

EXECUTIVE - 1 FEBRUARY 2018

INVESTMENT PROGRAMME 2017-18 TO 2020-21

Executive Summary

The Investment Programme sets out the capital and one off investments required to deliver the Council's key strategies and objectives. The Programme includes projects where the funding and consequent revenue implications have been incorporated into the General Fund and Housing Revenue Account budgets for 2018/19 which appear elsewhere on the agenda. Further detail on these projects is also provided.

The impact of the Investment Programme on revenue, capital and reserves are included in appendices attached to this report. Inclusion in the Investment Programme does not mean a project will proceed, only that the Council plans to undertake it if resources permit.

Reasons for Decision

To recommend to the Council that it approves the capital resources for 2017/18 onwards considered necessary to support its service plans and objectives.

Recommendations

The Executive is requested to:

RECOMMEND to Council That

- (i) the Investment Programme 2017/18 to 2020/21 be approved, subject to reports on projects where appropriate; and**
- (ii) the proposed financing arrangements be approved.**

This item will need to be dealt with by way of a recommendation to Council

Background Papers:

None.

Sustainability Impact Assessment
Equalities Impact Assessment

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Date Published:

24 January 2018

1.0 Introduction

1.1 The Investment Programme sets out the capital and one off investment necessary to support the achievement of the Council’s strategies and objectives. The Council recognises that its Investment Programme ambitions exceed the resources immediately available to finance all of these ambitions.

2.0 Overview of the Investment Programme

2.1 The Investment Programme lists all the Council’s projects. The estimated costs of the funded projects are shown in total in Appendix 1 and in more detail in Appendices 5 and 6.

2.2 For each project a proposed source of funding is identified (for example capital receipts, grant, development contributions, borrowing or use of revenue reserves). Actual funding decisions will be taken at the end of the year to optimise use of resources. The financing sections of the Investment Programme Appendices 2 – 4 summarise the use of each funding source and the impact on the Council’s reserves. The Investment Programme in itself is not a source of funding; it is the list of projects together with a summary of the implications on the resources available.

2.3 The following appendices are attached to this report:

Appendix	Title	Description
1	IP Summary	Sets out the total funded projects in the Investment Programme.
2	Financing summary	A summary of how the General Fund and Housing Investment Programme projects will be financed.
3	Reserves	A summary of the forecast reserves position (to follow).
4	Investment Strategy reserve	A schedule of the movements on the Council’s Investment Strategy Reserve. This is the Council’s main ‘usable’ revenue reserve (to follow).
5	Housing Investment Programme	A breakdown of the projects included in the Housing Investment Programme (HIP) where allowance will be made in the General Fund or HRA revenue budgets.
6	General Fund Projects	A list of projects included in the Investment Programme (allowance made in the General Fund budget).
6a	Asset Management Plan	A breakdown of the projects within the Asset Management Plan included in summary in Appendix 6.
6b	Asset Management Plan – Wolsey Place/Export House	A breakdown of the projects within the Asset Management Plan for Wolsey Place/Export House included in summary in Appendix 6.
6c	IT Programme	A breakdown of the IT programme line in Appendix 6.
7	Supporting detail for projects	A report providing further details, including a description, of each project listed in Appendix 6.
8	Glossary	An explanation of the technical terms used in the IP.

3.0 General Fund Investment Programme

3.1 The current and committed project details are set out in Appendix 6.

3.2 Where external funding is expected towards the cost of a project this is indicated against each project in the programme. If the external funding is specific to a project or type of project those external resources cannot be made available to fund other Investment Programme projects.

- 3.3 Where the project is to be funded by revenue this is also indicated, as this expenditure must be taken directly from the revenue reserves in the year it is incurred. A forecast of the Investment Strategy Reserve balance is set out in Appendix 4.

