Finance Initiative (PFI) for Waste Disposal with Bracknell and Reading Councils (re3), through the Joint Waste Board and PFI governance arrangements.
- Manages the council's cemeteries, parks, open spaces, country parks and other countryside sites, including the multi-activity centre at Dinton pastures.
- Inspects and carries out necessary works to council-owned trees and play areas.
- Provides specialist advice on trees and landscape, built heritage, ecology and green infrastructure; and delivers operational tree management, maintenance of the public rights of way and council's drainage assets including over 30,000 gullies, 5,000 manholes, and 320km of drainage pipe network; and capital projects for greenways and play areas.
- Works with communities to deal with crime and anti-social behaviour hotspots and to reduce the harm caused by domestic abuse, and reduce serious crimes such as violence, knife crime and exploitation.

Highways and Transport

- Provides strategic transport planning to ensure a coherent approach across the borough, in line with national and regional objectives, including carbon reduction and electric vehicle planning.
- Provides specialist transport input to the delivery of development proposals, through determining around 1,800 applications a year, and oversees the implementation of transport projects.
- Co-ordinates all works on the public highway ensuring they are completed safely, with minimum disruption, deals with day-to-day traffic and parking management, with traffic offence enforcement.
- Maintains the highway assets including roads, footpaths and bridges, streetlighting and street furniture, and designs and delivers the capital projects to meet our statutory highways duties including the £124m Major Highway programme delivering 6 new strategic roads, and reviews and delivers schemes in line with planning obligations and developer contributions.
- Manages and delivers contracts for school and community transport and liaises with public transport service providers.

Housing Services:

- Supports all residents with their Housing Needs including those that face homelessness and rough sleeping, delivering statutory homelessness duties, allocations of new properties (Council and housing associations), temporary accommodation management, and licensee management of mobile home sites.
- Provides all aspects of the Landlord functions for Wokingham Borough Council social housing tenants and acts as managing agent for the wholly owned Housing Associations, Berry Brook Homes, and Loddon Homes.
- Collects rent and service charges; manages tenancy agreements, sheltered housing, and leaseholders and provides day-to-day Statutory Landlord repairs and general repairs, and planned maintenance.
- Assesses and delivers statutory Decent Homes works and Disabled Facilities Grants works and adaptations.
- Provides Tenant Engagement through a range of statutory, formal and informal approaches.

Planning Service:

- Prepares the Borough-wide Local Plan setting out development allocations and planning policies for the longer term, co-ordinates with neighbouring planning authorities, planning for new infrastructure that needs to be provided in association with new development, and engages with local communities where new development is planned.
- Deals with around 4,000 planning applications, 100 appeals, and 900 alleged breaches of planning control each year; determines all planning applications for the five strategic development areas allocated for major development.
- Manages the collection, monitoring and reporting of developer contributions and legal agreements associated with planning permissions; and oversees effective spend of monies working with infrastructure providers, and town and parish councils.
- Ensures, through a commercial Building Control Partnership that new development is built to safe, secure, and environmentally sound construction standards, determining around 2,500 building control applications each year across Wokingham and West Berkshire; and processes new land charges and legal queries on property transactions in the Borough.

- Prepares a Minerals and Waste Local Plan in partnership with other Berkshire local planning authorities and provides advice and steer to local groups preparing Neighbourhood Plans.

3. SERVICE PRIORITIES

To support the delivery of the Council Plan and Community Vision the services are focused on Delivering The Right Homes In The Right Place, Keeping The Borough Moving, Enjoying A Clean and Green Borough, and Providing Safe and Strong Communities; and in particular to:

- Deliver efficiency and savings required.
- Contribute to the equalities and inclusion agenda.
- Support victims of domestic abuse.
- Strengthen the pipeline of need for housing growth through the Strategic Growth and Asset Board to inform decisions on 'right Homes in the right place at the right time'.
- Prepare and adopt an updated Local Plan with new development allocation and planning policy for the period to 2040.
- Develop and adopt the Economic Development Strategy.
- Develop and adopt the Tree Strategy.
- Develop and adopt the Housing Strategy, including reducing the need for temporary accommodation and introducing more preventative measures to reduce homelessness.
- Continue to deliver against the Climate Emergency Action Plan
- Work in partnership to support the devolution and county deal.
- Contribute to strengthening the relationship with town and parish councils.

4. BUDGET SUMMARY

REVENUE

	Budget 2022/2023 £'000	Budget 2023/2024 £'000
REVENUE SERVICE BUDGETS 2023/2024		
Place & Growth		
Place and Growth Management	572	605
Economic Development and Growth	709	680
Environment and Safety	19,944	19,753
Highways and Transport	8,675	8,367
Housing Services	247	262
Planning	935	1,652
<i>Internal Recharges & Depreciation Charges</i>	<i>14,513</i>	<i>20,217</i>
Total Environment	45,594	51,536

Note: 2022/23 figures have been realigned to take accounts of movements between service during the year

CAPITAL

Capital schemes include the following:

- Road safety and traffic management – providing facilities to improve road safety for all users, reduce congestion, improving the efficiency of the transport network, promote and provide access to sustainable modes of transport;
- Highway carriageways – building new and resurfacing roads and footways in the borough;
- Highway drainage – carry out major projects and remedial works to highways drainage network where flooding problems have been highlighted;
- Traffic signal upgrade programme – continued upgrade of old and obsolete equipment, therefore giving the opportunity of installing low energy equipment and up to date controller systems;
- Active Travel and Bus Priority;
- Highways footway structural maintenance programme – resurfacing of footways to extend the life of the asset, improve its condition and increase surface water run-off thereby improving pedestrian safety;
- Maintenance of highway structures including bridges & embankments and vehicle restraint systems (VRS);
- Temporary Accommodation development – addressing housing needs and supporting our vulnerable residents;
- Improvements to leisure facilities in the borough including country parks;
- Improvement to the Public Right of Way network including the delivery of a Greenway network (traffic free routes across the borough); and
- Continued investment in the waste collection arrangements including food waste service.

5. SERVICE PRESSURES AND RISKS

For Place and Growth particular impacts and challenges are:

- Contract inflation, supply chain issues and shortages of qualified staff in key professional areas.
- Increase in demand in housing needs due to economic pressures.
- Continued increase in presentation of victims of domestic abuse.
- Risks in failing to progress the Local Plan with pressures on the five-year land supply for housing – along with continuing uncertainties regarding any national planning reform.
- Economic sustainability of public transport due to economic pressures.

6. TRANSFORMATION AND EFFICIENCIES

Activities to improve the delivery and efficiency of Place and Growth services include:

- Delivering reviews and restructures across departments to secure efficiencies and savings in line with the Organisational Foundation Programmes.
- Delivering more efficient and customer focused highways and transport services.
- Developing a more enabling and facilitating role in relationships with partners, especially town and parish councils.

RESOURCES & ASSETS 2023/26

1. SERVICE AIMS

The Resources and Assets directorate supports and enables the delivery of frontline services through sound governance, prudent budgeting and through the provision of responsive support services. These include:

- Finance – Providing a strategic financial function and a core enabling role to inform, enable and support delivery; to provide financial and procurement systems, information and advice to enable, empower and support the workforce to deliver efficient and effective customer-focused services.
- Governance – Custodian of the Council's constitutional, legal, internal audit and governance arrangements, and management of elections.
- Commercial Property - To efficiently manage the Council's property portfolio to deliver income, to deliver regeneration and development of assets to meet service needs and objectives, and provide professional estates and facilities management.
- Sport and Leisure - To support our residents to lead healthy lives and provide access to good leisure facilities to compliment an active lifestyle and help create community cohesion and social capital.

2. SERVICE SCOPE

Finance

- Co-ordinates budget setting and provides financial advice on a revenue account of £257m per annum gross, capital of £102m per annum and Housing Revenue Account (HRA) of £17m per annum gross.
- Invests an average of £96m per annum and manages borrowing of £264m.
- Makes over 43,500 salary payments to staff (including schools) each year.
- Collects council tax of c£155 million from over 73,000 homes, business rates of c£69 million and over £20 million per annum on sundry debtor accounts.
- Provides financial support to over 5,000 residents through housing benefit and council tax relief totalling c£4 million.
- Provides governance and support across the organisation for all Procurement, contract management and Commercial activity.

Commercial Property

- Acts as Corporate Landlord for over 50 properties and oversees the management, of the Council's property assets valued at £800m
- Manages the Council's (and schools') energy and utilities use, currently £3m pa.
- Management of a commercial property investment to provide positive rental income stream
- To effectively manage assets to support development of suitable, sufficient fit for purpose estate to meet strategic priorities, including working towards carbon neutrality
- Development of the council's own assets to deliver against the objectives of service delivery, climate emergency and commercial return

Governance

- Services a range of daytime and evening meetings including Individual Executive Member decisions, and appeals and reviews
- Runs the authority's annual elections, along with all other elections and referenda such as for parish councils
- Employs and trains hundreds of casual staff at election time and runs an annual canvas of all 68,000 properties in the borough
- Internal Audit is a statutory function bringing a systematic approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- Investigations - into incidents of fraud, code of conduct breaches, whistleblowing allegations and other suspected irregularities.
- Provides legal advice, and guidance, with more than 1,300 transactions, advice, or cases during the year. Prosecutes, defends, and enforces the Council's rights.

Sport & Leisure

- Providing a platform of opportunities for residents to be active across our communities
- Improves access and grows participation in leisure and sport activities – aligned and supporting the Health & Wellbeing strategy
- Manages the delivery of a range of leisure and recreation services across Parks & Open spaces
- Delivery of income generation projects aligned to Leisure and sport activities.
- Manages the delivery of the leisure contract ensuring the approach is aligned and supports wider health objectives.

3. SERVICE PRIORITIES

Through its activities, the Resources and Assets directorate supports the entire council to deliver all priorities within the Council Plan, providing a council wide approach to the financial challenges and solutions, ensuring appropriate governance is in place and adhered to and providing expertise in contract management. The Sports and Leisure team promotes residents engaging in active health cultural and social opportunities, and improvements in health and wellbeing.

The Resources and Assets Directorate will focus on:

- Develop a strategy for member development
- Prepare and deliver local elections 2023, and prepare for all out elections in 2024
- Embed and communicate the Local Code of Corporate Governance
- Complete independent review of overview & scrutiny
- Support boundary commissions electoral review
- Deliver organisational financial skills programme
- Ensuring strong financial management practices across the council
- Develop and agree 2024/25 revenue and capital budgets as part of MTFP 24/5 to 26/7
- Monitor and support delivery of balanced 2023/24 capital and revenue budgets
- Develop and deliver a pipeline of commercial and procurement improvement workstreams and embed improved governance and good practice
- Maximise collection of revenue collection including Council Tax and Business Rates
- Support development of budget challenge/efficiency approach
- Develop and deliver asset management and service asset management plans
- Protecting the council's asset interests
- Management of commercial property estate to provide commercial income stream

- Review and rationalisation of council asset portfolio – to ensure aligned to council needs
- Deliver green energy and energy reduction regeneration programme (3 years)
- Deliver major capital programmes and projects including – Gorse Ride II, Barkham Solar Farm and Toutley East Care Home
- Review current Leisure operating model and alignment to wider culture offer – including consideration of alternative sourcing options for key services
- Ensure Leisure contract performance to key service target and ongoing alignment with wider Health and Leisure Strategy
- Undertake and complete a holistic playing pitch strategy
- Extend wider engagement cross the Borough to support delivery of Health outcomes
- Deliver increase in participant numbers - from inactive groups within Leisure Strategy
- Maximise grant income
- Deliver key income streams from key Leisure and Health Activity

4. BUDGET SUMMARY

REVENUE

REVENUE SERVICE BUDGETS 2023/2024	Budget 2022/2023 £'000	Budget 2023/2024 £'000
Resources & Assets		
Governance	2,704	2,945
Finance	12,190	22,522
Property	(627)	(384)
Leisure	(1,827)	(1,567)
<i>Internal Recharges & Depreciation Charges</i>	<i>(7,914)</i>	<i>(9,744)</i>
Total Finance & Resources	4,525	13,772

Note: 2022/23 figures have been realigned to take accounts of movements between service during the year

CAPITAL

- Market and affordable housing schemes, including commercial property portfolio in line with the Council's socio-economic and sustainability agenda and self-build housing
- Energy schemes aligned with the climate emergency
- Service provision

5. SERVICE PRESSURES AND RISKS

There are a number of pressures and risks to be managed in order to deliver key objectives and properly support the organisation;

- To set a balanced budget and maintain appropriate reserves in the face of significant additional demand, inflation and reducing/restricted levels of grant.
- To maintain and increase use of Leisure and Sport facilities following the impacts of covid and pressures now from cost of living pressures
- To manage potential financial impacts of increasing interest rates, inflation and market pressure on the property portfolio
- To maintain collection levels (council tax and other council debts) whilst supporting residents who are struggling to pay due to the cost of living pressure.

6. TRANSFORMATION AND EFFICIENCIES

- Supporting the Councils overall transformation and efficiency programme (Organisations Foundation Programme) and individual projects (including Safety Valve)
- To lead on the rationalisation of corporate accommodation
- Deliver additional income through improved collection processes
- To continue to develop and support internal governance and skills across the organisation; finance, procurement, commercialisation, constitutional
- Improved financial return on Treasury Management activity
- Program of process efficiency across finance support activity
- Deliver Sport and Leisure transformation Programme

Summary of Budget Movements 2023/2024

The following table shows how the 2023/24 budget has been calculated starting from the 2022/23 budget. The table includes additional budget to maintain / improve services, special items (one off expenditure budget), service efficiencies and any adjustments / additions.

	Adult Social Services £'000	Chief Executive £'000	Children's Services £'000	Place & Growth £'000	Resources & Assets £'000	Total £'000
2022/23 Restructured Service Budget (excluding Capital & Internal recharges)	58,095	10,577	31,173	32,639	12,172	144,655
Adjustments/Additions						
Exclusive one off revenue items in 2022/23 (Special Items)	(890)	(1,822)	(1,988)	(679)	0	(5,379)
Inflation for non-pay activities (Note 1)	0	0	0	0	6,623	6,623
Pay Inflation (Note 1)	598	494	986	727	1,503	4,308
Adjustments between services (e.g. budget reallocations inc.)	(60)	2,306	(413)	(1,355)	2,956	3,434
Total	(352)	978	(1,414)	(1,307)	11,081	8,986

Note 1 - Balance of Council wide budget held in Resources & Assets will be distributed across directorates during the year as contract and pay inflation rates are confirmed

Funding to Maintain / Improve Services						
Care & support - manage increasing demand in numbers and complexity	1,959	0	0	0	0	1,959
People at the Heart of Care	300	0	0	0	0	300
Prevention - investment in preventative services	100	0	0	0	0	100
Staffing resource required to deliver continued demand management programme	460	0	0	0	0	460
New Website	0	70	0	0	0	70
Social Care system increased software licence and hosting costs	0	128	0	0	0	128
Children in Care and Care Leavers [placements]	0	0	1,295	0	0	1,295
Education White Paper	0	0	360	0	0	360
Home to School Transport	0	0	1,650	0	0	1,650
Meeting and managing demand - right help, right place, right time	0	0	1,420	0	0	1,420
School place planning and Fair Access Policy	0	0	170	0	0	170
Car Parking income	0	0	0	350	0	350
Local Bus Services inflation	0	0	0	350	0	350
Local Plan team - increase in existing staff costs	0	0	0	19	0	19
Purchase and delivery of food waste caddy liners to all households	0	0	0	100	0	100
Sustainment of 7 day week Anti-Social Behaviour Service at same level as 2022/23	0	0	0	150	0	150
Carnival Hub Estates Management	0	0	0	0	20	20
Coroners Court	0	0	0	0	130	130
Governance salaries	0	0	0	0	93	93
Insurance Premiums	0	0	0	0	150	150
Legal Services	0	0	0	0	78	78
Payment and income system	0	0	0	0	16	16
Salary funding pressure from cost of abortive feasibility works	0	0	0	0	150	150
Sports and Leisure income generation	0	0	0	0	150	150
Total	2,819	198	4,895	969	787	9,668

	Adult Social Services £'000	Chief Executive £'000	Children's Services £'000	Place & Growth £'000	Resources & Assets £'000	Total £'000
Special Items						
Demand management - resource investment to deliver change	800	0	0	0	0	800
Budget required to deliver sustainable organisational change	0	1,200	0	0	0	1,200
Customer Experience- Govmetric tool to measure and track customer satisfaction	0	13	0	0	0	13
Easy Read document review by Caring, Listening and Supporting Partnership	0	15	0	0	0	15
Equality & Tackling Anti-Poverty Community Engagement	0	115	0	0	0	115
Implementation of new HR Target Operating Model	0	44	0	0	0	44
Inclusion Officer	0	20	0	0	0	20
Meeting and managing demand - right help, right place, right time	0	0	850	0	0	850
Procurement of Education System	0	0	195	0	0	195
Transformation Programme	0	0	350	0	0	350
Additional consultancy support for the Local plan	0	0	0	175	0	175
Car Parking income	0	0	0	300	0	300
Deliberative Process for Climate Emergency	0	0	0	90	0	90
Domestic Abuse-Commissioned Service	0	0	0	75	0	75
Planning appeals and enforcement staffing costs	0	0	0	334	0	334
Replacement of Routewise System (Community Transport Unit - CTU)	0	0	0	60	0	60
School keep clear markings - roll out of parking enforcement scheme	0	0	0	183	0	183
Sustainment of 7 day week Anti-Social Behaviour Service at same level as 2022/23	0	0	0	150	0	150
Delayed opening of St Celas school	0	0	0	0	100	100
Investment & Estates Property pressures from depressed market	0	0	0	0	200	200
One off growth to support leisure income recovery	0	0	0	0	70	70
Total	800	1,407	1,395	1,367	370	5,339

Funded by the following Service Efficiencies						
Demand management - strengthening the voluntary sector and community offer, redesigning the front door	(1,200)	0	0	0	0	(1,200)
Extra Care - Decommission Background Support	(250)	0	0	0	0	(250)
High Cost Package Review - Mental Health	(50)	0	0	0	0	(50)
Learning disability review - better utilisation of contracts, recommissioning services and better use of accommodation	(100)	0	0	0	0	(100)
Maximising health income for residents	(350)	0	0	0	0	(350)
Optalis review - improved commissioning and reduced overheads	(250)	0	0	0	0	(250)
Practice changes to reduce placement costs	(50)	0	0	0	0	(50)
Utilising funding to maximise hospital discharge within the community	(100)	0	0	0	0	(100)
Advertising in Libraries	0	(10)	0	0	0	(10)
Effective use of Council owned Community spaces	0	(150)	0	0	0	(150)
Organisational Foundation Project - Contracts	0	(500)	0	0	0	(500)
Organisational Foundation Project - Customer Excellence	0	(200)	0	0	0	(200)
Organisational Foundation Project - Workforce	0	(2,731)	0	0	0	(2,731)
Reduce number of Borough News Editions from 3 to 1	0	(30)	0	0	0	(30)
Reduced provision of mobile phones	0	(56)	0	0	0	(56)
Reduction in Microsoft cloud server spend	0	(34)	0	0	0	(34)
Removal of telephone lines	0	(70)	0	0	0	(70)
Removal of two vacant Customer Excellence posts	0	(52)	0	0	0	(52)

	Adult Social Services £'000	Chief Executive £'000	Children's Services £'000	Place & Growth £'000	Resources & Assets £'000	Total £'000
Funded by the following Service Efficiencies cont.						
Alternative Delivery Model for Children's Centres	0	0	(25)	0	0	(25)
Education White Paper	0	0	(360)	0	0	(360)
Home to School Transport Review	0	0	(766)	0	0	(766)
Placements - Continuing Health Care	0	0	(300)	0	0	(300)
Placements - LAC Charging Policy	0	0	(50)	0	0	(50)
Placements - Strategy & Sufficiency	0	0	(570)	0	0	(570)
Transforming Children's Services	0	0	(259)	0	0	(259)
Absorb street cleansing into street cleaning regime	0	0	0	(13)	0	(13)
Changes to VolkerHighways contract	0	0	0	(397)	0	(397)
Highways and Transport restructuring	0	0	0	(150)	0	(150)
Income generation through commercialisation across the directorate	0	0	0	(68)	0	(68)
Increase garden waste service annual fees	0	0	0	(255)	0	(255)
Increase hourly rate for licensing team	0	0	0	(15)	0	(15)
Increase in off street parking charges	0	0	0	(500)	0	(500)
Increase the scope of MyJourney s106 expenditure to include management costs	0	0	0	(30)	0	(30)
Increased enforcement of housing standards	0	0	0	(12)	0	(12)
Introduce more naturalisation and biodiversity in the borough	0	0	0	(60)	0	(60)
Introduction of moving traffic offence enforcement	0	0	0	(103)	0	(103)
Introduction of on-street parking zones	0	0	0	(280)	0	(280)
Reduce the Community Engagement Team	0	0	0	(92)	0	(92)
Reduce Transport Planning consultants	0	0	0	(85)	0	(85)
Reduction in Drainage Maintenance (annual Grip cutting programme) to every other year	0	0	0	(25)	0	(25)
Removal of discretionary concession funding for transport on football services	0	0	0	(12)	0	(12)
Review access to free parking at Carnival Pool multi-storey car park	0	0	0	(120)	0	(120)
Stop the annual purchase and delivery of food waste caddy liners to all households	0	0	0	(100)	0	(100)
Trading Highways Commercial Design Services to Town & Parish Councils	0	0	0	(20)	0	(20)
3G Pitch Maiden Erlegh	0	0	0	0	(15)	(15)
Benefit realisation from Commercial activities	0	0	0	0	(150)	(150)
Business Support Efficiency Programme	0	0	0	0	(30)	(30)
Contracts and Commissioning reviews	0	0	0	0	(150)	(150)
Paperless democratic meetings	0	0	0	0	(11)	(11)
Penalty charges - Non provision of Information Council Tax/benefits	0	0	0	0	(25)	(25)
Rationalisation process of Corporate Accommodation	0	0	0	0	(180)	(180)
Revenues and Benefits Automation	0	0	0	0	(50)	(50)
Treasury Management Review	0	0	0	0	(250)	(250)
WBC share of a gain-share with Oxygen Finance for an early payment discount scheme	0	0	0	0	(45)	(45)
Total	(2,350)	(3,833)	(2,330)	(2,337)	(906)	(11,756)

	Adult Social Services £'000	Chief Executive £'000	Children's Services £'000	Place & Growth £'000	Resources & Assets £'000	Total £'000
Revenue Implications of Capital						
Older People Dementia Home	0	0	0	0	0	0
Multifaceted Placement Hub	0	0	0	0	0	0
Dinton Activity Centre	0	0	0	(12)	0	(12)
3G Pitch Maiden Erlegh	0	0	0	0	0	0
Cantley Park Enhancements	0	0	0	0	(1)	(1)
Capital Financing Requirement	0	0	0	0	10	10
Commercial Property Site Initial Design Work	0	0	0	0	0	0
Community Investment	0	0	0	0	0	0
Outdoor gyms x 3 locations	0	0	0	0	3	3
Residential Development [Barkham]	0	0	0	0	0	0
Residential Development [Winnersh]	0	0	0	0	0	0
Solar Farms (Barkham)	0	0	0	0	0	0
Total	0	0	0	(12)	12	0

Service Budget 2023/2024 (excluding Capital & Internal recharges)	59,012	9,327	33,719	31,319	23,516	156,892
<i>Internal Recharges & Depreciation Charges</i>	3,627	772	8,319	20,217	(9,744)	23,191
Service Budget 2023/2024 (including Capital & Internal recharges)	62,639	10,099	42,037	51,536	13,772	180,083

The following corporate transfers are included within the "appropriation to / (from) balances" line in the grand summary. Corporate transfers are made in respect of funding that is not expected to continue beyond 2022/23

Corporate Transfers						
Contribution to DSG deficit recovery						1,251
Contribution towards future impact of reduction in new homes bonus and fairer funding review						2,000
Contribution towards future impact of removal of minimum funding guarantee grant						1,100
Contribution towards future impact of early debt repayment changes (MRP)						1,500
Forward funding (infrastructure bridging loan)						1,500
Total	0	0	0	0	0	7,351

THREE YEAR BUDGET FORECAST

	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000
Growth			
Adult Social Care			
Care & support - manage increasing demand in numbers and complexity	1,959	3,969	5,969
People at the Heart of Care	300	500	500
Prevention - investment in preventative services	100	200	300
Staffing resource required to deliver continued demand management programme	460	460	460
Chief Executive			
Budget required to deliver sustainable organisational change	0	860	860
New Website	70	70	70
Social Care system increased software licence and hosting costs	128	128	128
Children's Services			
Children in Care and Care Leavers [placements]	1,295	1,763	2,073
Education White Paper	360	360	360
Home to School Transport	1,650	1,800	2,000
Meeting and managing demand - right help, right place, right time	1,420	1,790	2,020
School place planning and Fair Access Policy	170	170	170
Place & Growth			
Car Parking income	350	350	350
Local Bus Services inflation	350	350	350
Local Plan team - increase in existing staff costs	19	19	19
Purchase and delivery of food waste caddy liners to all households	100	100	100
Sustainment of 7 day week Anti-Social Behaviour Service at same level as 2022/23	150	150	150
Resources & Assets			
Carnival Hub Estates Management	20	20	20
Coroners Court	130	130	130
Governance salaries	93	93	93
Insurance Premiums	150	150	150
Legal Services	78	78	78
Payment and income system	16	16	16
Salary funding pressure from cost of abortive feasibility works	150	150	150
Sports and Leisure income generation	150	150	150
Total Growth	9,668	13,826	16,666
Savings			
Adult Social Care			
Demand management - strengthening the voluntary sector and community offer, redesigning the front door	(1,200)	(2,150)	(3,100)
Extra Care - Decommission Background Support	(250)	(500)	(500)
High Cost Package Review - Mental Health	(50)	(50)	(50)
Learning disability review - better utilisation of contracts, recommissioning services and better use of accommodation	(100)	(200)	(200)
Maximising health income for residents	(350)	(700)	(700)
Optalis review - improved commissioning and reduced overheads	(250)	(250)	(250)
Practice changes to reduce placement costs	(50)	(100)	(150)
Utilising funding to maximise hospital discharge within the community	(100)	(100)	(150)

THREE YEAR BUDGET FORECAST

	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000
Chief Executive			
Advertising in Libraries	(10)	(10)	(10)
Effective use of Council owned Community spaces	(150)	(150)	(150)
Organisational Foundation Project - Assets	0	(470)	(940)
Organisational Foundation Project - Contracts	(500)	(1,000)	(1,500)
Organisational Foundation Project - Customer Excellence	(200)	(513)	(513)
Organisational Foundation Project - Workforce	(2,731)	(2,731)	(2,731)
Reduce number of Borough News Editions from 3 to 1	(30)	(30)	(30)
Reduced provision of mobile phones	(56)	(56)	(56)
Reduction in Microsoft cloud server spend	(34)	(34)	(34)
Removal of telephone lines	(70)	(70)	(70)
Removal of two vacant Customer Excellence posts	(52)	(52)	(52)
Children's Services			
Alternative Delivery Model for Children's Centres	(25)	(50)	(50)
Education White Paper	(360)	(360)	(360)
Home to School Transport Review	(766)	(766)	(766)
Placements - Continuing Health Care	(300)	(300)	(300)
Placements - LAC Charging Policy	(50)	(50)	(50)
Placements - Strategy & Sufficiency	(570)	(640)	(800)
Transforming Children's Services	(259)	(734)	(1,034)
Place & Growth			
Absorb street cleansing into street cleaning regime	(13)	(13)	(13)
Cease the provision of residual waste blue bags	0	(350)	(350)
Changes to VolkerHighways contract	(397)	(547)	(547)
Highways and Transport restructuring	(150)	(150)	(150)
Income generation through commercialisation across the directorate	(68)	(68)	(68)
Increase garden waste service annual fees	(255)	(255)	(255)
Increase hourly rate for licensing team	(15)	(15)	(15)
Increase in off street parking charges	(500)	(700)	(700)
Increase the scope of MyJourney s106 expenditure to include management costs	(30)	(30)	(30)
Increased enforcement of housing standards	(12)	(12)	(12)
Introduce more naturalisation and biodiversity in the borough	(60)	(60)	(60)
Introduction of charge for garden waste bins	0	(20)	(10)
Introduction of moving traffic offence enforcement	(103)	(308)	(513)
Introduction of on-street parking zones	(280)	(560)	(560)
Night time dimming for street lights	0	(40)	(40)
Parking permits	0	(62)	(62)
Play area rationalisation	0	(15)	(15)
Proposal to move to alternate weekly or three weekly residual waste collections	0	(700)	(700)
Reduce the Community Engagement Team	(92)	(92)	(92)
Reduce Transport Planning consultants	(85)	(120)	(120)
Reduction in Drainage Maintenance (annual Grip cutting programme) to every other year	(25)	(25)	(25)
Reduction of weed spraying from 3 to 2 visits per year	0	(24)	(24)
Removal of discretionary concession funding for transport on football services	(12)	(12)	(12)
Review access to free parking at Carnival Pool multi-storey car park	(120)	(120)	(120)
School keep clear markings - roll out of parking enforcement scheme	0	(50)	(50)
Smart drainage sensors borough wide roll-out	0	(50)	(50)
Stop the annual purchase and delivery of food waste caddy liners to all households	(100)	(100)	(100)
Trading Highways Commercial Design Services to Town & Parish Councils	(20)	(50)	(50)
Resources & Assets			
3G Pitch Maiden Erlegh	(15)	(15)	(15)
Benefit realisation from Commercial activities	(150)	(230)	(230)
Business Support Efficiency Programme	(30)	(30)	(30)
Contracts and Commissioning reviews	(150)	(150)	(150)
Income generation from Solar Farms	0	0	(500)
Leisure car parking fees	0	(116)	(116)
Paperless democratic meetings	(11)	(11)	(11)
Penalty charges - Non provision of Information Council Tax/benefits	(25)	(25)	(25)
Rationalisation process of Corporate Accommodation	(180)	(180)	(180)
Reduced external audit costs from improved quality assurance	0	0	(30)
Revenues and Benefits Automation	(50)	(100)	(100)
Treasury Management Review	(250)	(250)	(250)
WBC share of a gain-share with Oxygen Finance for an early payment discount scheme	(45)	(45)	(45)
Total Savings	(11,756)	(17,766)	(20,971)

THREE YEAR BUDGET FORECAST

	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000
Special Items			
Adult Social Care			
Demand management - resource investment to deliver change	800	200	0
Older people dementia home - funding to cover running costs until optimal capacity is reached	0	0	500
Chief Executive			
Budget required to deliver sustainable organisational change	1,200	300	0
Customer Experience- Govmetric tool to measure and track customer satisfaction	13	0	0
Customer Experience Improvement Team	0	52	0
Easy Read document review by Caring, Listening and Supporting Partnership	15	0	0
Equality & Tackling Anti-Poverty Community Engagement	115	0	0
Implementation of new HR Target Operating Model	44	0	0
Inclusion Officer	20	52	0
Children's Services			
Meeting and managing demand - right help, right place, right time	850	400	0
Procurement of Education System	195	195	0
Transformation Programme	350	250	250
Non Reporting Service			
Increased demand/support through Council Tax Relief Scheme (cost of living pressures)	250	0	0
Place & Growth			
Additional consultancy support for the Local plan	175	0	0
Car Parking income	300	150	0
Deliberative Process for Climate Emergency	90	0	0
Domestic Abuse-Commissioned Service	75	0	0
Planning appeals and enforcement staffing costs	334	169	69
Replacement of Routewise System (Community Transport Unit - CTU)	60	0	0
School keep clear markings - roll out of parking enforcement scheme	183	0	0
Sustainment of 7 day week Anti-Social Behaviour Service at same level as 2022/23	150	0	0
Resources & Assets			
Delayed opening of St Celas school	100	0	0
Investment & Estates Property pressures from depressed market	200	100	0
One off growth to support leisure income recovery	70	30	0
Total Special Items	5,589	1,898	819
Revenue Implications of Capital			
Adult Social Care			
Older People Dementia Home	0	0	(337)
Children's Services			
Multifaceted Placement Hub	0	0	(98)
Place & Growth			
Dinton Activity Centre	(12)	(12)	(12)
Resources & Assets			
3G Pitch Maiden Erlegh	0	0	(27)
Cantley Park Enhancements	(1)	(1)	(1)
Capital Financing Requirement	10	10	9,742
Commercial Property Site Initial Design Work	0	0	(44)
Community Investment	0	0	(6,908)
Outdoor gyms x 3 locations	3	3	3
Residential Development [Barkham]	0	0	(1)
Residential Development [Toutley]	0	0	(9)
Residential Development [Winnersh]	0	0	(17)
Solar Farms (Barkham)	0	0	(2,291)
Total Revenue Implications of Capital	0	0	0

BUDGET VARIABLES AND FINANCIAL RISK ANALYSIS 2023/24 - TO INFORM THE LEVEL OF GENERAL FUND BALANCE

The budget submission is based on the best estimate of the expected expenditure for the agreed level of service, this variable and risk analysis identifies potential budget overspends. The potential overspends are not included in the budget submission but will inform the required level of balances.

	Best Case	Most Likely as per Budget	Worst Case	Relative Risk (difference between most likely and worst case)		
	£'000	£'000	£'000	Low £'000	Medium £'000	High £'000
Chief Executive Service						
Organisational Foundation Projects	0	0	300	50	100	150
TOTAL Chief Executive Service	0	0	300	50	100	150
Adult Social Care						
Learning disability - unknown high cost pressures	23,652	23,852	24,602	180	300	270
Mental health - unknown high cost pressures	1,861	1,961	2,261	100	150	50
Physical disability - unknown high cost pressures	4,953	5,103	5,503	100	200	100
Older people - increases above expected levels (including self funders with depleted funds)	13,631	14,474	14,974	100	200	200
Market pressures arising from inflation / cost of living	0	0	750	200	300	250
Risk of litigation / compensation against assessment outcomes (including Deprivation of Liberty Safeguarding)	0	0	250	150	100	0
Risk of market failure	0	0	1,500	900	300	300
NHS and Social Care system pressures	0	0	1,000	500	300	200
TOTAL Adult Social Care	44,097	45,390	50,840	2,230	1,850	1,370
Children's Services						
Additional placements for children & young people above expected, including dispersal of UASC (demand led)	6,500	6,600	7,600	200	300	500
Direct payments and Community Support increased activity and costs (demand led)	500	530	630	30	50	20
Difficulty in recruiting essential frontline posts with permanent staff resulting in higher cost agency	550	630	930	100	100	100
Home to School Transport (demand led)	5,300	5,400	6,000	100	200	300
Legal costs through Joint Legal Team (demand led)	720	770	1,000	30	80	120
Adoption costs (demand led)	430	430	520	10	20	60
Emergency Duty Service (children's & adults) (demand led)	250	250	320	20	30	20
TOTAL Children's Services	14,250	14,610	17,000	490	780	1,120

BUDGET VARIABLES AND FINANCIAL RISK ANALYSIS 2023/24 - TO INFORM THE LEVEL OF GENERAL FUND BALANCE

The budget submission is based on the best estimate of the expected expenditure for the agreed level of service, this variable and risk analysis identifies potential budget overspends. The potential overspends are not included in the budget submission but will inform the required level of balances.