4.0 Housing Investment Programme

- 4.1 Works on the Council's housing stock are managed by New Vision Homes (NVH) and NVH's Asset Management Plan (AMP) through to 2020/21 is reflected in the Housing Investment Programme.
- 4.2 The breakdown of the Woking Borough Council Homes Section of the Housing Investment Programme (Appendix 5) is illustrative and priorities will be agreed between WBC Officers and NVH. The NVH Asset Management Plan is based on stock condition surveys and NVH continually review and develop the Asset Management Strategy for the stock.
- 4.3 The New Vision Homes Asset Management Plan budget has been maintained at £5,171,000 for 2018/19. This is funded by a £3,982,000 Major Repairs Contribution, a £1,120,000 Revenue Contribution to Capital Outlay, and a further contribution from the HIP reserve of £69,000. This level of expenditure may need to be reviewed from 2019/20 and any financial implications arising from the Sheerwater Regeneration Project will need to be considered. It is expected that the level of expenditure detailed in the Housing Investment Programme will be sufficient to achieve and maintain the Decent Homes Standard.
- 4.4 The Housing Investment Programme includes a Communal Heating and Hot Water System upgrade project. As reported to the Executive on 15th October 2015 these works were previously delivered as part of the New Vision Homes AMP. To avoid the New Vision Homes 18% overhead and profit management fee these works are now procured directly through Thamesway Maintenance Services Ltd (TMSL).
- 4.5 The Mandatory Disabled Facilities Grants (DFG) item on the Housing Investment Programme is funded by a £999,000 grant provided as part of the Department of Health's Better Care Fund. The Fund is administered through local partnerships between Care Commissioning Groups and Local Authorities. The local Care Commissioning Group has advised WBC Officers that they envisage this grant should be used to finance both the actual DFGs awarded to clients and capital costs incurred by the Council in delivering disabled facilities works.

Provision of new social housing

- 4.6 On the 16th July 2015 the Executive resolved that commercial assets serving the community as a whole (and not just housing tenants) should be accounted for within the General Fund and not the HRA. As detailed in the July 2015 report the total value of these assets was £11.6m. The transfer increases the cap on HRA borrowing enabling additional debt finance to be applied. Included in this £11.6m were land assets valued at £4.9m which were omitted from the detailed appendix. A future report will clarify these land assets together with the implications for the HRA borrowing cap and access to borrowing.
- 4.7 Local Authorities can retain an element of Right to Buy receipts locally to be used on one for one replacement housing. These receipts can be used to fund up to 30% of the cost of the replacement housing and must be used within 3 years or passed to the Government. In order to use all the one for one receipts received £6,334,000 needs to be spent on affordable housing in 2018/19 and £7,306,000 in 2019/20.

- 4.8 The Housing Investment Programme reflects the affordable housing spend required in order to utilise these receipts locally. To date these receipts have been used to fund the purchase of street properties brought into the HRA and on new build development sites. Officers are working up these schemes and will bring them to Council once more details are known. These receipts can also be passed to Registered Providers to invest in social housing in the Borough. Officers are negotiating with Thames Valley Housing Association to determine whether they can utilise these receipts to increase the local social housing supply.
- 4.9 On the 15th September 2016 the Executive resolved that the headroom within the housing borrowing cap (created by the appropriation detailed in 4.6) be used to fund investment in Housing Revenue Account (HRA) properties and the above affordable housing spend is budgeted to be financed by 30% retained receipts and 70% from borrowing. A further £4,565,000 in headroom will need to be generated in order to be able to borrow to finance the total expenditure.
- 4.10 Realistic options for generating headroom for Woking are the future repayment of debt associated with properties transferred under the Sheerwater project or through DCLG approval to increase the cap. The Leader of the Council has written to the Housing Minister in order to request that the cap is removed to allow the Council to deliver additional HRA properties.

Housing Infrastructure Funding Bids

- 4.11 As reported in the November draft Investment Programme, the Council has submitted separate Marginal Viability bids for Housing Infrastructure Funding for the Sheerwater Regeneration Scheme and the Victoria Square Development. A further joint bid with Surrey County Council was submitted under the Forward Funding element for a highway network upgrade south of the railway. We are expecting successful bids to be announced in February.

Sheerwater Regeneration

- 4.12 The loan facilities to be provided to Thamesway Housing Ltd (THL) and Thamesway Developments Ltd under the Sheerwater Regeneration Scheme are not currently included in the Investment Programme. Once TDL have come back with the detailed information on the tenders for phase 1 of the scheme the Programme will be amended to reflect these commitments.
- 4.13 In July 2017 a Loan Facility of £2.5m was approved for Thamesway Developments Limited to work up the tenders for Phase 1 of the scheme and the sports and recreation facilities, and to prepare for the submission of a detailed planning application for Phase 2. A further £2.5m was made available in November 2017. In undertaking this work, and following the instructions of Council to seek to improve the scheme (including green space), it became clear that preparing the detail for the tender exercise could be progressed but the planning position for the remainder of the scheme was more complex. After extensive consultation it was evident that a full modified Hybrid Planning Application would be required for the detail of a phase 2 and the remainder of the regeneration.