	Best Case	Most Likely as per Budget	Worst Case	Relative Risk (difference between most likely and worst case)		
				Low	Medium	High
	£'000	£'000	£'000	£'000	£'000	£'000
Place & Growth						
Highways (roads and footways) urgent repairs following flooding and freezing and disposal of Tar bound material	1,823	1,823	2,003	50	100	30
Winter maintenance (bad weather)	220	384	494	60	50	0
Street lighting - energy cost increase	924	924	1,386	80	300	82
Failure of an embankment/structure on the highway	0	0	1,000	800	200	0
Highway Order - ensuring the network is compliant	150	0	200	30	20	150
Underachievement of MTFP additional income/savings target	(2,237)	(2,237)	(1,237)	700	100	200
Pre applications fees - under achievement of predicted fee income	(39)	(388)	(78)	80	80	150
Planning applications fees - under achievement of predicted fee income	(126)	(1,258)	(252)	350	350	307
Homelessness - greater than forecast usage of B&B accommodation	680	680	730	10	30	10
Waste disposal costs	10,700	10,700	11,400	250	300	150
TOTAL Place & Growth	12,095	10,628	15,647	2,410	1,530	1,079
Resources & Assets						
Income target from property portfolio not realised	(4,083)	(4,083)	(3,843)	50	90	100
Non achievement of Commercialisation savings	(398)	(398)	(198)	50	50	100
Loss of income - Leisure	(1,620)	(1,620)	(1,270)	100	150	100
General Inflation	0	0	2,000	1,200	300	500
TOTAL Resources & Assets	(6,101)	(6,101)	(3,311)	1,400	590	800
Total Budget Variable - General fund	64,341	64,527	80,476	6,580	4,850	4,519

GENERAL FUND RESERVES – POLICY STATEMENT

1 Definition / Purpose

The accumulated surplus on the General Fund Revenue Account serves several purposes:

- (i) to provide a general contingency to cushion the impact of unexpected events or emergencies;
- (ii) to provide a working balance to help cushion the impact of uneven cash flows;
- (iii) to provide stability for longer term planning.

Additionally, interest earned on the balance contributes to financing the gap between local taxation and the net cost of services.

The balance as at the end of the most recent financial year and estimates of future balances are shown in the section on reserves and balances.

2 Policy (Criteria for Calculating Fund Requirement)

The budget assumes a best estimate of forecast outturn given all information available. General Fund balances are in addition to this.

There is no generally applicable minimum level of reserves, although, previous guidance from the Audit Commission suggested a crude measure as 5% of net expenditure (excluding the Dedicated Schools Grant) as a minimum. For Wokingham Borough Council this criterion would fund council services for 18 days.

Good financial management practice requires a budget risk assessment to inform the level of reserves. Such a risk assessment is undertaken on an annual basis (as part of the budget setting process) and is detailed on the previous page. Although it should not be seen as an exact science, it provides an informed assessment of the level of risk inherent in the budgets (value and likelihood). The assessment of the budget contained in the MTFP for 2023/24 indicates that balances of at least £9.4m are required to provide for budget risks identified as high and medium. The recommended level of balances (below) is based on this.

In determining the budget strategy each year, Members may also wish to consider any additional sum needed for longer term planning purposes, taking into account the financial projections contained in the financial forecast.

3 Budget Risk Analysis

The following recommendation is made (based on the suggested policy): -

- £7.9m – minimum guide (5% net budget)
- £8.0m to £9.4m – reasonable level (High/Medium risks)
- £15.9m – upper limit (High/Medium/Low risks)

HOUSING REVENUE ACCOUNT - REVENUE BUDGET

The HRA is a ring-fenced account and as such has no impact on the level of council tax. The money spent maintaining the Council's housing stock (valued at approximately £274m) and providing a service to Council tenants is mainly funded by housing rents paid by Council tenants. The following table sets out the revenue expenditure planned for the HRA and the estimated income.

		2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
INCOME				
Rents				
Dwelling Rents		(16,860)	(17,366)	(17,887)
Garage Rents		(192)	(196)	(200)
Commercial Rents		(2)	(2)	(2)
Total Rents		(17,054)	(17,564)	(18,089)
Fees & Charges				
Service Charges		(468)	(477)	(487)
Leasehold Charges		(88)	(90)	(92)
Other Charges for Services & Facilities		(92)	(92)	(92)
Interest on balances		(20)	(20)	(20)
Total Income		(17,722)	(18,243)	(18,779)
EXPENDITURE				
Housing Repairs		4,317	4,532	4,759
General Management		3,797	3,987	4,186
Sheltered Accommodation		272	286	300
Depreciation	Note 1	5,060	5,060	5,060
Capital Finance Interest Charge	Note 2	2,600	2,630	2,660
Voluntary Revenue Provision	Note 3	955	995	1,361
Revenue Contribution to Capital	Note 4	560	590	290
Total Expenditure		17,561	18,080	18,616
Net Expenditure / (Income)		(161)	(163)	(163)
HRA Revenue Reserve				
Balance at Beginning of Year		(827)	(988)	(1,151)
Net Expenditure / (Income) - from above		(161)	(163)	(163)
Balances at Year End	Note 5	(988)	(1,151)	(1,314)

Note 1. The contribution from HRA revenue to Major Repairs Reserve

Note 2. Based on current and forecast loan portfolio

Note 3. Repayment of HRA loans taken during self financing introduction

Note 4. Additional revenue contribution to fund capital programme

Note 5. Reserve balances guided by assessments of financial risks

HOUSING REVENUE ACCOUNT CAPITAL BUDGET

The following table sets out the capital expenditure planned for the HRA and the funding set aside to pay for the expenditure.

		2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
EXPENDITURE				
Estate Improvements		10	10	10
Capitalised Staffing Costs		700	725	750
Adaptations for the Disabled		600	600	600
Voids		800	800	800
Housing Purchase & New Builds		0	1,000	1,000
Planned & Improvements Works		3,290	3,365	3,090
Gorse Ride Redevelopment	Note 4	6,204	18,648	15,484
Total Capital Expenditure		11,604	25,148	21,734
FUNDED BY				
Major Repairs Reserve		(5,060)	(5,110)	(5,060)
Right to Buy Receipts	Note 1	0	(650)	(650)
Revenue Contributions	Note 2	(560)	(590)	(290)
Loan for 60% right to buy contribution	Note 3	0	(600)	(600)
Capital Receipts - Gorse Ride	Note 4	(5,698)	0	(8,683)
HRA Borrowing - Gorse Ride	Note 4	(406)	(18,198)	(6,452)
Total Capital Funding		(11,724)	(25,148)	(21,734)
Balances at Year End		(120)	0	0

Note 1. Estimated receipts from right to buy sales

Note 2. Revenue contribution to fund capital programme

Note 3. Additional borrowing to support maximising right to buy receipts and capital works

Note 4. Part of £107m redevelopment scheme agreed by Executive in February 2022.

BUDGET VARIABLES AND FINANCIAL RISK ANALYSIS 2023/24 - TO INFORM THE LEVEL OF HOUSING REVENUE ACCOUNT RESERVES

The budget submission is based on the best estimate of the expected expenditure for the agreed level of service, this variable and risk analysis identifies potential budget overspends. The potential overspends are not included in the budget submission and will inform the required level of balances.

	Best Case	Most Likely as per Budget	Worst Case	Relative Risk (difference between most likely and worst case)		
	£'000	£'000	£'000	Low £'000	Medium £'000	High £'000
Housing Revenue Account (Resources & Assets)						
Risk of contractor failure to revenue budget	3,246	3,246	3,746	200	200	100
Risk of contractor failure to capital budget	11,604	11,604	12,204	250	250	100
Failure to deliver safe services to tenants, leaseholders, shared owners, site dwellers and licensees	0	0	300	150	100	50
Climate / natural disasters - impacts on properties	0	0	200	150	50	0
Increase in rent arrears due to cost of living crisis	0	0	300	100	100	100
Change to requirements of Regulatory framework and standards for Social Housing	0	0	150	150	0	0
TOTAL Housing Revenue Account	14,850	14,850	16,900	1,000	700	350

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HOUSING REVENUE ACCOUNT RESERVES - POLICY STATEMENT

1 Definition / Purpose

The accumulated surplus on the Housing Revenue Account (HRA) is retained to provide a general contingency in the event of unavoidable or unforeseen expenditure or a fall in income for the HRA.

The balance serves two additional purposes:-

- (i) Interest on the balance helps to reduce revenue costs;
- (ii) The balance provides stability for longer term planning and for meeting the decent homes standard.

	£m
Balance as at 31st March 2022	1.3
Estimated Balance 31st March 2023	1.0
Estimated Balance 31st March 2024	1.0
Estimated Balance 31st March 2025	1.2
Estimated Balance 31st March 2026	1.3

This excludes any capital balances.

2 Policy (Criteria for Calculating Fund Requirement)

The budget assumes a best estimate of forecast outturn given all information available. Housing Revenue Account balances are in addition to this.

Previous guidance from the Audit Commission is that 5% of gross expenditure is recommended as a minimum to hold in reserve which currently indicates a reserve level of £1.0m

The HRA reserve will be reviewed on an annual basis to ensure that the current balance is above the minimum level as recommended by the guidelines.

The level of reserves are expected to reduce in 2022/23 due to in year financial pressures however within the period of the current MTFP, reserves are expected increase gradually to pre 2022 balances.

3 Budget Risk Analysis

£1.0m - recommended level (High/Medium risks)

£2.0m - covers high / medium / low risks based on risk assessments

DEDICATED SCHOOLS GRANT BUDGET

It is a statutory requirement under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009 to prepare and submit an education budget statement showing the major elements of expenditure and how these are met by grants.

Considerable challenge continues for SEND in Wokingham, balancing financial sustainability for the High Needs Block against an increasing number and complexity of Children and Young People with Education Health & Care Plans. Wokingham has set out a robust but challenging DSG Management Plan programme for the next 6 years, to deliver a balanced budget by 2028/29. Work through central government's Safety Valve Programme seeks to secure funding from the Department for Education to support in meeting our cumulative deficit. Creation of a SEND equalisation reserve through council tax levy will ensure sufficient resources are held to fund the Council's anticipated contribution.

	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
INCOME				
Dedicated Schools Grant [Note 1]	(167,158)	(180,864)	(186,197)	(191,783)
Less : Academy Recoupment	82,838	92,451	94,269	97,097
Pupil Premium	(1,806)	(1,860)	(1,916)	(1,974)
Total Income	(86,127)	(90,273)	(93,844)	(96,660)
EXPENDITURE				
Schools Block - Individual Schools Budget (ISB)	44,847	45,828	46,728	48,129
Schools Block - Growth Fund	1,589	1,997	1,716	1,767
High Needs Block Budget	29,142	35,420	36,432	35,164
Early Years Block	11,289	12,615	12,993	13,383
Central School Services Block	995	1,039	1,070	1,102
Pupil Premium allocated to schools	1,806	1,860	1,916	1,974
Total Expenditure	89,668	98,758	100,855	101,520
Net Expenditure / (Income)	3,541	8,484	7,011	4,860
Balance brought forward [Note 2]	10,040	16,575	25,059	32,070
Budgeted net expenditure / (income) [Note 3]	3,541	8,484	7,011	4,860
Forecast in-year over / (under) spend [Note 4]	2,994	0	0	0
Balance Carried Forward - (Surplus) / Deficit	16,575	25,059	32,070	36,931

Note 1 - 2022/23 figures reflect initial budget allocations

2023/24 Schools Block Budget allocation approved at Schools Forum on 11th January 2023

Note 2 - Surplus or deficit balance at the end of each financial year carried forward into the following year

Note 3 - Budgeted deficit reflected in 6 year DSG Management Plan Programme

Note 4 - Forecast overspend for 2022/23, reported to Schools Forum on 11th January 2023, primarily relating to the High Needs Block
Reflects pressure over and above that anticipated at the time of 2022/23 budget setting

CAPITAL PROGRAMME 2023 to 2026 and Prudential Indicators

1 Process

The formulation of the Capital Programme has been based on the appraisal of capital bids in the context of Corporate Priorities, value for money and an assessment of risk. To enable effective prioritisation of the capital bids all schemes were divided into the following categories:

- Housing, Local Economy and Regeneration
- Roads and Transport
- Childrens Services and Schools
- Climate Emergency
- Internal Services
- Environment
- Adult Social Care

2 Capital Programme

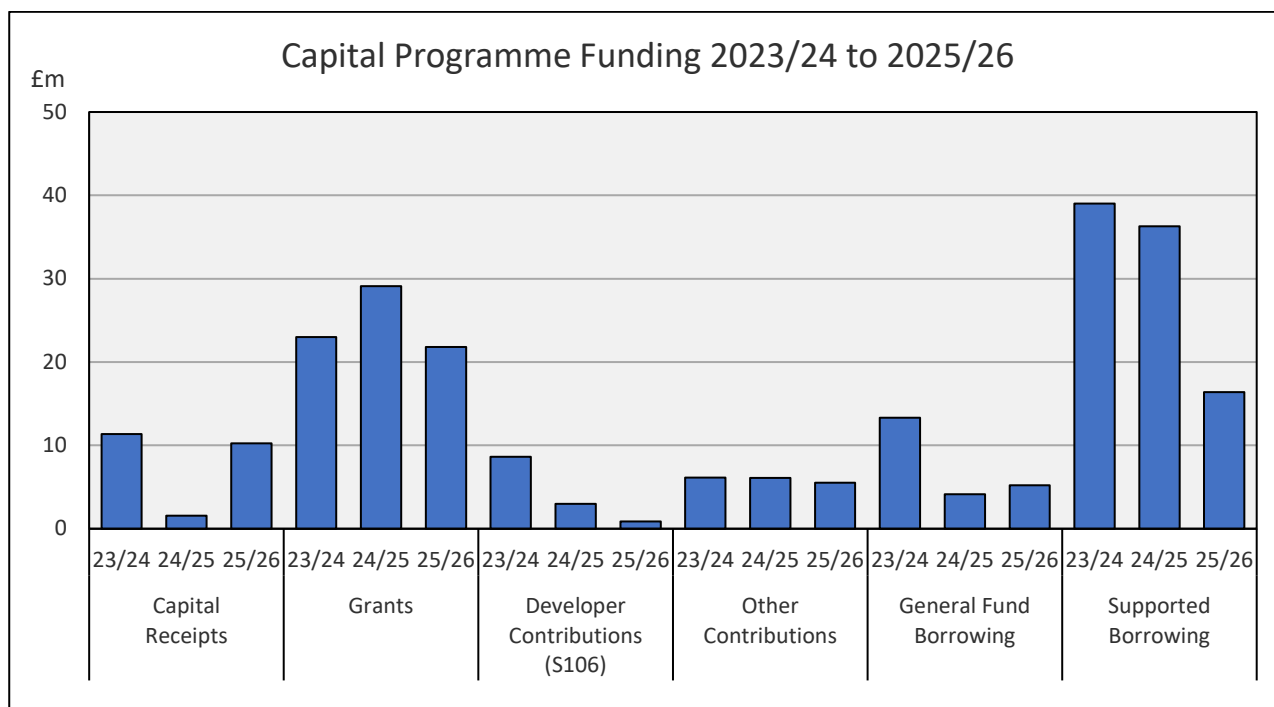
An overview of the proposed programme over the next three years is shown below. Further detail of the Capital Programme allocation of individual projects across key areas, and key area sub - categories is contained in the schedules further on in this section of the Medium Term Financial Plan and can be found in the Capital Programme and Strategy 2023/26.

In addition to the amounts below are carry forwards from the current year capital programme. These will be in addition to the £256.2m capital programme below. Details of the carry forwards are set out each quarter in the capital monitoring to Executive.

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Housing, Local Economy and Regeneration	54.4	38.4	30.0	122.8
Children Services and Schools	17.3	27.0	21.0	65.3
Roads and Transport	10.5	9.3	7.9	27.7
Adult Social Care	6.8	3.1	1.8	11.7
Internal Services	6.4	3.7	3.0	13.1
Climate Emergency	5.3	3.1	4.9	13.3
Environment	0.9	0.1	1.1	2.1
Total Capital Programme 2023/24 to 2025/26	101.7	84.7	69.8	256.2

3 Capital Funding

The funding for the Capital Programme over the next three years is estimated to be funded by a combination of the funding sources shown below. The funding below does not include any funding relating to any carry forwards from the current financial year, this funding is in addition to the funding set out below.



	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Supported borrowing	(39.4)	(36.3)	(16.4)	(92.1)
Developer contributions (S106 / CIL)	(8.6)	(3.0)	(0.9)	(12.5)
Capital grants	(23.0)	(29.1)	(21.8)	(73.9)
Other contributions	(6.1)	(6.1)	(5.5)	(17.7)
Capital receipts	(11.3)	(1.6)	(10.2)	(23.1)
General fund borrowing	(13.3)	(4.1)	(5.2)	(22.6)
Total	(101.7)	(80.2)	(60.0)	(241.9)

The capital programme currently has a budget shortfall of c£28m over three years which includes a fully funded year 1 programme. This shortfall is made up of c£14m budget shortfall against the capital programme highlighted above (£256m less £242m). The remaining c£14m shortfall is the current estimated gap between CIL income and associated capital spend requirements. This shortfall over three years will be balanced through a combination of reducing or reprofiling capital expenditure, additional CIL income from potential new developments and by maximising capital funding opportunities such as bidding for capital grants.

4 Capital Strategy

A capital strategy has been developed with the aims of delivering the strategic ambitions of the council, improving the services provided for residents and supporting the most vulnerable people in our community. The capital strategy will be an essential component of the council's vision and long term direction of travel. To finance the capital strategy a funding approach has been developed involving asset disposals, the flexible use of future developer contributions and the use of external funding where possible.

5 Prudential Indicators

The Prudential Code operates by the provision of prudential indicators which highlight particular aspects of capital expenditure planning. The purpose of the indicators are to provide a framework for decision making. It highlights through the prudential indicators the level of capital expenditure, the impact on borrowing / investment levels and the overall controls in place to ensure the activity remains affordable, prudent and sustainable.

The Prudential Indicators and limits for 2023/24 to 2025/26 are set as:

Prudential Indicators	2023/24 £m	2024/25 £m	2025/26 £m
<u>Limits</u>			
Authorised Limit (Note: CFR*120%)	£594.0m	£647.2m	£661.0m
Operational Boundary (Note: CFR*110%)	£544.5m	£593.2m	£605.9m
Maturity structure of borrowing	See Appendix B		
<u>Performance Indicators</u>			
Capital financing requirement – General Fund (GF)	£417.3m	£443.8m	£449.6m
Capital financing requirement – HRA	£77.7m	£95.5m	£101.2m
Gross external borrowing – General Fund (GF)	£130.1m	£177.7m	£185.7m
Gross external borrowing - HRA	£65.0m	£82.8m	£88.5m
Ratio of financing costs to net revenue stream - GF	(0.57%)	(0.36%)	(0.39%)
Ratio of financing costs to net revenue stream - HRA	20.26%	20.06%	21.61%
Net income from commercial & service investments to net revenue stream - GF	9.44%	9.77%	9.75%
Liability benchmark	See Section 5		

The ratios above are explained in more detail in the Treasury Management Strategy 2023/24 and form a key part of our treasury management activities. These ratios are monitored and reviewed throughout the year.

6 Capital Financing Requirement (CFR)

The Capital Financing Requirement reflects the Council's underlying need to borrow for a capital purpose. It shows the total estimated capital expenditure that has not been resourced from capital or revenue sources. The Council's general fund CFR from 2023/24 to 2025/26 is demonstrated in the table below.

CFR : General Fund Total	Total			
	22/23	23/24	24/25	25/26
	£m	£m	£m	£m
Opening balance	381.5	403.6	417.3	443.9
Expenditure in year	52.4	50.7	55.8	38.7
Repayments in year	(30.3)	(37.1)	(29.2)	(32.8)
Closing balance	403.6	417.3	443.8	449.6

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

	Supported Borrowing				General Fund Borrowing			
	22/23	23/24	24/25	25/26	22/23	23/24	24/25	25/26
	£m	£m	£m	£m	£m	£m	£m	£m
Opening balance	280.9	300.4	309.6	329.2	100.6	103.2	107.7	114.7
Expenditure in year	46.1	42.8	44.8	31.0	6.3	7.9	11.0	7.7
Repayments in year	(26.6)	(33.6)	(25.2)	(28.6)	(3.7)	(3.5)	(4.0)	(4.2)
Closing balance	300.4	309.6	329.2	331.5	103.2	107.7	114.7	118.1

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.

	Supported Borrowing		
	23/24	24/25	25/26
	£m	£m	£m
Invest to save	72.9	94.1	102.1
Town centre regeneration	92.1	84.8	81.9
Wokingham housing companies	24.2	22.7	20.8
Developer contributions forward funded	40.3	48.3	47.8
Housing, economy & regeneration	80.0	79.5	78.9
Closing balance	309.6	329.2	331.5

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

	Housing Revenue Account			
	22/23	23/24	24/25	25/26
	£m	£m	£m	£m
Opening balance	80.3	78.2	77.6	95.4
Expenditure in year	0	0.4	18.8	7.0
Repayments in year	(2.1)	(1.0)	(1.0)	(1.4)
Closing balance	78.2	77.6	95.4	101.0

A full breakdown of the prudential indicators, investment strategy and borrowing strategy can be found in the Treasury Management Strategy 2023/24.

CAPITAL PROGRAMME 2023/24 to 2025/26

The following table sets out by key area, the Councils Capital Programme for the next three years. The HRA Capital programme is also included under Housing, Local Economy and Regeneration, sub section Housing Delivery. Note - the budget allocations below exclude any carry forwards from the current year.

	2023/24 £,000	2024/25 £,000	2025/26 £,000	Total £,000
Housing, Local Economy and Regeneration Delivering sustainability, a strong, robust and successful economy that stimulates opportunities for all who work and live in	54,454	38,398	29,964	122,817
Children Services and Schools Dedicated in providing services and schools which ensure all children have the opportunity to achieve their goals potential	17,278	26,992	21,034	65,304
Roads and Transport Continuous investment in highways infrastructure to meet the needs of current and future users of the network	10,539	9,319	7,940	27,797
Adult Social Care An effective, high-quality care and support service to providing a better quality of life for residents	6,820	3,081	1,787	11,688
Internal Services Investment in Council assets and technology to continue to support all Council services and priorities	6,443	3,690	3,040	13,173
Climate Emergency Commitment to reduce carbon emissions and working towards becoming a carbon neutral Council	5,289	3,089	4,939	13,317
Environment Investment and enhancement of facilities across the borough benefiting communities and residents wellbeing	883	100	1,100	2,083
Total Capital Programme 2023/24 to 2025/26	101,706	84,669	69,804	256,179

CAPITAL PROGRAMME 2023/24 to 2025/26 BY SUB CATEGORY

The following table sets out in further detail by key area, the Councils Capital Programme for the next three years.

	2023/24 £,000	2024/25 £,000	2025/26 £,000	Total £,000
Housing, Local Economy and Regeneration				
Income Generation	26,500	0	0	26,500
Housing delivery	27,854	38,398	29,364	95,617
Service Improvements	100	0	100	200
Regeneration of towns	0	0	500	500
Housing, Local Economy and Regeneration Total	54,454	38,398	29,964	122,817
Children Services and Schools				
New facilities	15,671	25,385	19,427	60,483
Improvement to existing facilities	1,277	1,277	1,277	3,831
Service improvements	330	330	330	990
Children Services and Schools Total	17,278	26,992	21,034	65,304
Roads and Transport				
Service improvements	6,176	3,426	800	10,402
Improvement to existing facilities	3,345	3,827	3,345	10,517
Alternative transport	954	2,000	0	2,954
New roads	64	66	3,795	3,924
Roads and Transport Total	10,539	9,319	7,940	27,797
Adult Social Care				
New facilities	5,541	2,300	1,000	8,841
Service improvements	1,229	731	737	2,697
Improvement to existing facilities	50	50	50	150
Adult Social Care Total	6,820	3,081	1,787	11,688

CAPITAL PROGRAMME 2023/24 to 2025/26 BY SUB CATEGORY CONT..

	2022/23 £,000	2023/24 £,000	2024/25 £,000	Total £,000
Internal Services				
Service improvements	4,093	3,340	2,690	10,123
New facilities	2,000	0	0	2,000
Improvement to existing facilities	350	350	350	1,050
Internal Services Total	6,443	3,690	3,040	13,173
Climate Emergency				
C02 Reduction	3,059	3,059	3,059	9,177
Alternative transport	2,230	30	1,880	4,140
Climate Emergency Total	5,289	3,089	4,939	13,317
Environment				
Improvement to existing facilities	700	100	100	900
Service improvements	183	0	0	183
New facilities	0	0	1,000	1,000
Environment Total	883	100	1,100	2,083
Total Capital Programme 2023/24 to 2025/26	101,706	84,669	69,804	256,179

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CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category		Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
				£,000	£,000	£,000	£,000
Housing, Local Economy and Regeneration							
Income Generation	Community Investment	To build on the commercial property portfolio in line with the Council's socio-economic and sustainability agendas		26,500	0	0	26,500
			Income Generation Total	26,500	0	0	26,500
Housing Delivery 241	Gorse Ride Regeneration Project	Redevelopment of Gorse Ride housing estate to provide new affordable housing		6,204	18,648	15,484	40,337
	WBC Holdings Ltd Loan	Wokingham Borough Council owned houses funding		6,000	6,000	6,000	18,000
	Housing Tenants Services (HRA)	Investment in the Council's housing stock (Inc. adaptations/estate improvements)		5,400	5,500	5,250	16,150
	Bulldog Garage - Temporary Accommodation	Build temporary accommodation to meet increase demand in the borough		4,900	1,500	0	6,400
	Wellington Road	To deliver homes for our most vulnerable residents and key workers		4,000	1,930	0	5,930
	Mandatory Disabled Facility Grants	Mandatory means tested grants for adapting the homes of people with disabilities to enable them to live independently at home		1,100	1,100	1,100	3,300
	Self-Build Project	Delivery of an affordable self-build schemes		250	250	0	500
	Seaford Court Development	Options being considered for the scheme which includes accommodation for vulnerable young people or for temporary accommodation for homelessness		0	2,470	530	3,000
	Purchase of Council Houses (HRA)	To replace HRA housing stock using the 1 for 1 right to buy receipts		0	1,000	1,000	2,000
			Housing Delivery Total	27,854	38,398	29,364	95,617
Service Improvements	Commercial Portfolio - Improvement to WBC commercial properties	To ensure commercial properties are suitable for letting		100	0	100	200
			Service Improvements Total	100	0	100	200
Regeneration of Towns	Denmark Street Environmental Improvements	Improving the borough towns and parishes		0	0	500	500
			Regeneration of Towns Total	0	0	500	500
Housing, Local Economy and Regeneration Total				54,454	38,398	29,964	122,817

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Children Services and Schools						
242	SEND Sufficiency		5,862	16,400	13,300	35,562
	Basic Needs Secondary Places	Extension / new build projects to provide additional places throughout the borough to meet demand	4,500	6,500	4,500	15,500
	Sixth Form Expansion		3,500	1,900	0	5,400
	Care Leaver Accommodation		1,200	0	0	1,200
	UASC Accommodation	To provide a setting to meet the needs of vulnerable children.	500	0	0	500
	Matthews Green Primary School		38	25	15	78
	Arborfield / Barkham Primary School		30	30	30	90
	Shinfield West Primary School	Furniture, fittings & equipment to meet need of additional places throughout the borough	30	30	30	90
	Montague Park Primary School		11	0	0	11
	Basic Needs Primary Programme	Extension / new build projects to provide additional places throughout the borough to meet need	0	500	1,500	2,000
Primary Strategy - FFE	Furniture, fittings & Equipment to meet need of additional places throughout the borough	0	0	52	52	
		New Facilities Total	15,671	25,385	19,427	60,483
Improvement to Existing Facilities	Schools Maintenance	Capital improvements and suitability issues	630	630	630	1,890
	Schools Devolved Formula	Specific government grant to carry out capital works, controlled by schools	375	375	375	1,125
	Children in Care Equipment	Purchase / replace equipment that is provided to children in care in line with our children in care pledge	200	200	200	600
	School Kitchens	Improve various school meals kitchens including delivery of the universal free school meal programme	50	50	50	150
	ICT Equipment for Children in Care	Purchase / replace equipment that is provided to children in care in line with our children in care pledge	22	22	22	66
		Improvement to Existing Facilities Total	1,277	1,277	1,277	3,831
Service Improvements	Capita IT System	Children's Services IT system	192	192	192	576
	Capitalisation of Analysts and Report Developers	Investment in business analysts part of continued change programme	138	138	138	414
		Service Improvements Total	330	330	330	990
Children Services and Schools Total			17,278	26,992	21,034	65,304

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Roads and Transport						
Service Improvements	Toutley Highways Depot Modernisation	Environmental services facility enhancement	3,500	0	0	3,500
	Wokingham Highways Investment Strategy (WHIS)	A "Needs Based" approach to maintaining Wokingham's highways network, aligned to the Council's and stakeholder priorities	2,126	2,126	0	4,252
	Integrated Transport Schemes	Enhancement the integrated transport schemes	400	400	400	1,200
	Safer Routes to Schools	Infrastructure changes to make school journey's by most sustainable mode	150	150	150	450
	Highway Infrastructure Flood Alleviation Schemes	To deliver flood risk management schemes and sustainable drainage systems to reduce the risk of flooding to major highways across the borough	0	500	0	500
	Traffic Signal Upgrade Programme	Investment in highways signals	0	250	250	500
		Service Improvements Total	6,176	3,426	800	10,402
243 Improvement to Existing Facilities	Highways Carriageways Structural Maintenance	Rolling programme to resurfacing carriageways (roads) to repair damage and extend the life of the asset	2,280	2,280	2,280	6,840
	Safety / Crash Barriers	Improving safety / crash barriers on the highways in the borough	500	750	500	1,750
	Bridge Strengthening	Continued enhancement to highway structures	225	225	225	675
	Highway Drainage Schemes	To reduce the overall degradation of the highway drainage network	200	200	200	600
	Highways Footway Structural Maintenance Programme	Enhancement to footways within the borough	100	100	100	300
	Strengthening Approach Embankments to Bridges	Continued enhancement to highway structures	20	20	20	60
	Street Lighting Column Structural Testing	Structural testing of lighting assets	20	0	20	40
	Commonfield lane passing bays	Improvements to roads	0	252	0	252
		Improvement to Existing Facilities Total	3,345	3,827	3,345	10,517
Alternative Transport	Active Travel & Bus Priority	Improvement to traffic flow and the encouragement of alternative sustainable modes of transport	954	2,000	0	2,954
		Alternative Transport Total	954	2,000	0	2,954
New Roads	Completed Road Schemes Retention	Meet any retention costs from completed road schemes	64	66	68	197
	SCAPE - Road infrastructure (dist roads etc) initial costs	Investment in future road building / enhancement across WBC road network (including new relief roads)	0	0	3,727	3,727
		New Roads Total	64	66	3,795	3,924
Roads and Transport Total			10,539	9,319	7,940	27,797

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Adult Social Care						
New Facility	Older People's Dementia Home	Manage the future demand by investing in dementia care accommodation	5,541	0	0	5,541
	Accommodation Transformation	Additional supported living accommodation	0	1,500	1,000	2,500
	Replacement of Day Services for Adults	Investment in provision of day services	0	800	0	800
		New Facility Total	5,541	2,300	1,000	8,841
Service Improvements	Adult Social Care - Community Equipment	Support statutory duty to provide prevention, reduction and delay of long term care and support through the provision of equipment.	729	731	737	2,197
	Mosaic Modernisation and Reimplementation	Improvements to Adult Social Care IT System	500	0	0	500
		Service Improvements Total	1,229	731	737	2,697
Improvement to Existing Facilities	Adult Social Care Urgent Maintenance & Refurbishment	Urgent maintenance / refurbishment of the Adult Social Care estate to retain the function and value of the assets and to meet health and safety issues	50	50	50	150
		Improvement to Existing Facilities Total	50	50	50	150
Adult Social Care Total			6,820	3,081	1,787	11,688

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CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Internal Services						
	Central Contingency	Held to meet unforeseen cost pressures across the capital programme	1,500	1,500	1,500	4,500
	IT - Microsoft E5	Continued enhancement in IT network	808	890	890	2,588
	IT - Hardware		400	200	0	600
	IT - Applications		345	50	0	395
	IT - Infrastructure		330	350	0	680
Service Improvements	New CRM (Microsoft D365) system	Continued enhancement in IT network (Ensuring that Tier A apps used Council Wide remain in support, with ongoing security of applications and for the data held in them.)	300	50	0	350
	IT - Maintenance & Enhancement		150	300	300	750
	IT - Security		130	0	0	130
	Digital Tools- Replace CMS		100	0	0	100
	Application Tracking System (ATS) Implementation		30	0	0	30
		Service Improvements Total	4,093	3,340	2,690	10,123
	Capital Construction Inflation Costs	To meet increasing labour and material costs of construction across the programme where required	2,000	0	0	2,000
		New Facilities Total	2,000	0	0	2,000
Improvement to Existing Facilities	Property Maintenance and Compliance	The continued development and upkeep of the Councils customer digital assets and infrastructure	350	350	350	1,050
		Improvement to Existing Facilities Total	350	350	350	1,050
Internal Services Total			6,443	3,690	3,040	13,173

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Climate Emergency						
Co2 Reduction	Energy Reduction Projects	Energy efficiency projects at existing properties including, installing LED lighting, cavity wall & loft insulation, boiler controls, etc	1,750	1,750	1,750	5,250
	Electric Vehicle Charge Points	Installation of electric vehicle charge points	1,200	1,200	1,200	3,600
	Waste Schemes - Recycling	Purchase of waste receptacles to enable the borough to enhance their waste / recycling	89	89	89	267
	Food Waste Collection	To provide food waste containers	20	20	20	60
Co2 Reduction Total			3,059	3,059	3,059	9,177
Alternative Transport	Local Cycling and Walking Infrastructure Plans	Improvements for walking and cycling in borough	1,200	0	0	1,200
	Greenways	A network of quiet commuting and leisure routes for pedestrians and cyclists	1,000	0	0	1,000
	Bus Stop Infrastructure Works to Support North Arborfield SDL Bus Strategy	Transport infrastructure enhancement	30	30	30	90
	Feasibility and first stage of new non highway crossing (new foot and cycle structures in borough)	New non highway crossing (new foot and cycle structures in borough)	0	0	1,500	1,500
	A327 Cycleway	Investment in cycle networks in the borough	0	0	350	350
Alternative Transport Total			2,230	30	1,880	4,140
Climate Emergency Total			5,289	3,089	4,939	13,317

CAPITAL PROGRAMME 2023/24 to 2025/26 - Detail

The following table sets out by the key areas, the Councils detailed Capital Programme by scheme for the next 3 years. The HRA Capital programme is also included under Housing Delivery.