Disabled Facilities Grants (DFGs)

- 4.14 The Council was awarded DFG funding of £999,000 to carry out disabled adaptations to resident's homes in 2017/18. In January 2018 the Ministry of Housing, Communities & Local Government confirmed it has awarded further funding of £110,000. It is estimated this current year funding, and £355,000 unspent funding from previous years, will be spent

in full in 2017/18 as demand for disabled adaptations has been high. The Private Sector Homes Section of the Housing Investment Programme also includes Discretionary Disabled Grants, Safe At Home, Warm at Home, and Moving Home Grants. Where these haven't been utilised in the current year these items will be used to meet the additional DFG demand. Spend on DFGs will increase as the population ages but a number of internal factors including a higher visibility of the service, improved communications with partners (e.g. Adult Social Care), improved contracts that speed up delivery, and the use of private occupational therapists reducing delays have also enabled more cases to be completed.

5.0 Reserves Forecast and Resources Statement (Appendices 2 – 4)

- 5.1 The Reserves section of the Investment Programme shows the effect of the spending on HIP and GF Committed projects on the Council's reserves. Subject to maintaining sufficient reserves to meet contingencies, it is in the Council's interest to use sources of funding other than borrowing rather than to incur the cost of borrowing.
- 5.2 The Wolsey Place reserve covers any shortfall in income or increase in the running costs at Wolsey Place and Export House. A number of capital projects have been identified which were planned to be funded by the reserve, some of which would be recovered from tenants through the service charge over time. It is proposed that these improvements (listed in Appendix 4b) are funded by borrowing and any contributions set aside for the repayment of that borrowing when received. It is important that the Council protects the balance of funds held within the Wolsey Place reserve to ensure there is adequate resource available to manage the impact of tenant break clauses and renewals which come up during the MTFs period and beyond.
- 5.3 The Investment Programme contains some projects which are of a revenue nature. In accounting terms these projects do not produce an asset and so they cannot be funded from capital sources such as capital receipts or borrowing. The cost of these projects falls on revenue sources and is shown in the Investment Strategy Reserve (General Fund), HIP Reserve (Housing Revenue Account) or other revenue reserves.
- 5.4 All of the costs relating to the Investment Programme are built into the General Fund and Housing Revenue Account estimates. However, given the pressure on revenue resources and the current economic uncertainty, the Council's financial position will be considered before projects commence, and delaying starting projects remains an option.

6.0 Priorities

- 6.1 The projects are included within the Investment Programme using the priorities established by the Capital Strategy. The use of capital resources are prioritised in the Capital Strategy as follows:
 - schemes that are essential to comply with Health and Safety or security obligations;
 - schemes that are essential to enable the Council to carry on its business with economy, efficiency and effectiveness, including electronic service delivery;
 - schemes that are for essential maintenance of assets;
 - schemes that enable the Council to further the objectives of the Community Strategy;
 - schemes that secure or enhance the income base; and
 - schemes that secure reductions in the cost base.
- 6.2 Prioritisation of the use of capital resources has regard to the Council's service priorities, as determined at least annually as part of the budget process.

7.0 Reporting of Project Progress

- 7.1 The Executive receives a quarterly report of progress on projects. The report focuses on active projects and shows the project progress and assesses overall project risk as well as the total cost of projects (including costs incurred in previous years).
- 7.2 When a project is planned, a project mandate is prepared and these mandates are used to update the Investment Programme. Spending should only commence on a project once it has been through an authorisation process and the budget released.
- 7.3 The supporting detail for projects presented in Appendix 7 is generated from project data on Sharepoint and provides further information on the project objectives. The inclusion of the project reference also enables cross reference to the quarterly progress report.

8.0 New Schemes included within the Financed Investment Programme

- 8.1 The Investment Programme includes the following new schemes which have been added since the Investment Programme was approved in February 2017. The items added to the programme are indicated below and further details can be found in Appendices 5 and 6. Project reference numbers have been indicated where available for ease of reference.