Key Areas - by Sub Category	Project Name	Project Description	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Total
Environment						
Improvement to Existing Facilities	California Lakeside Refurbishment	Refurbishment and upgrading of the lakeside area and associated paths at California Country Park.	600	0	0	600
	Leisure Centre Refurbishments / upgrades across the borough	The enhancement of existing leisure facilities	100	100	100	300
		Improvement to Existing Facilities Total	700	100	100	900
Service Improvements	New Bid - Planning Civica APP replacement	New software system with mobile functionality required to support PPP service Planning service	100	0	0	100
	New Bid - PPP Civica APP replacement		83	0	0	83
		Service Improvements Total	183	0	0	183
New Facilities	New Pool at Arborfield	A development of a new swimming pool and leisure facilities	0	0	1,000	1,000
		New Facilities Total	0	0	1,000	1,000
Environment Total			883	100	1,100	2,083
Total			101,706	84,669	69,804	256,179

CAPITAL FUNDING

1 Definition / Purpose

The capital programme can only be set if balanced with the council's available resources. Years two and three budgets are only provisionally set.

Any surplus resources will be held in the following:

- Capital receipts reserve
- Capital grants and contributions unapplied reserve

Both reserves will contribute to the financing of future capital schemes. Estimated balances on the capital receipts reserve are shown in the section on reserves and balances.

2 Policy (Criteria for Calculating Fund Requirement)

When setting the capital budget the council looks at all funding resources. These are then allocated to the appropriate scheme where funding can only be spent on a particular scheme. The remaining funding is then allocated to form a balanced budget in year. This process is then carried out for the following years of the capital programme.

The capital strategy is taken to Council to approve the capital programme and estimated resources.

Funding streams available to the Council consists of:

- Capital grants
- Revenue and other third party contributions
- Developers contributions
- Capital receipts
- Borrowing

FIVE YEAR CAPITAL VISION 2023/24 to 2027/28

The following table sets out in further detail by key area, the Councils Capital Programme for the next five years.

	2023/24 £,000	2024/25 £,000	2025/26 £,000	2026/27 £,000	2027/28 £,000	Total £,000
Housing, Local Economy and Regeneration						
Income Generation	26,500	0	0	0		26,500
Housing delivery	27,854	38,398	29,364	25,304	18,984	139,905
Service Improvements	100	0	100	0	100	300
Regeneration of towns	0	0	500	0	0	500
Housing, Local Economy and Regeneration Total	54,454	38,398	29,964	25,304	19,084	167,205
Children Services and Schools						
New facilities	15,671	25,385	19,427	8,895	5,310	74,688
Improvement to existing facilities	1,277	1,277	1,277	1,277	1,277	6,385
Service improvements	330	330	330	330	330	1,650
Children Services and Schools Total	17,278	26,992	21,034	10,502	6,917	82,723
Roads and Transport						
Service improvements	6,176	3,426	800	800	800	12,002
Improvement to existing facilities	3,345	3,827	3,345	3,575	3,325	17,417
Alternative transport	954	2,000	0	0	0	2,954
New roads	64	66	3,795	70	0	3,994
Roads and Transport Total	10,539	9,319	7,940	4,445	4,125	36,367
Adult Social Care						
New facilities	5,541	2,300	1,000	0	0	8,841
Service improvements	1,229	731	737	745	745	4,187
Improvement to existing facilities	50	50	50	50	50	250
Adult Social Care Total	6,820	3,081	1,787	795	795	13,278
Internal Services						
Service improvements	4,093	3,340	2,690	2,690	2,690	15,503
New facilities	2,000	0	0	0	0	2,000
Improvement to existing facilities	350	350	350	350	350	1,750
Internal Services Total	6,443	3,690	3,040	3,040	3,040	19,253

	2023/24 £,000	2024/25 £,000	2025/26 £,000	2026/27 £,000	2027/28 £,000	Total £,000
Climate Emergency						
C02 Reduction	3,059	3,059	3,059	3,459	1,859	14,495
Alternative transport	2,230	30	1,880	3,500	3,500	11,140
Climate Emergency Total	5,289	3,089	4,939	6,959	5,359	25,635
Environment						
Improvement to existing facilities	700	100	100	100	100	1,100
Service improvements	183	0	0	0	0	183
New facilities	0	0	1,000	6,000	0	7,000
Environment Total	883	100	1,100	6,100	100	8,283
Total Capital Programme 2023/24 to 2027/28	101,706	84,669	69,804	57,145	39,420	352,744

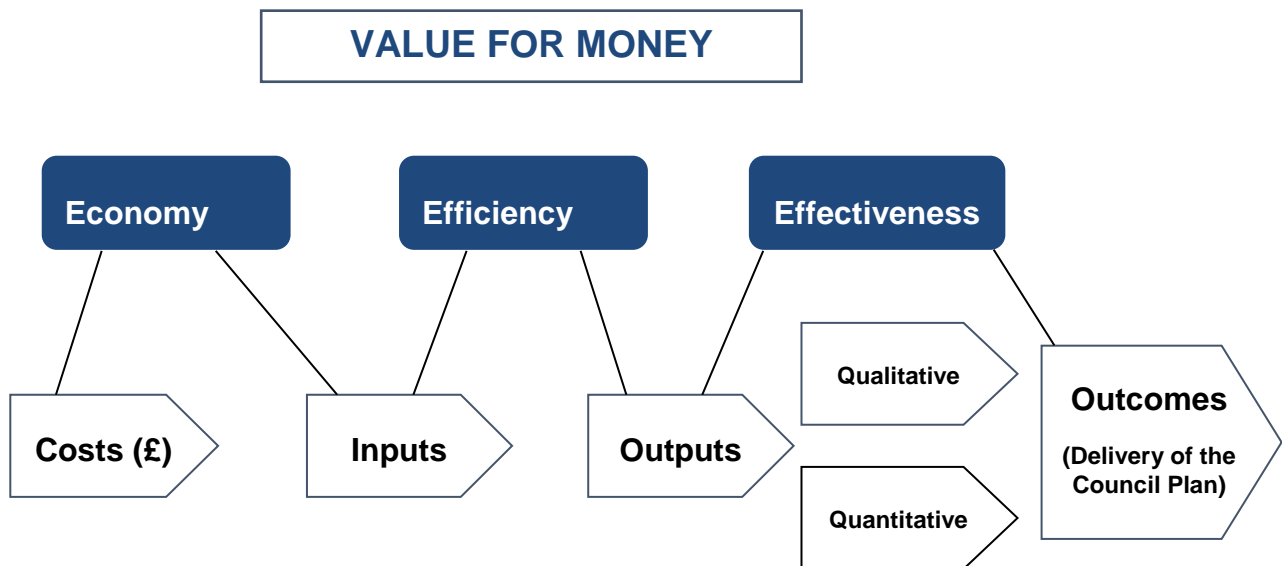
COMMERCIALISATION AND VALUE FOR MONEY

Commercialisation

The Council is seeking to adopt an increasingly commercial approach and is in the process of producing a Commercial Strategy. Being commercial means making every pound stretch as far as it can do in delivering the outputs and outcomes needed by the community, as well as seeking new and increasing income streams to support growing demand led statutory service costs. Therefore commercialisation is as much about demand management as it is about efficient processes, new delivery models and innovative ways of creating 'profit' for the council taxpayer. Value for money remains a cornerstone for our spending decisions.

Value for Money

Good value for money for the council is achieved by balancing low costs, high performance and successful outcomes. These three factors are referred to as the 3 Es: Economy, Efficiency and Effectiveness. Their relationship is illustrated below:



There have been significant ongoing cuts in public sector funding from central government. It is imperative that the council ensures that resources are used as effectively as possible and that value for money (VfM) is embedded across the organisation. One of our underpinning principles is: Offer Excellent Value for your Council Tax - where we aim to maintain stable local taxation and provide value for money for our residents.

To demonstrate good financial management and VfM, the Council is ensuring that:

- Resources are directed to our key priorities;
- We operate the most appropriate form of service delivery (eg Traded Service, outsourced or in-house);
- We are innovative in service delivery; and,
- We continue to build up greater partnership working with the public, private and third sectors.

KEY ACTIVITY DATA

The following table shows the key activity data across the Council which is monitored throughout the year as part of the financial monitoring

Unit Description		2023/24			2024/25			2025/26			Risk Indicator
		Units	Ave Price £	Total £'000	Units	Ave Price £	Total £'000	Units	Ave Price £	Total £'000	
Adult Social Services											
Learning Disability, Residential Care	weeks	4,586	1,585	7,271	4,592	1,633	7,499	4,610	1,682	7,754	High
Learning Disability, Supported Living	weeks	11,443	940	10,755	11,450	968	11,084	11,559	997	11,525	High
Mental Health, Supported Living	weeks	2,391	556	1,330	2,376	573	1,361	2,399	590	1,415	Medium
Older People, Homecare	hours	313,959	20	6,289	303,579	21	6,263	300,779	21	6,392	High
Older People, Nursing Care	weeks	4,118	983	4,046	4,203	1,012	4,254	4,292	1,042	4,474	High
Older People, Residential Care	weeks	4,182	921	3,853	4,074	949	3,866	4,009	977	3,918	High
Physical Disability, Homecare	hours	108,382	20	2,171	104,470	21	2,155	103,944	21	2,209	Medium
Physical Disability, Supported Living	weeks	1,269	631	801	1,411	650	917	1,535	670	1,028	Medium
Children's Services											
Foster Placements / Staying Put	per night	27,740	62	1,712	28,295	64	1,799	28,861	65	1,890	Medium
Independent Foster Placements	per night	5,867	121	710	5,984	125	746	6,104	128	784	Medium
Residential Home Placements	per night	6,620	518	3,429	6,752	534	3,603	6,887	550	3,785	High
Semi-Independent Living	per night	6,010	126	760	6,130	130	798	6,253	134	839	Medium
Home to School Transport - Mainstream	per pupil	533	2,726	1,453	540	2,808	1,516	550	2,892	1,591	High
Home to School Transport - SEND	per pupil	378	11,710	4,426	420	12,061	5,066	450	12,423	5,590	High
Place & Growth											
Waste Disposal (based on 72000 tonnes pa in 2021/22) combined landfill and recycling and 3% growth per annum. The average cost of recycling treatment (including DMR and food waste) is £66.68 for 2021/22. This has been increased by 5% per year - RPI	charge per tonne	66,057	90	5,945	68,000	100	6,800	70,000	110	7,700	Medium
Building Control - Plan check fee (Total Number of Submissions in year)	per search	900	515	464	900	515	464	900	515	464	Low
Development Control - Planning Application Fees - Major	per application	52	9,231	480	52	9,231	480	52	9,231	480	High
Development Control - Planning Application Fees - Minor	per application	1,570	300	471	1,570	300	471	1,570	300	471	High
Schools Block - Dedicated Schools Grant											
Independent & Non Maintained Special School Placements	per pupil	137	76,300	10,453	108	82,700	8,932	82	72,900	5,978	High

COUNCIL TAX BACKGROUND INFORMATION

1 Council Tax – Valuation Bands

Most dwellings are subject to the council tax. There is one bill per dwelling, whether it is a house, bungalow, flat, maisonette, mobile home or houseboat, and whether it is owned or rented.

Each dwelling has been allocated to one of eight bands according to its open market capital value at 1st April, 1991:

Valuation Band	Range of values
A	Up to and including £40,000
B	£ 40,001 - £ 52,000
C	£ 52,001 - £ 68,000
D	£ 68,001 - £ 88,000
E	£ 88,001 - £120,000
F	£120,001 - £160,000
G	£160,001 - £320,000
H	More than £320,000

The council tax bill states which band applies to a dwelling.

2 Council Tax – Exempt Dwellings

Some dwellings are exempt, including properties occupied only by students, and vacant properties which:

- Are owned by a charity (exempt for up to six months)
- Are left empty by someone who has gone into prison, or who has moved to receive personal care in a hospital or a home or elsewhere
- Are left empty by someone who has moved in order to provide personal care to another person
- Are left empty by students
- Are waiting for probate or letters of administration to be granted (for up to six months after)
- Have been repossessed
- Are the responsibility of a bankrupt's trustee
- Are empty because their occupation is forbidden by law
- Are waiting to be occupied by a minister of religion
- Occupied by visiting forces (reciprocal arrangement)
- Consists of an empty caravan pitch or boat mooring
- Are occupied only by persons under 18
- Consists of an unoccupied annex which may not be let separately
- Are occupied only by severely mentally impaired persons
- Consists of an annex that is occupied by a 'dependant relative'. A dependant relative is someone that is over 65 years of age or is severely mentally impaired or is substantially and permanently disabled.

Forces barracks and married quarters are also exempt, their occupants contribute to the cost of local services through a special arrangement.

3 Council Tax - Discounts

The full council tax bill assumes that there are two adults living in a dwelling. If only one adult lives in a dwelling (as their main home), the council tax bill is reduced by a quarter (25%).

Empty homes - From 1 April 2017 no discounts are available and 100% charge applies for:

- Unoccupied and unfurnished properties
- Properties undergoing major repairs or structural alterations
- Second homes

This decision was made in line with Local Government Finance Act 1992 to maximise resources to provide key services within our borough.

Exceptions include certain dwellings, including caravans and boats, provided by an employer (tied accommodation) may be eligible for the second home reduction of 50 percent for a limited period of time. Contact ctax@wokingham.gov.uk to see if you qualify.

People in the following groups do not count towards the number of adults resident in a dwelling:

- Full-time students, student nurses, apprentices and Youth Training trainees
- Patients resident in hospital
- People who are being looked after in care homes
- People who are severely mentally impaired
- People staying in certain hostels or night shelters
- 18 or 19 year olds who are still at school, and those who leave school after March for the months up to November
- Care Workers working for low pay, usually for charities
- People caring for someone with a disability who is not a spouse, partner, or child under 18
- Members of visiting forces and certain international institutions
- Members of religious communities (monks and nuns)
- People in prison (except those in prison for non-payment of council tax or a fine)
- Diplomats

There is also a discount for annexes occupied by family members, but not dependent family members, who would qualify for an exemption (see exemptions).

4 Council Tax – People with Disabilities

If a taxpayer, or someone who lives with him/her (including children), need a room, or an extra bathroom or kitchen, or extra space in a property to meet special needs arising from a disability, he/she may be entitled to a reduced council tax bill. The bill may be reduced to that of a property in the band immediately below the band shown on the valuation list. These reductions ensure that disabled people do not pay more tax on account of space needed because of a disability. If a home is in Band A it will already be in the lowest council tax band. However, it may be reduced by a ninth of Band D.

5 Council Tax - Reduction

The national council tax benefit scheme was replaced with a local council tax support scheme from 1st April 2013. The new scheme ensures that people in receipt of Income Support / Universal Credit, other state benefits or on low incomes have their bills reduced. It is a means tested reduction.

6 Council Tax – Premium

Properties that have been empty and unfurnished for more than two years will be charged a premium of the council tax for the property. These are set out below;

- Properties empty for at least 2 years (but less than 5 years), the maximum long-term empty homes premium is 100%.
- Properties empty for at least 5 years (but less than 10 years), the maximum long-term empty homes premium is 200%.
- Properties empty for at least 10 years, the maximum long-term empty homes premium is 300%.

This will encourage owners of those long term empty homes to bring them back into use.

7 Council Tax Base

This is the total number of properties in each band converted to the Band D equivalent figure. The numbers take account of the 25% discounts for single person occupancy, the discounts for unfurnished properties and second homes and reductions granted in respect of disabilities.

From this figure an adjustment is made:

- For estimated changes in the Tax Base which could arise for a variety of reasons, such as appeals, disability relief awarded, new properties and properties falling off the valuation list.
- For an allowance for non-collection of the tax.
- For the reductions in income receivable as a result of the council tax support scheme.

The resulting figure is the Band D equivalent Tax base.

8 Council Tax Rate

The Band D Council Tax rate is calculated by dividing the net budget requirement by the Band D Tax base to give the Council Tax requirement for a Band D property.

The Tax rates applicable to the other Bands are calculated by using the following ratios to the Band D tax -

Band	Ratio
A	6/9
B	7/9
C	8/9
D	1
E	11/9
F	13/9
G	15/9
H	18/9

9 Precepts and Collection Fund Surplus / Deficit

Wokingham Borough Council also collects council tax on behalf of the Police and Crime Commissioner for Thames Valley, and the Royal Berkshire Fire and Rescue Authority. The precepts for 2022/23 and 2023/24 are set out below.

Precept	2022/23 £	Band D £	2023/24 £	Band D £	Increase %
Police and Crime Commissioner for Thames Valley	18,083,043	241.28	19,540,607	256.28	6.22%
Royal Berkshire Fire Authority	5,542,279	73.95	6,019,709	78.95	6.76%

Collection Fund Surplus

A calculation has to be made of the estimated surplus/deficit on the Council Tax Collection Fund at 31st March 2023. The calculation is required by legislation to be made by 15th January. The surplus / deficit is required to be apportioned between the precepting authorities pro rata to the previous year's precept. As at the 31st March 2023 the collection fund expects to achieve a surplus of £1,181,000 therefore the distribution of the surplus between the precepting authorities is:-

Wokingham Borough Council – £1,000,000

Police and Crime Commissioner for Thames Valley – £140,000

Royal Berkshire Fire Authority - £41,000

PARISH PRECEPTS 2023/24

Some parish precepts are still provisional, subject to formal agreement.

If different figures are approved by the town and parish councils a revised version of this table will be circulated.

PARISH	TAX BASE	<u>2022/23</u>	COUNCIL TAX BAND D	TAX BASE	<u>2023/24</u>	COUNCIL TAX BAND D
		PARISH PRECEPT £			PARISH PRECEPT £	
Arborfield & Newland	1,298.90	106,955	82.34	1,279.10	105,321	82.34
Barkham	2,158.90	73,787	34.18	2,336.80	61,185	26.18
Charvil	1,464.90	87,059	59.43	1,473.20	90,000	61.09
Earley	11,974.90	988,054	82.51	12,005.70	1,007,815	83.94
Finchampstead	6,295.60	184,615	29.32	6,553.70	192,154	29.32
Remenham	327.30	27,751	84.79	328.70	29,138	88.65
Ruscombe	545.70	29,300	53.69	580.20	28,600	49.29
St. Nicholas Hurst	1,104.00	48,400	43.84	1,106.70	54,650	49.38
Shinfield	7,356.10	552,370	75.09	7,613.20	599,570	78.75
Sonning	829.50	39,002	47.02	827.00	42,200	51.03
Swallowfield	1,077.80	32,237	29.91	1,078.60	35,487	32.90
Twyford	3,026.40	127,238	42.04	3,046.30	153,382	50.35
Wargrave	2,150.90	204,404	95.03	2,143.50	213,865	99.77
Winnersh	4,465.30	186,917	41.86	4,433.80	191,166	43.12
Wokingham Town	16,712.90	1,014,210	60.68	17,230.60	1,118,820	64.93
Wokingham Without	3,299.40	227,400	68.92	3,315.70	239,957	72.37
Woodley	10,857.80	1,225,628	112.88	10,894.30	1,195,649	109.75
TOTAL	74,946.30	5,155,327	68.79	76,247.10	5,358,959	70.28

$$\text{Council Tax Band D} = \frac{\text{Parish Precept}}{\text{Tax Base}}$$

COUNCIL TAX BY BAND AND PARISH 2023/24

The table below shows the total average council tax by band including a breakdown of how this is calculated.

Band	A £	B £	C £	D £	E £	F £	G £	H £
Average Council Tax	1,438.22	1,677.94	1,917.64	2,157.35	2,636.76	3,116.18	3,595.57	4,314.70
WBC plus average Parish	1,214.74	1,417.20	1,619.66	1,822.12	2,227.04	2,631.96	3,036.86	3,644.24
Average Parish	46.85	54.66	62.47	70.28	85.90	101.52	117.13	140.56
Police Authority	170.85	199.33	227.80	256.28	313.23	370.18	427.13	512.56
Fire Authority	52.63	61.41	70.18	78.95	96.49	114.04	131.58	157.90
Adult social care precept*	153.65	179.25	204.86	230.47	281.69	332.90	384.12	460.94
Wokingham Borough Council excluding ASC precept	1,014.24	1,183.29	1,352.33	1,521.37	1,859.45	2,197.54	2,535.61	3,042.74
Wokingham Borough Council total	1,167.89	1,362.54	1,557.19	1,751.84	2,141.14	2,530.44	2,919.73	3,503.68

* Percentage increases based on total 2022/23 council tax level, as per legislation

The table below shows the parish precept for each band and individual Town / Parish Council.

Band	A £	B £	C £	D £	E £	F £	G £	H £
Parish Precepts								
Arborfield & Newland	54.89	64.04	73.19	82.34	100.64	118.94	137.23	164.68
Barkham	17.45	20.36	23.27	26.18	32.00	37.82	43.63	52.36
Charvil	40.73	47.51	54.30	61.09	74.67	88.24	101.82	122.18
Earley	55.96	65.29	74.61	83.94	102.59	121.25	139.90	167.88
Finchampstead	19.55	22.80	26.06	29.32	35.84	42.35	48.87	58.64
Remenham	59.10	68.95	78.80	88.65	108.35	128.05	147.75	177.30
Ruscombe	32.86	38.34	43.81	49.29	60.24	71.20	82.15	98.58
St. Nicholas Hurst	32.92	38.41	43.89	49.38	60.35	71.33	82.30	98.76
Shinfield	52.50	61.25	70.00	78.75	96.25	113.75	131.25	157.50
Sonning	34.02	39.69	45.36	51.03	62.37	73.71	85.05	102.06
Swallowfield	21.93	25.59	29.24	32.90	40.21	47.52	54.83	65.80
Twyford	33.57	39.16	44.76	50.35	61.54	72.73	83.92	100.70
Wargrave	66.51	77.60	88.68	99.77	121.94	144.11	166.28	199.54
Winnersh	28.75	33.54	38.33	43.12	52.70	62.28	71.87	86.24
Wokingham Town	43.29	50.50	57.72	64.93	79.36	93.79	108.22	129.86
Wokingham Without	48.25	56.29	64.33	72.37	88.45	104.53	120.62	144.74
Woodley	73.17	85.36	97.56	109.75	134.14	158.53	182.92	219.50

The table below shows the total council tax for each band and individual Town / Parish Council.

Band	A £	B £	C £	D £	E £	F £	G £	H £
Total Council Tax								
Arborfield & Newland	1,446.26	1,687.32	1,928.36	2,169.41	2,651.50	3,133.60	3,615.67	4,338.82
Barkham	1,408.82	1,643.64	1,878.44	2,113.25	2,582.86	3,052.48	3,522.07	4,226.50
Charvil	1,432.10	1,670.79	1,909.47	2,148.16	2,625.53	3,102.90	3,580.26	4,296.32
Earley	1,447.33	1,688.57	1,929.78	2,171.01	2,653.45	3,135.91	3,618.34	4,342.02
Finchampstead	1,410.92	1,646.08	1,881.23	2,116.39	2,586.70	3,057.01	3,527.31	4,232.78
Remenham	1,450.47	1,692.23	1,933.97	2,175.72	2,659.21	3,142.71	3,626.19	4,351.44
Ruscombe	1,424.23	1,661.62	1,898.98	2,136.36	2,611.10	3,085.86	3,560.59	4,272.72
St. Nicholas Hurst	1,424.29	1,661.69	1,899.06	2,136.45	2,611.21	3,085.99	3,560.74	4,272.90
Shinfield	1,443.87	1,684.53	1,925.17	2,165.82	2,647.11	3,128.41	3,609.69	4,331.64
Sonning	1,425.39	1,662.97	1,900.53	2,138.10	2,613.23	3,088.37	3,563.49	4,276.20
Swallowfield	1,413.30	1,648.87	1,884.41	2,119.97	2,591.07	3,062.18	3,533.27	4,239.94
Twyford	1,424.94	1,662.44	1,899.93	2,137.42	2,612.40	3,087.39	3,562.36	4,274.84
Wargrave	1,457.88	1,700.88	1,943.85	2,186.84	2,672.80	3,158.77	3,644.72	4,373.68
Winnersh	1,420.12	1,656.82	1,893.50	2,130.19	2,603.56	3,076.94	3,550.31	4,260.38
Wokingham Town	1,434.66	1,673.78	1,912.89	2,152.00	2,630.22	3,108.45	3,586.66	4,304.00
Wokingham Without	1,439.62	1,679.57	1,919.50	2,159.44	2,639.31	3,119.19	3,599.06	4,318.88
Woodley	1,464.54	1,708.64	1,952.73	2,196.82	2,685.00	3,173.19	3,661.36	4,393.64

BUDGET MANAGEMENT PROTOCOL

This protocol has been produced to clarify the roles and responsibilities of officers and members in budget management.

Roles & Responsibilities:

Budget Manager

The budget holder is the person identified as the responsible officer against a cost centre budget as recorded in the general financial ledger. He/she is responsible for:

- Agreeing annual resources statements for all budgets under their remit;
- Ensuring there is sufficient budget approved for the level of service agreed;
- Ensuring a budget monitoring system is in place to properly monitor and forecast service expenditure/income for the year;
- Keeping net expenditure within budget;
- Where expenditure cannot be kept within budget, securing additional resources prior to committing expenditure;
- Seeking value for money in commitment decisions; and,
- Keeping their manager and the relevant Finance Specialists informed of potential variations from budget and management action to rectify the situation.

Directors

Each Director is responsible for keeping within the overall budget total for their department and has authority to vire between budget heads as stated in the financial regulations. He/she is responsible for:

- Ensuring adequate budget is agreed for the service level agreed, for the department as a whole;
- Ensuring potential risks for which no budget provision has been made have been properly identified (or where budget may not be sufficient);
- Ensuring there is an adequate budget monitoring system in place across the department;
- Ensuring the necessary channels of communication within the department are in place to react to emerging budget pressures;
- Ensuring any necessary budget virements are approved;
- Ensuring the appropriate budget managers have been identified in the department and ensure that they have been adequately trained;
- Ensuring budget managers within the department are meeting their budget management responsibilities;
- Presenting department budgets to Corporate Leadership Team in the agreed format in accordance with the agreed timetable; and,
- Formulating and implementing an action plan to address any forecast overspends that cannot be contained within the department budget, as directed by Corporate Leadership Team or members.

Corporate Leadership Team

Corporate Leadership Team will monitor the overall council's budgetary position on a monthly basis (and quarterly to Executive). They are responsible for keeping within the overall Council budget. They are specifically responsible for:

- Ensuring reports are produced in the format agreed with members;
- Ensuring Directors are meeting their budget management responsibilities;
- Ensuring any necessary cross-service delivery unit virements are approved;
- Periodically reporting the monitoring report to Executive (this is currently agreed as quarterly); and,
- Ensuring supplementary estimate requests are sought where spending pressures cannot be contained within the overall budget.

Members

Members are responsible for approving sufficient budget for the service levels required and taking decisions to keep within or increase service budgets. More specific responsibilities are:

- Setting service delivery policy, standards and levels;
- Approving service budgets sufficient to meet the level of service required;
- Agreeing, with Corporate Leadership Team, the format of the overall budget monitoring information;
- Aligning member responsibility to service budgets;
- Agreeing the process by which the appropriate Members receive budget information;
- Receiving, considering and taking appropriate action on information received;
- Approving additional budget or approving the reduction in the service standard/level in the event of spending pressures that cannot be contained within existing budget; and,
- Taking into account the advice of the S151 Officer in respect of the adequacy of budgets and general fund balance.

S151 Officer (Chief Finance Officer)

This is the statutory finance post in the organisation. His/her responsibility is to ensure that budget management roles and responsibilities are clear; budget managers are properly supported and ensure that functions and controls are in place so that finances are kept under review on a regular basis. In addition, the S151 Officer will provide guidance to Members when formulating budgets on how prudent budgets are considered to be (including the level of reserves and balances).

BUDGET MANAGEMENT - ESSENTIAL PRACTICE FOR BUDGET MANAGERS

1) Ensure you are clear who is responsible for the budget / commitment decision (all budgets identified to one accountable person responsible for 2 to 7 below)

2) Ensure you know the budget you have for the year (track it to the financial system)

3) Ensure you know what you have committed to spend (continually update forecast for the year and beyond)

4) Ensure you know the financial impact of the commitment you are about to undertake (for the year and beyond)

5) Ensure you have considered Value for Money (VfM) in respect of this commitment (is this the most effective, efficient, economical way of delivering the service)

6) If insufficient budget – secure additional budget or cease commitment process

7) If you are the budget manager you are responsible for all of the above. Your finance specialist will play an essential role in this process and must be informed of all variations to budget.

Glossary of Terms

Adult Social Care (ASC) Precept

The Spending Review announced that local authorities responsible for adult social care (“ASC authorities”) “will be given an additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care”. This flexibility is being offered in recognition of demographic changes which are leading to growing demand for adult social care, and increased pressure on council budgets. Flexibility has been added in previous year’s as well, allowing the increases to be up to 3% per year providing they do not exceed 6% over the three year period 2017/18 to 2019/20.

Apprenticeship Levy

This levy was included in the Autumn Statement 2015 and came into effect in April 2017 at a rate of 0.5% of employers pay to fund an expansion of apprenticeship schemes. It applies to all large employers (those with salary costs of over £3m pa, and 250+ employees) and is designed to fund 3 million apprenticeships in the life of the current parliament.

Autumn Statement

Each year the Government sets out in its Autumn Statement the overall strategy of the Government, including major changes to expenditure and taxation. It is a major determinant of the Local Government Financial Settlement (see below).

Business Rates Retention Scheme (BRRS)

As part of the Localism Act, the Government has devolved the responsibility and risks of the business rates system to local government with the intention to incentivize local areas to encourage development and thereby increase Non Domestic Rates (NDR) income. Local authorities are allowed to keep a share of any extra income above their estimated income. Councils are either ‘tariff’ or ‘top-up’ depending on the level of business rates in their area and ‘tariff’ councils pay some of their business rates to MHCLG (Wokingham is a tariff council) or receive some back.

Care Act 2014

The Care Act 2014 has introduced a minimum eligibility threshold across the country – a set of criteria that makes it clear when local authorities will have to provide support to people.

Community Infrastructure Levy (CIL)

A levy on commercial development and residential developments above a specific size. It must be paid before physical development starts and can be paid in stages. The Wokingham scheme started in April 2015 and income from major developments will form a significant contribution to funding the Council’s capital programme. CIL also partially replaces Section 106 (See below).

Core Spending Power

This is a figure which the Government calculates and publishes for all local authorities in the Local Government financial Settlement. It is intended to represent the overall funding available for local authority services. The Spending Power calculations comprise an assumed council tax (Basically 2019/20 level plus 2% in 2020/21, and a further 2% for ASC) plus the Settlement Funding Assessment (which is the approved level of Revenue Support Grant and Business Rates Retained Income).

Council Tax Freeze Grant

A grant started under the last Government payable to local authorities which did not increase their council tax, and which was initially payable for several years. The latest freeze grant was for 2015/16. In the 2016/17 Settlement, the freeze grant for 2015/16 was rolled in to RSG.

Dedicated Schools Grant (DSG)

DSG is a specific ring fenced grant which must be used in support of the Schools Budget as defined in The Schools and Early Years Finance (England) Regulations 2018. The purpose of the Schools Budget is the provision of primary and secondary education.

Education Services Grant (ESG)

This was a method of providing for the transfer of part of the local authority central education budget to academies and free schools for their administrative costs. It is paid on a per pupil weighted basis. It is no longer paid from 2018/19.

Formula Grant

The previous name for Revenue Support Grant (RSG).

Local Government Funding Settlement

The Government publishes the Local Government Funding Settlement each year, usually in December, which sets out the Government's detailed planning figures for local government, including the key grants to local government. It is usually subject to consultation with final settlement figures published around the end of January. The 2020/21 settlement covers a one year period to 31 March 2021.

Medium Term Financial Plan (MTFP)

The Council produces a Medium Term Financial Plan (MTFP) each year during the budget process, which sets out the budget in detail for the forthcoming financial year and in outline for the following two years.

Ministry of Housing, Communities & Local Government (MHCLG)

The Ministry of Housing, Communities and Local Government's (formerly the Department for Communities and Local Government) is a ministerial department, supported by 13 agencies and public bodies. Its job is to create great places to live and work, and to give more power to local people to shape what happens in their area.

National Funding Formula

A formula to be set up which would change the way in which funding to individual schools is allocated into a simpler, more transparent and equitable manner, but which also recognises deprivation factors.

New Homes Bonus

This is a grant which was set up by the last Government to encourage house building. It is paid for a certain number of years based on the number of properties completed in each local authority area.

Northern Powerhouse

A term used to describe the Government's intention to regenerate the North of England with schemes such as High Speed 2, plus other rail and road improvements, and general support for industry.

Precept

An amount levied by legislation on or by another public body including Parish Council's, Royal Berkshire Fire Authority and the Police and Crime Commissioner for Thames Valley. All of them levy precepts on the Council to collect council tax on their behalf. It also includes the Adult Social Care precept from 2016/17 onwards.

Prudential Code

A code produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on behalf of the Government which sets out detailed guidelines for local authorities to manage capital programmes, ensuring capital schemes are fully affordable including running costs as well as making a minimum provision for debt repayment.

Revenue Support Grant (RSG)

This grant replaces 'Formula Grant' and is the main, non-ring-fenced grant to support local authority budgets after taking account of council tax. It is part of the Settlement Funding Assessment.

'Rolled-in' Grant

Certain specific grants such as the Care Act grant have been included with Revenue Support Grant and discontinued, and these are called 'rolled-in grants'. While the Government's aim was to reduce the number of individual grants, it makes the comparison of year on year changes in RSG much more complicated.

Section 106 Contributions

Section 106 of the Town and Country Planning Act 1990 permits local authorities to request contributions from developers to community and social infrastructure. It is sometimes earmarked for schemes related to the specific development; however other contributions are more general in nature, and can be used for capital or revenue purposes. It is being partially replaced by CIL (see above).

Settlement Funding Assessment (SFA)

This was introduced in 2014/15 when the new business rates retention scheme was set up. It comprises the Revenue Support Grant and the Business Rates Retained Income.

Strategic Development Locations (SDLs)

Four areas within Wokingham which have been designated as special areas where commercial and/or residential development will be focused over the development.

Summary of Budget Movements

This is a detailed statement by service area included in the MTFP which shows the movements from the current year's budget to the forthcoming budget being submitted for approval. It starts with the base budget for the forthcoming financial year, and itemizes special items, other growth including inflation, less efficiencies and savings, and it ends with the budget submitted to Executive for approval.

Unitary Authority

There are 55 unitary authorities and they are all former district or borough councils within county council areas which have by legislation been granted responsibility for all the services in their area including adult social care and services for children.

TITLE	Treasury Management Mid Year Report 2022-23
FOR CONSIDERATION BY	Council on 16 February 2023
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

To demonstrate that the Council's treasury function has effectively managed the Council's debt and cash balances to support the funding of the delivery of the Council's key priorities.

RECOMMENDATION

Council is recommended to note:

- 1) that the Treasury Management Mid-Year report was considered and agreed by the Audit Committee at their meeting on Wednesday 30 November 2022;
- 2) that all approved indicators set out in the Treasury Management Strategy have been adhered to; with the exceptions of internal borrowing which is forecast to be higher than set out in the strategy and ratio of financing costs to net revenue stream – General Fund.
- 3) due to the current uncertainty in the interest rate market, the internal borrowing parameter is being reviewed with our external treasury management advisors and will be reported back as part of treasury management strategy.
- 4) 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 £15.29 per band D for 2022/23. This income is used by the Council to continue to provide priority services for the borough residents.
- 5) As at the end of September 2022, the forecast for the total external general fund debt was £112m at March'23, which reduces to £81m after taking into account cash balances (net indebtedness) reducing interests costs in the current economic climate.
- 6) The Executive agreed on 27th October 2022, recommendation 3 of the Capital Monitoring 2022/23 – Q2 report 'note that due to the current uncertainty surrounding higher interest rates, as part of our financial management process, a review is to be undertaken to determine what capital projects can be postponed this year, to minimise exposure to borrowing at high rates. Any postponement is to be agreed at Executive.'