- West Byfleet Play Area (20150)
- Play Area and Skate Park Repairs (20149)
- Car Park Variable Message Signage (20130)
- Pay on Foot Machine Upgrade £10 Notes (20155)
- Retrofitting Rainwater Gardens (20120)
- Poole Road Energy Centre – Loan to Thameswey Energy Ltd (n/a)
- Town Centre Property Acquisition (TMP4)
- Woking Gymnastics Centre (TMP20)
- Victoria Arch – Network Rail (TMP8)
- Business Incubator Unit – Kitchen Improvements (20183)
- Refurbishment of Floors 3, 5, 11, 12, 13, 15 of Export House (20182)
- Queen Elizabeth Gardens Drainage and Landscaping (20171)
- Queen Elizabeth Gardens Lighting Column Replacement (20168)
- Royal British Legion Silent Soldiers (TMP17)
- Best Bar None (20180)
- Leisure Centre Dry Change – Loan to Freedom Leisure (n/a)
- Hoe Valley School Leisure Facilities Equipment Fit Out (TMP9)
- Community Meals – Kitchen Equipment Replacement (TMP15)
- Egress/Secure Emails/File Transfer
- General Data Protection Regulation Software Upgrades and Additional Requirements
- Microsoft Enterprise Agreement
- Woking Park Wi-fi Installation (20187)
- Acquisition of Car Parks from Victoria Square Woking Ltd (TMP10)

9.0 Schemes in excess of £1m

9.1 In accordance with the Notice of Motion agreed by Council on 12 July 2007 the following schemes have costs exceeding £1m, not all of which have been contractually committed.

- Victoria Square Phase 1 – Loan to Bandstand Square Developments Ltd (n/a)
- Brookwood Cemetery (n/a)
- Wolsey Place Refurbishments (n/a)
- Opportunity Purchases (n/a)
- MTFS Investment Strategy (n/a)
- Workstyle Project (10881)
- River Wey Flood Prevention – Byfleet (10917)
- River Wey Flood Prevention – Old Woking (10918)
- Hoe Valley Flood Alleviation and Prevention Scheme (10916)
- All Weather Pitch – Woking Football Club/Woking College (20052)
- Woking Integrated Transport Package (20124)
- Hoe Valley School and Community Leisure Facilities (20040)
- Heathside Crescent Car Park Extension (20099)
- Civic Offices – Refurbishment of Ground Floor South Wing (20100)
- CCTV Infrastructure Upgrade and Formation of Town Centre Control Room (20122). This includes provision for CCTV in Woking Park.
- Town Centre Property Acquisition (TMP2)
- Civic Offices – Upgrade of Heating and Ventilation Systems (TMP5)
- Infrastructure Investment – Power Networks (TMP12)
- Waste Vehicles – Joint Waste Contract (20024)
- Woking Gymnastics Centre (TMP20)
- Acquisition of Car Parks from Victoria Square Woking Ltd (TMP10)

9.2 Other items in excess of £1 million include the Asset Management Plan, ICT Programme and Housing Repairs and Improvements programme which are each made up of a number of projects which vary in size.

9.3 Reports seeking approval to schemes will be made to the Executive as appropriate.

9.4 Approved loans to group companies in total exceed £1 million and are released on request, providing they are within the sums agreed in the Group Business Plans.

10.0 Schemes not yet taken account of

10.1 No financial implications have yet been included for the future costs of the Sheerwater Regeneration project, with the exception of the £5m loan to Thameswey Developments Ltd referred to in section 4 above.

10.2 Some costs are being incurred by the Council on Home Loss and Disturbance Payments together with Mortgages of Last resort as reported in the Green Book. The forecast costs

of these schemes will be included in future programmes once the updated Regeneration Plan has been considered.

11.0 Release of funding

11.1 The Council's Capital Strategy sets out the arrangements for managing the initiation and approval of projects and includes a delegated arrangement for the Executive to agree new schemes which fall within the following parameters:

"Where the scheme is a new scheme the proposal will be scheduled for consideration by the Executive. The Executive will be granted delegated authority to agree schemes which can be contained within the following parameters set by the Council:

- the capital cost of each individual project does not exceed £5m;
- the aggregate capital cost of schemes approved by the Executive under this delegation does not exceed £10 million in any one financial year; and
- the cost can be contained within the authorised borrowing limits.