SUMMARY OF REPORT

This report provides a summary of the treasury management operations during the first six months of 2022/23. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices. The Council adhered to all agreed prudential indicators with the exception of internal borrowing. This includes

ensuring the necessary liquidity to deliver on the day-to-day operations of the Council. There are two aspects of treasury performance: debt management which relates to the Council's borrowing and cash investment which relates to the investment of cash balances.

Key highlights from this report to note are:

- All approved indicators set out in the Treasury Management Strategy have been adhered to with the exceptions of internal borrowing and ratio of financing costs to net revenue stream – GF. Although internal borrowing is higher than the forecast in the strategy, this is positive on the basis, the Council has reduced the need for external borrowing by utilising cash balances more than was planned in the strategy.

When the strategy was set, the interest rate market was fairly stable with regards to future forecasts of interest rates remaining low. Based on these market conditions, the Council would have looked to secure some medium to long external borrowing. However, due to the recent volatility and rise in interest rates, alongside a reduction in capital spend and the maintaining of cash balances, it is financially more prudent to minimise external borrowing, thus avoid higher external debt costs. This approach has been discussed with our external treasury management advisors and is considered prudent due to the strength of our cash balances forecast for this financial year.

- The annual benefit from the income generated less the financing costs on all borrowing to date equates to £15.29 per council tax band D property for 2022/23. This benefit is reinvested into supporting Council wide services.
- Net indebtedness after cash balances is £51m at end of September and forecast to rise to £81m at the end of the financial year.
- The average interest rate of external borrowing for 2022/23 is forecast to be 1.56%.

A detailed breakdown of the Council's performance in these areas is summarised below.

Prudential Indicators Debt and Investment

The table summarises the prudential indicators, comparing the limits set in the strategy and the forecast position at outturn (31 March 2023). 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.

Key highlights to note are;

- Authorised and operational boundary limits are forecast to be lower than the treasury strategy. This is because the Capital financing requirement (CFR) is forecast to reduce due to savings in the capital programme and re-profiling of capital expenditure to later financial years. The CFR is a calculation of historic capital expenditure less that already paid for, required to arrive at the annual level of debt repayment.

- General fund external borrowing is forecast to be lower than expected as a result of the reprofiling. Furthermore, the internal borrowing level is being increased to offset the impact from high interest rates and volatility in the market. The Council will look to minimise new external borrowing through utilising its cash balances. This will avoid higher external debt costs.
- The net general fund financing costs of the Council are forecast to remain small, at £0.1m which is 0.1% of the net revenue expenditure. The movement on this from the original budgets is as a result of reducing the interest charge to town centre (to better reflect the actual interest costs) to help maintain its movement to a surplus following significant economic challenges.

Prudential Indicators

	Treasury Strategy	Forecast Outturn March '23
	£m	£m
Affordability		
<u>Limits</u>		
Authorised Limit (Note: CFR*120%)	760	589
Operational Boundary (Note: CFR*110%)	696	540
<u>Performance Indicators</u>		
Capital financing requirement – General Fund (GF)	554	412
Capital financing requirement – HRA	79	79
Gross external borrowing – General Fund (GF)	388	112
Gross external borrowing - HRA	69	66
% of internal borrowing to CFR – General Fund (GF)	30%	73%
% of internal borrowing to CFR - HRA	13%	17%
Ratio of financing costs to net revenue stream - GF	-0.60%	0.10%
Ratio of financing costs to net revenue stream - HRA	29.90%	29.69%
Prudence		
Maturity structure of borrowing	See table B	

Council's Net Indebtedness

Net indebtedness represents the underlying debt position the Council holds. The table below shows how this is calculated. Included below are the estimates from the 22/23 treasury management strategy, the mid-year position and the forecast position for March '23. The previous years outturn is included for comparison.

	Treasury Strategy	Mid-Year (30th Sept)	Forecast Outturn March '23	Outturn March '22
	£m	£m	£m	£m
General Fund – Capital Financing Requirement	554	397	412	382
<u>Less</u> Internal funded borrowing	(166)	(248)	(300)	(186)
External Debt Total	388	149	112	196
<u>Less</u> Cash investment balances	(152)	(98)	(31)	(124)
Net Indebtedness Total	236	51	81	72

As at the mid-year position (30th September 2022), total external borrowing for the general fund was £149m and treasury investments (cash investment balances) were £98m resulting in net indebtedness of £51m. The HRA borrowing is excluded from this calculation as it is a ringfenced account with external borrowing funded from housing tenants.

As set out in the treasury management strategy, net indebtedness was estimated to be £236m for 2022/23. The mid-year net indebtedness position of £51m and the forecast outturn of £81m are comfortably within the estimates set out in the strategy. This is driven largely by the capital financing requirement forecast to be £412m rather than £554m forecast in the strategy. This is due to savings in the 22/23 capital programme as well as capital reprofiling (moving expenditure back to later years). This will result in external borrowing forecast to be £112m at 31st March 2023, £276m less than estimated in the strategy and significantly down from £196m at March '2022.

Due to the recent unexpected increases in interest rates and continued uncertainty in the market, the Council are looking to minimise external borrowing and thus avoid high borrowing costs. Underlying cash balances are expected to be slightly above those forecast in the strategy. This allows the Council to avoid external borrowing by using up cash investment balances and therefore reducing exposure to high interest rates. Cash balances are forecast to be significantly lower at £31m down from £152m. This does create a higher level of internal borrowing, which is forecast to be c70% for the general fund. The Council have reviewed the underlying cash balances (reserves + working capital) and are confident these can support a high level of internal borrowing for 2022/23. Further work will be undertaken during the next 6 months to review the cashflow and to take into account the new medium term financial plan requirements.

The Council are monitoring interest rates very closely and working with our treasury management advisors to review the latest interest rate forecasts which currently suggest interest rates are expected to peak in 2023. Operating a high level of internal borrowing will help offset the impact from higher interest rates. It is expected that the Council will need to borrow next financial year to support the capital programme. The timing of this borrowing requirement will be developed over the coming months taking into account updated forecasts for capital expenditure, cash balances and interest rates.

The average interest rate on the Council's external debt is forecast to be 1.56% across the year. This is expected to rise next financial year with the recent increases in interest rates.

Cost of Financing Debt

The table below shows the gross financing costs of servicing the external debt. Gross financing costs reflect the annual interest costs payable and an amount for Minimum Revenue Provision (MRP). To understand the true cost of this, it is important to take into account the income from treasury investments, contributions from 'invest to save' schemes, income from investment / commercial properties which all contribute to reducing the annual cost of this financing. Furthermore, for completeness and transparency the table has been extended to show additional income the Council receives from our assets which contributes towards the funding of key services the Council provide. This is the income over and above the amount used to contribute towards the financing costs of the borrowing.

Taking these factors into account, for the general fund the net annual benefit from the income generated less the financing costs on all borrowing to date equates to £15.29 per council tax band D property for 2022/23 as set out below. This income is used by the Council to continue to provide priority services for the borough residents.

TABLE A

	Previous Year Outturn £,000	Forecast Outturn March '23 £,000
General Fund – Financing Cost (Interest and MRP debt repayment)	8,827	8,701
<u>Less</u> contributions towards financing costs from following areas:		
- Invest to save schemes	(849)	(1,669)
- Treasury investments	(1,616)	(1,116)
- Housing, Local Economy and Regeneration	(6,977)	(5,767)
Net Annual Financing Cost / (Benefit)	(615)	149
<u>Include</u> additional income over and above the contributions shown above:		
- Community investments	(1,016)	(1,295)
Net Annual <u>Benefit</u> to the taxpayer	(1,631)	(1,146)

Net Annual Benefit £m	(1,631)	(1,146)
Divide by Council Tax Base (no. of band D equivalent properties)	73,297.00	74,946.30
Benefit per band D property - £	£22.25	£15.29

Investment of Cash Balances

Cash flow balances vary significantly throughout the year due to differences in timing of income (council tax, developer contributions, grants, etc.) and timing of expenditure (running costs - revenue, and investment in assets and services – capital). During times when the council holds cash balances, investments will be made based on security, liquidity, and yield (in this order).

As highlighted in the table above, treasury investment returns are forecast to be c£1.1m of which c£0.7m is investment income from cash investments such as short-term loans to local authorities and returns from money market funds. Cash investment balances are forecast to be c£31m at the end of the financial year. Cash balances vary throughout the year and have reduced as external debt has been repaid and also been used to support higher internal borrowing. The average return on these balances is estimated to be 0.72%. The rate of returns are starting to increase as expected with the recent increases in interest rates, however more importantly for the Council is the security and liquidity of these balances before yield is considered.

The table below shows the Council's investments by type, including performance and year-end balance.

	Average Invested	Interest Received	Average rate of return	31 st March 2023 Balance
	£m	£m	%	£m
Housing, Local Economy & Regeneration	£118.2m	£2.9m	2.46%	£116.2m
Treasury Investments				
- Fund Managers	£0.7m	£0.004m	0.61%	£0.7m
- Local Authorities	£60.8m	£0.5m	0.76%	£0.0m
- Money Markets	£27.9m	£0.2m	0.79%	£30.0m
Total	£207.5m	£3.6m	1.73%	£146.8m

Included within the Housing, Local Economy & Regeneration are the capital loans made to the Councils housing companies which support the development of new affordable housing. The Council have a statutory requirement under the Subsidy Control Act 2022 (previously known as state aid) to charge interest at the market rate which is higher than the investment returns the Council would achieve on treasury investments.

Maturity Structure of Borrowing

The maturity structure of the Council external borrowing is shown in 'Table B' below. This highlights the period for when external borrowing matures and becomes repayable. External debt is forecast to be £112m for the general fund and £66m for the HRA, totalling £178m.

TABLE B

	Forecast Outturn March '23
	£m
Less than 1 year	0
Between 1 and 2 years	56
Between 2 and 5 years	13
Between 5 and 10 years	26
Between 10 and 15 years	39
Between 15 and 20 years	0
Between 20 and 25 years	1
Between 25 and 30 years	3
More than 30 years	40
	178

The Council continue to best align the repayment of external borrowing with the reduction in the capital financing requirement. This will be related to capital receipts, developer contributions and income generation from capital investments. This work is done with support from our external treasury management advisors.

As highlighted in the table above, the Council have a mixture of maturities to align to expected timing of capital resources. This is to avoid the Council holding external debt longer than needed.

Due to the uncertainty around interest rates at present, any new borrowing will be taken out on a short-term basis, with a view to refinancing the loans at lower interest rates at maturity.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and 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)	See other financial information	Yes	Revenue
Next Financial Year (Year 2)	Not applicable	Yes	Revenue
Following Financial Year (Year 3)	Not applicable	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

- the net benefit per council tax payer for the financing of all borrowing to date equates to c£15.29 per band D equivalent.
- At March '23, total external general fund debt is forecast to be £112m and the Councils net indebtedness after cash balances is £81m.
- The average interest rate of external borrowing is 1.56%.

Cross-Council Implications

None

Public Sector Equality Duty

This is a report on the performance of the treasury service of the Council and is not requesting any funding or service changes that would impact on any members of the community and thus has no equalities impact.

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 on the performance of the treasury service of the Council, and has no impact on the Council's carbon neutral objective.

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

None

Contact Mark Thompson

Telephone No Tel: 0118 974 6555

Service Finance

Email

mark.thompson@wokingham.gov.uk

TITLE	Energy Contract Procurement
FOR CONSIDERATION BY	Council on 16 February 2023
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Executive Member for Climate Emergency & Resident Services - Sarah Kerr

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

The purpose of this report is to seek in principal approval for migration of the Councils energy buying strategy from the current framework provider (CCS – Crown Commercial Service) to the Laser framework.

RECOMMENDATION

The Executive recommends that Council;

1. Approves the procurement strategy set out in the Procurement Business case for the migration of the Councils energy buying strategy from the current framework provider (CCS – Crown Commercial Service) to the Laser framework;
2. Approves the Procurement Business case;
3. Notes that an updated Procurement Business Case will be reported back to Executive and Council, with proposed contract terms and timescales for implementation.
4. Delegates authority to the Director of Resources and Assets, in consultation with the Executive Members for Finance and Contracts, to engage with framework suppliers and negotiate on future contract provision, in line with the approved procurement strategy.

EXECUTIVE SUMMARY

This Council Report outlines the procurement strategy for the proposed migration of the Councils energy buying strategy from the current framework provider (CCS – Crown Commercial Service) to the Laser framework.

The rationale to move framework suppliers is to ensure best value (energy price) for the Council. Energy prices have been rising significantly for the last eighteen months and whilst Wokingham Borough Council have appropriate financial provision for this financial year, there is a risk to energy budget from rising costs, for the next financial year and beyond. The Energy Team have been carrying out market analysis assessments on energy pricing and the Council could reasonably be faced with an additional 50 – 60% on today's energy prices. This has prompted conversation on how we can procure smarter.

The levels of service offered by the Laser Framework should exceed the current CCS offering and offer significant levels of additional flexibility / adaptiveness and responsiveness in tariff pricing / trading arrangements.

In terms of carbon reduction / sustainability, Laser will be able to offer REGO (Renewable Energy Guarantees of Origin) contracts, which are provided by determined, accredited, proven Green Energy sources. This is seen as a way to increase our green energy procurement principles, allowing for up to 25% more Green energy purchase than we have currently, under CCS.

It will enable cost avoidance over the MTFP inflation position and help with our response to the Climate Emergency.

The Executive was asked to agree in principle to the proposed procurement strategy for the migration of the Council's energy buying strategy from the current framework provider (CCS – Crown Commercial Service) to the Laser framework and recommend to Full Council that the procurement strategy be adopted. Council approval of the procurement strategy is required as the value of the contract exceeds £5million per annum. Delegated authority would be given to the Director of Resources and Assets, in consultation with the Executive Members for Finance and Contracts, to engage with framework suppliers and negotiate on future contract provision, in line with the approved procurement strategy.

This procurement strategy is in line with the Council's procurement regulations.

BACKGROUND

The Council needs to be part of a sizeable 'buying basket' in order to access best value in terms and drive cost avoidance on energy pricing. The 'top two' framework suppliers in the marketplace, that are of sufficient size to meet the Council's needs, are generally acknowledged as Crown Commercial Services (CCS) and Laser. Between them they cover/serve circa 95% of Local Authorities across the UK.

The Council could potentially consider West Mercia Energy but it is considered unlikely that this provider will be of sufficient size to cater for WBC's requirements (therefore not considered as an established procurement option for WBC).

The Council has historically utilised the CCS Framework for energy provision.

Laser Energy is an energy company, established by Kent County Council, offering significant volumes of energy to markets across Europe.

Most people now understand that energy costs are rising significantly and, in a market, where, as a general rule of thumb, if one energy supplier puts their energy costs up, others do too, there is an increasing move by some suppliers to gain 'market share' by either trading differently or being able to respond to maximum demand / variable or grid trading opportunities, through

- A) Energy tariffs are changing according to times of use too and this may enable WBC to trade with energy partners in a better way. The Laser framework enables the above, whereas CCS currently doesn't.
- B) In addition, Laser enables opportunities to work with energy supply partners who assist better in terms of ESCO (Energy Services Company) arrangements.

It is because of the above that Laser should be seen as a more flexible option for energy procurement and a better option for WBC moving forward.

BUSINESS CASE

It has become increasingly clear over the last two years that the frameworks suppliers are less able to respond to fluctuations/volatility in energy market rates. Many Councils are taking action to ensure that they are as protected as they can be, from market volatility. With many of them moving to a system that is better able to instantaneously 'trade' energy. Many have switched to Frameworks the likes of Laser mentioned below. This has left CCS with a reduced 'energy basket' of Councils of circa 20% at the time of this report being written. In light of this the Council has two options in respect of its energy supplies:

Option 1: Stay with Crown Commercial Services (CCS).

The CCS Framework typically purchases 100% of its energy in advance.

The benefits of this are security of current provision and known price margins. There are some risks with remaining with CCS, in that many other Local Authorities may be

moving away from this provider which could reduce economies of scale and overall purchasing power. In the last year of market turmoil their buying strategy can be considered slightly less advantageous in comparison to the Laser Framework. The offer from CCS can also be considered inflexible in a volatile market and this is therefore likely to mean their costs could rise further in comparison in the future.

REGO (Renewable Energy Guarantees of Origin) contracts are available from CCS but this is still limited to an advanced buying scenario and such contracts are likely to be in high demand as the net zero agenda progresses across the UK. Therefore, it is likely we will not be able to procure as much energy from these sources – limiting the council's overall ability to meet its climate change vision.

Option 2: Switch to Laser.

Laser buys in a different way in a market of volatility which is expected to be more advantageous in future years. The Laser Framework, whilst still purchasing the bulk of its energy in advance, also offers some opportunity for direct spot buying, and therefore more able to react to changing market conditions, limiting increased costs at times of spike pricing. The Laser Framework typically purchases circa 70% of its energy through advance bulk buying and 30% through 'spot buying.' In addition, Laser has a wide range of options (for the future) for 'time of use' tariffs and variable pricing.

In year one we expect the proposed change to Laser will result in avoidance of additional costs to the sum of c£300,000, £80k of which is General Fund expenditure. Without this change, further growth will be required to be factored into the MTFP budget setting process.

The Laser framework also has 'bolt on' options that would better serve our non-CCS portfolio. The Energy Team are keen to investigate this opportunity further, for advantages to the Council. Examples include smart billing, a team bureau services (to further analyse costs) and usage/cost alerts which will further allow the Council to understand, monitor and manage usage and therefore cost.

REGO options through Laser are expected to be able to provide us with 25% more Green Energy than we currently attain under the CCS contract but this might not be applicable in year one of the contract, due to signing up initially to the basic contract. After year one, we will be able to expand contract options and chose REGO sites, this choice will lead to an opportunity to procure 100% REGO 'green energy'.

Analysis

Switching providers is key to opportunities to ensure economic MTFP cost avoidance (inflation on these contracts has been established to date) and broader environmental policy agenda.

Whilst switching framework suppliers does have risks, transferring the energy contract to Laser delivers the following benefits:

- utilising a supplier who offers more flexibility in purchasing energy with some opportunity for direct spot buying, and therefore more able to react to changing market conditions
- cost avoidance of circa £300,000 on an energy spend of circa £9M; £80,000 directly attributable to General Fund expenditure, with the balance benefitting schools and HRA
- opportunities to embed within the contract 'smaller sites' billing which should provide an additional cost avoidance of circa £10,000.
- the ability to buy up to 25% additional named green energy generation (REGO - Renewable Energy Guarantee of Origin) which will contribute to the Council sustainability/climate emergency targets.
- The ability to trade flexibly using 'time of use' or variable tariff's

One of the stated ambitions of a migration to this framework will be the procurement of 100% green (Renewable Energy Guarantees of Origin: REGO) energy within a year of joining the framework, supporting the Councils' policy agenda including Climate Emergency. This would equate to an indirect carbon reduction value of 11,156 Tonnes of CO₂. This equates to an energy REGO 'offset' of 37 GWh's of energy usage, the Councils corporate energy usage volume.

Recommendation

Therefore, it was recommended to Executive to approve the in principle procurement strategy set out in the Procurement Business case for the migration of the Councils energy buying strategy from the current framework provider (CCS – Crown Commercial Service) to the Laser framework. To enable the officer team to engage in negotiations with providers to bring forward this change.

Timescales

The current contract with CCS expires in March 2024. The Council is required to give six months' notice of a change in contract to both framework providers so a final decision is required by September 2023. It is more advantageous to the Council to give more notice, where possible.

Due to the current volatility of the energy market and the unknown impact of long term government policy intervention, there are risks and uncertainty, as well as opportunities, with changing provider now. This paper was due to be considered by the Executive in October 2022 but was pulled due to the announcement at the time of government interventions in the energy markets, with a financial aid package on energy costs and uncertainty whether changing supplier would have meant WBC wouldn't have benefited from this assistance package. It has subsequently now been clarified that the government's current energy costs initiatives apply only within this financial year 2023/23. Therefore we can proceed with the energy re-procurement contract for implementation in 2024. We will continue to review any future government interventions to understand any impacts and act accordingly in the Council's best interest,

This in principal decision will enable the officer team to negotiate on a future contract provision, and report back to the Executive and Council with a recommendation on future contract provision and timescales for this implementation.

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)	No additional impacts (cost/saving) as contract changes not within current financial year.	Additional budget/inflation requirements will need to be presented to Executive	Revenue
Next Financial Year (Year 2)	No additional impacts (cost/saving) as contract changes not within this financial year.	Additional budget/inflation requirements will need to be presented to Executive	Revenue
Following Financial Year (Year 3)	Cost avoidance of £300,000.	Additional budget/inflation requirements will need to be presented to Executive	Revenue

Other Financial Information

General Fund budget for 22/23 is £1.3m, with a further £500,000 in the process of being allocated from the corporate inflation provision. The current MTFP budget process includes a further inflation provision of £600,000 for 23/24, taking the overall budget to £2.4m. This contract will negate a further budget pressure in the MTFP to the sum of £300k in a full year from 2024/25.”

Changing provider should offer more flexibility in purchasing energy with some opportunity for direct spot buying, variable and ‘time of use’ tariffs etc and therefore are more able to react to changing market conditions. The ability to react more flexibly to the changing market would help ensure the Council is achieving best value.

There are opportunities to embed within the Laser contract ‘smaller sites’ billing which should provide an additional cost avoidance of circa £10,000.

Stakeholder Considerations and Consultation

Consultation with market providers has been undertaken, Internal consultation with Finance, Procurement and Legal teams has been undertaken.

Public Sector Equality Duty
An EQiA is to be completed.

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>
The ability to buy named green energy generation (REGO -Renewable Energy Guarantee of Origin) which will contribute to the Council sustainability/climate emergency targets. One of the stated ambitions of a migration to this framework will be the procurement of 100% green (Renewable Energy Guarantees Origin: REGO) energy within a year of joining the framework.

Reasons for considering the report in Part 2
Some exempt information is contained in Appendix 2.

List of Background Papers
Appendix 1 – Procurement Business Case Appendix 2 – Exempt information relating to the Procurement Business case

Contact Ian Gough	Service Commercial Property
Telephone Tel: 0118 974 6714	Email ian.gough@wokingham.gov.uk

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In accordance with the Procurement and Contracts Rules and Procedures (PCRP) (see section 3.1.1): a formal procurement strategy is required for any procurement with a total value above £50,000. The level of approval required for the procurement strategy depends on the type of procurement and total ascertainable value of the contract, as indicated in the table below. Procurement Strategies, requiring Level 2 and 3 approvals, are also subject to review by Procurement Strategic Board (SPB).

State “YES” in the applicable box at either Level 1, Level 2 or Level 3:

1. Level of Approval

Type of Procurement	Level 1		Level 2		Level 3	
	Assistant Director & Director Approval		Executive Approval (NOTE: subject to Procurement Strategic Board Review)		Full Council Approval (NOTE: subject to Procurement Strategic Board Review)	
Goods and Services	£50k – £500k		> £500k		Annual Value >£5m or TAV >£25m (if capital >£15m)	X
Schedule 3 Services	£50k – £663,540 (VAT inclusive)		> £663,540 (VAT inclusive)			
Works	£50k – £5,336,937 (VAT inclusive)		> £5,336,937 (VAT inclusive)			

NOTE:

Level 2 & 3 approvals to be scheduled for Strategic Procurement Board in advance of Executive/Full Council – papers to be scheduled by Procurement. SPB meetings are held monthly.

Executive meetings (Level 2) are held each month but the submission of papers is strictly controlled, resulting in a cycle of at least 6-weeks – speak to Democratic Services for assistance.

Full Council meetings (Level 3) are held every second month and submission of papers is controlled as per Executive meetings – speak to Democratic Services for assistance.

2. Project Information

Please complete all fields in black and forward to the relevant Service to complete fields in red.

Project / Contract Title	Energy Procurement Contract
Project / Contract Description	New Energy Procurement Contract
Expected Start Date & Duration	1/4/2024
Any Extension/s Allowed	Yes, one year extensions permitted through notification and ongoing, rolling (year by year), thereafter. There is a one year notification period to end any contract.
Total Annual Value	£7.5M
Total Ascertainable Value	£15 M over two years

Procurement Advice <i>This section is to be completed by Procurement</i> <i>Summary of the advice, including the type of procedure, and if the PS is for setting up of DPS or framework agreement. Attached / append any written advice previously provided, if appropriate.</i>	Laser offers a compliant forward purchasing arrangement. No clarity on prices until the Council has committed to forward purchasing (see dates below). Service have confirmed intention & benefits below.
If procurement is for software, specify outcome of your consultation with IMT and/or Business Change	N/A
Previous Contract Duration	One year and one year extension possibility
Previous Contract Value	£5M
Sign off <i>To be completed by Procurement – name and signature of the Procurement Specialist providing the advice</i>	Rob Bradfield
Date <i>To be completed by Procurement – date signed off by Procurement</i>	1/3/2023

Finance Advice <i>This section is to be completed by Finance</i> <i>Confirm budget availability and add any comments relevant to the budget.</i>	Budget availability
Source of Funding <i>(revenue/capital or specified other)</i>	Revenue
Sign off <i>To be completed by Finance – name and signature of the Finance Team providing the advice</i>	Mark Thompson
Date <i>To be completed by Finance – date signed off by Finance</i>	1/11/2022

Background:

This is a revised paper from an original planned for Executive in October of 2022. This report was pulled due to government intervention in the energy markets, with a financial aid package on energy costs. WBC feared at the time, that changing supplier would mean that we wouldn't have benefitted from this government assistance package. Given the time allowed we now better understand Government interventions and how this would affect WBC energy procurement, we are now confident that we can proceed with the energy re-procurement contract. However, this is with the caveat that future government intervention will need to be reviewed to understand any impacts and of course, we will act accordingly, in our best interests.

The current energy procurement contract needs reviewing every five years minimum. Over the last two years it has become apparent that we need a more flexible approach to trading our energy procurement.

Whilst CCS are planning to offer what officers within the Council need, they currently do not offer this style of trading yet.

There are no issues with CCS's level of service provision but they are not seen as currently able to provide the type of service we need, going forward. In a turbulent energy market, the methodology of how they buy energy, is not 'flexible' enough for what we need.

3. Project Justification

Link to Service or Corporate Objectives

This project is for the planned migration of the Councils energy buying strategy from the current framework provider (CCS – Crown Commercial Service) to the Laser framework. The decision to move framework suppliers has been taken to ensure best value (energy price) for the Council. In addition, the levels of service offered by the Laser Framework supersede the current CCS offering. In terms of carbon reduction / sustainability, the new Framework provider would be able to offer REGO contracts, which are provided by determined, accredited, proven Green Energy sources. It will enable cost avoidance over the MTFP and help with our response to the Climate Crisis.

Project Specific Objectives, Appraisal of Options and Project Timetable

The Council has historically used the CCS Framework for energy provision. What has become increasingly clear over the last two years, is that the framework suppliers are less able to respond to huge fluctuations / volatility in available energy market rates. The Laser contract operates in a marginally different way to the CCS Framework and whilst still offering an opportunity to 'bulk buy' in advance, similar to the CCS framework, Laser also offer small opportunities for direct 'spot' buying. This is typically 70% to 30% ratios, whereas the CCS framework is typically 100% advance year brought. Direct cost avoidance will be small, estimated at £20,000 on an energy spend circa £5M but the various other opportunities are attractive to the Council. This includes notable opportunities to buy named green energy generation (REGO) and opportunities to embed within the contract 'smaller sites' billing. This should provide an additional cost avoidance c£10,000. The opportunity to buy green energy will help in sustainability / climate emergency targets. The 'top two' framework suppliers are generally acknowledged as CCS and Laser with over 95% of Local Authorities across the UK buying from one of these.

If we choose to stay with the current Framework supplier, CCS, we may marginally lose out on potential cost avoidance. At our level of Energy / Property provision, there really are only two main Framework providers sizeable enough for us to utilise. We need to be in a sizeable buying basket to enable energy market cost avoidance opportunities too. CCS or Laser. As an outside opportunity we might like to compare West Mercia Energy ; www.westmerciaenergy.co.uk but in my opinion they are not yet sizeable enough to cater for WBC.

Option 1 : Stay with CCS. The benefits of this are security of current provision and know price margins. There are some risks though in that many other Local Authorities are moving away from CCS. In the last year of market turmoil their buying strategy has been found wanting slightly and other providers, buy,

marginally, in a different, perceived slightly advantageous way. The offer is very inflexible in a very volatile market.

Option 2 : Switch to Laser. The benefits of this are that Laser buy in a slightly better way in a market of volatility, this could be perceived as more advantageous. According to Lasers own price comparison for the 2021 / 2022 financial year, their Electricity offering would have performed slightly worse than the CCS main contract (c+13% = increased costs of £169,000). However, would have performed better for Gas (c-23% = decreased costs of £253,000). Overall this would have indicated a cost avoidance to WBC of c£84,000. This option is not without risks though and switching frameworks (suppliers) is particularly troublesome. We would need to ensure 'forward' price some six months in advance of switchover. The Laser framework also has 'bolt on' options that would better serve our non-CCS portfolio. Something we are keen to investigate further, in future.

The Energy Team would recommend switching to the Laser framework.

Switching provider is key to opportunities to ensure economic MTFP cost avoidance. One of the stated ambitions of a migration to this framework will be the procurement of 100% green (REGO) energy within a year of joining the framework. Project timescales are tight, six months. We will require to switch by 1/3/2023, we need to provide six months advance notice to both framework providers in this regards.

Analysis

Switching providers is key to opportunities to ensure economic MTFP cost avoidance (inflation on these contracts has been established to date) and broader environmental policy agenda.

Whilst switching framework suppliers does have risks, transferring the energy contract to Laser delivers the following benefits:

- *utilising a supplier who offers more flexibility in purchasing energy with some opportunity for direct spot buying, and therefore more able to react to changing market conditions*
- *direct savings/cost avoidance of circa £300,000 on an energy spend of circa £9M; £80,000 directly attributable to General Fund expenditure, with the balance benefitting schools and HRA*
- *opportunities to embed within the contract 'smaller sites' billing which should provide an additional cost avoidance of circa £10,000.*
- *the ability to buy upto 25% additional named green energy generation (REGO -Renewable Energy Guarantee of Origin) which will contribute to the Council sustainability/climate emergency targets.*
- *The ability to trade flexibly using 'time of use' or variable tariff's.*

One of the stated ambitions of a migration to this framework will be the procurement of 100% green (Renewable Energy Guarantees of Origin: REGO) energy within a year of joining the framework, supporting the Councils' policy agenda including Climate Emergency. This could equate to an indirect carbon reduction value of 11,156 Tonnes of CO2. This equates to an energy REGO 'offset' of 37 GWh's of energy usage, the Councils corporate energy usage volume. This is cost dependant though.

Benefits :

Eventually this Framework contract will permit the utilisation of 100% REGO (Renewable Energy Guarantees of Origin) backed green energy procurement for the Council. In addition the new framework arrangement trades in a quicker / slicker way, enabling the Council to take more advantage of energy market price reductions. It is hoped that this will mean a reduced price for energy procurement, going forward.

- To trade more flexibly and take full advantage of the energy markets.
- We will secure more competitive pricing for energy
- Laser utilise smart procurement methodologies meaning WBC staff are engaged less in administration as was the case for the CCS Framework
- Laser utilise a full smart billing (automated / portal led) arrangement allowing for a reduction in WBC involvement in paper billing
- Laser offer a service whereby we are able to trade in 'time of use' tariffs and this appears more attractive to the Council in the future. This will allow for us to trade any potential renewable energy generation we generate ourselves.

Project timetable:

Key milestones	Dates	Owner
CCS contract – end arrangements	1/4/2023 – 1/4/2024	Ian G
Laser contract – forward purchasing (inclusion in basket): intention	1/10/2023	Ian G
Forward purchasing prices received by WBC (indicative)	1/1/2024	Ian G
Laser contract commence	1/4/2024	Ian G
SPB	ASAP	Ian G
CLT draft report	By 5 th Dec (in Modern Gov)	Ian G
Exec member approval	Advance of 26 th Jan	Ian G
Forward plan	Forward plan – Item Title : Energy re-procurement.	Ian G
	January 2023 (26 th)	Ian G

Executive (required on forward plan for 28 days in advance)		
Full Council	March 2023 (23 rd)	Ian G

Cost Benefit Analysis

Commodity	Year (Oct-Sep)	PIA Price (Base/Gas)	6m Market Average
Electricity	2020-21	43.44	42.51
Electricity	2021-22	59.92	85.94
Gas	2020-21	36.32	32.79
Gas	2021-22	55.28	86.00

The above table has been provided by Laser. This should be treated with caution but this has been utilised by the Energy Team to provide the above corrected figures (outlined in Option 2 above).

Overall cost cost avoidance equate to a combined c£84,000. This is not the only justification for a switch to this Framework supplier though. The Energy Team are convinced that this Framework would be a better provider of levels of service we require moving forward. To take care of other energy buying needs and to assist with our Climate Emergency ambitions. The Laser framework currently offers a far superior opportunity to buy Green REGO energy contracts. It also offers better opportunities to supplies that are deemed 'landlord supplies', of which the authority have many.

Contract Management

The contract will be managed by the Energy Team. Historically this has required one FTE member of staff to deliver and ensure operation. The contract manager will be Ian Gough.

KPI's in relation to the contract sit within the Policy Team (Rhian Hayes) and is an amount of carbon reduction (energy) against the corporate property portfolio. Going forward, we intend to incorporate the estates building profile too. The contract is for an initial one year period with a break clause after year one. If enacted, we could leave the contract within a year. The intention is to move towards a longer contract period, going forward, indicative at three years. We won't need an exit strategy with this contract but we will insist on a break clause for each individual year, meaning we can 'opt out' each year if something better becomes available.

4. Approval

Please fill in the applicable fields according to the level of approval required.

Note: If Level-2 or 3 approval is required, the document should be signed by Assistant Director and Director at Level-1 first, and then presented to the Executive (and Full Council where appropriate) for final approval.

Level 1

<i>Position</i>	<i>Name</i>	<i>Department</i>	<i>Signature</i>
Assistant Director:	Sarah Morgan	Commercial Property	
Director:	Graham Ebers	Deputy Chief Executive	

Level 2

NOTE: Level 1 approval must be completed first.

Please state the date of the relevant Procurement Board & Executive meeting or Individual Executive Member Decision, at which the procurement strategy has been approved.

<i>Date of meeting / approval</i>	<i>Item No</i>
Procurement Board	
Executive Approval	

Level 3

NOTE: Level 1 and 2 approval must be completed first.

Please state the date of the relevant Full Council meeting, at which the procurement strategy has been approved.

<i>Date of meeting / approval</i>	<i>Item No</i>
Full Council Approval	

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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