The setting of the Authorised and Operational borrowing limits is reserved to the Council. Where the scheme is expected to be outside of the above parameters the scheme will need the approval of the Council."

11.2 The use of this delegated authority is reported in the Green Book.

12.0 Implications

Financial

12.1 The financial implications of the Investment Programmes have been incorporated in the draft General Fund and Housing Revenue Account estimates. The Prudential Borrowing implications will be built into the Treasury Management Estimates.

12.2 Later phases of the General Fund programme and the unfunded projects rely on the affordability of financing borrowing costs or the identification and receipt of other new resources to enable projects to progress.

Human Resource/Training and Development

12.3 The Council has core resources to manage the Investment Programme but relies upon third party consultants to implement a number of its major projects. This is considered the most cost effective way of managing a varied programme.

Community Safety

12.4 This report has no specific community safety implications.

Risk Management

12.5 The project management arrangements provide for risk analysis as part of the improved control of Investment Programme projects; this seeks to minimise and manage risk. In corporate terms the main risk for the Council is in overstressing its capacity, this is recognised by Officers and from time to time it will be necessary to re-prioritise the programme to reflect the capacity of the Council.

Sustainability

12.6 Projects in the Investment Programme are progressed in accordance with the Procurement Strategy, Crime and Disorder Strategy, and the Climate Change Strategy.

Equalities

12.7 This report has no specific equalities implications.

13.0 Consultations

13.1 No general public consultations have been undertaken in connection with this report.

REPORT ENDS

EXE18-004

APPENDICES

Equality Impact Assessment

The purpose of this assessment is to improve the work of the Council by making sure that it does not discriminate against any individual or group and that, where possible, it promotes equality. The Council has a legal duty to comply with equalities legislation and this template enables you to consider the impact (positive or negative) a strategy, policy, project or service may have upon the protected groups.

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS
		Eliminate discrimination	Advance equality	Good relations			
Gender	Men					√	
	Women					√	
Gender Reassignment						√	
Race	White					√	
	Mixed/Multiple ethnic groups					√	
	Asian/Asian British					√	
	Black/African/Caribbean/Black British					√	
	Gypsies / travellers					√	
	Other ethnic group					√	
Disability	Physical					√	
	Sensory					√	
	Learning Difficulties					√	

	Mental Health					√	
Sexual Orientation	Lesbian, gay men, bisexual					√	
Age	Older people (50+)					√	
	Younger people (16 - 25)					√	
Religion or Belief	Faith Groups					√	
Pregnancy & maternity						√	
Marriage & Civil Partnership						√	
Socio-economic Background						√	
Carers						√	

The purpose of the Equality Impact Assessment is to improve the work of the Council by making sure it does not discriminate against any individual or group and that, where possible, it promotes equality. The assessment is quick and straightforward to undertake but it is an important step to make sure that individuals and teams think carefully about the likely impact of their work on people in Woking and take action to improve strategies, policies, services and projects, where appropriate. Further details and guidance on completing the form are [available](#).

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Sustainability Impact Assessment

Officers preparing a committee report are required to complete a Sustainability Impact Assessment. Sustainability is one of the Council's 'cross-cutting themes' and the Council has made a corporate commitment to address the social, economic and environmental effects of activities across Business Units. The purpose of this Impact Assessment is to record any positive or negative impacts this decision, project or programme is likely to have on each of the Council's Sustainability Themes. For assistance with completing the Impact Assessment, please refer to the instructions below. Further details and guidance on completing the form are [available](#).

Theme (Potential impacts of the project)	Positive Impact	Negative Impact	No specific impact	What will the impact be? If the impact is negative, how can it be mitigated? (action)
Use of energy, water, minerals and materials			√	
Waste generation / sustainable waste management			√	
Pollution to air, land and water			√	
Factors that contribute to Climate Change			√	
Protection of and access to the natural environment			√	
Travel choices that do not rely on the car			√	
A strong, diverse and sustainable local economy			√	
Meet local needs locally			√	
Opportunities for education and information			√	
Provision of appropriate and sustainable housing			√	
Personal safety and reduced fear of crime			√	
Equality in health and good health			√	
Access to cultural and leisure facilities			√	
Social inclusion / engage and consult communities			√	
Equal opportunities for the whole community			√	
Contribute to Woking's pride of place			√	