

DRAFT INVESTMENT PROGRAMME 2018-19 TO 2022-23

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 draft General Fund and Housing Revenue Account budgets for 2019/20 which appear elsewhere on the agenda. Further detail on these projects is also provided.

This paper is the first iteration in the process of developing the Investment Programme for 2019/20 onwards, and reflects known slippage. The next stage will involve reviewing the profile of planned expenditure, particularly in light of actual spend to date, and the 2019 Business Plans for the group companies once these have been agreed.

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.

The Executive is asked to identify projects it wishes to bring forward to the funded Investment Programme and any potential savings through cost improvements or amended timing. The impact of these changes will be considered as part of the lead up to the final approval of the Investment Programme in February.

Recommendations

The Executive is requested to:

RESOLVE That

- (i) the draft Investment Programme for 2018/19 to 2022/23 be received;
- (ii) Managers, Corporate Management Group and Portfolio Holders be asked to review the Programme for cost improvements including reviewing the projects, their costs and timing to achieve savings with the minimum impact on citizen outcomes; and
- (iii) an Investment Programme budget of £400,000 be approved for 2018/19 and 2019/20 to continue the #WeAreWoking campaign.

Reasons for Decision

Reason: To agree the draft Investment Programme for consultation before submission for final approval to the Council in February 2019.

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The Executive has the authority to determine the recommendations set out above.

Background Papers: None.

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Date Published: 16 November 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 and includes a separate appendix to show projects which are not currently funded but the Council proposes to undertake should resources permit. The estimated costs of the funded projects are shown in total in Appendix 1 and in more detail in Appendices 3 and 4.

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 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	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.
4	General Fund Projects	A list of projects included in the Investment Programme (allowance made in the General Fund budget).
4a	Asset Management Plan Wolsey Place/ Export House	A breakdown of the projects within the Wolsey Place/ Export House Asset Management Plan included in summary in Appendix 4.
4b	IT Programme	A breakdown of the IT programme line in Appendix 4.
5	Supporting detail for projects	A report providing further details, including a description, of each project listed in Appendix 4.
6	Glossary	An explanation of the technical terms used in the IP.

3.0 Finance Task Group

3.1 An early draft Investment Programme was considered by the Finance Task Group on 19 September. Comments were sought on the projects within the Investment Programme regarding priorities, timing and any projects the Group considered should be brought forward. The group will also review an updated version of the programme at the January meeting. Any comments will be reported at the Executive or taken into consideration in preparing the final Investment Programme as appropriate.

4.0 General Fund Investment Programme

4.1 The current and committed project details are set out in Appendix 4.

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- 4.2 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.
- 4.3 Where the project is to be funded by revenue, this is indicated as this expenditure must be taken directly from revenue reserves in the year in which it is incurred.

5.0 Housing Investment Programme

- 5.1 Works on the Council's housing stock are managed by New Vision Homes (NVH) and NVH's Asset Management Plan through to 2020/21 is reflected in the Housing Investment Programme.
- 5.2 The breakdown of the Woking Borough Council Homes Section of the Housing Investment Programme (Appendix 3) 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.
- 5.3 The total New Vision Homes Asset Management Plan budget is £4,665,000 for 2019/20. This is funded by a £4,045,000 Major Repairs Contribution and a £620,000 Revenue Contribution to Capital Outlay (RCCO). This level of expenditure will need to be reviewed for the final estimates and any financial implications arising from the Sheerwater Regeneration Project will need to be considered. As detailed in the HRA Draft Budget Report elsewhere on the agenda the HRA will not be able to maintain the RCCO following the demolition of the dwellings within the regeneration red line.
- 5.4 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).
- 5.5 The Mandatory Disabled Facilities Grants (DFG) item on the Housing Investment Programme is funded by a £1,093,000 grant provided as part of the Department of Health's Better Care Fund. Demand for DFGs is high and officers are reviewing whether WBC's additional discretionary grant contribution can be increased to help meet the demand. Any increase will be presented with the final Investment Programme in February.

Provision of New Housing

- 5.6 Local Authorities can retain an element of Right to Buy receipts locally to be used on one for one replacement housing. Currently 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 the past it has been challenging to utilise these receipts as the HRA borrowing cap has limited the Council's ability to fund the remaining 70% of the housing. However, as discussed in the 2019/20 Draft HRA Budget Report elsewhere on the agenda, the Government have now scrapped the Borrowing cap.
- 5.7 As detailed in the October Executive's Affordable Housing Expenditure Update Report Officers have reviewed the land assets held by the authority, and other potential development sites around the Borough, to identify suitable new build affordable housing developments. The Housing Investment Programme lists these schemes which are to be funded by 30% retained receipts and 70% HRA Borrowing.

Sheerwater Regeneration

- 5.8 The loan facilities to Thamesway Housing Ltd (THL) and Thamesway Developments Ltd (TDL) for the full construction costs of the Sheerwater Regeneration scheme have not been included in the Investment Programme. Once TDL have come back with the detailed information on the tenders for the scheme the Programme will be amended to reflect these commitments. The following costs relating to the implementation of the Sheerwater Regeneration have been included;
- 5.9 On 5 April 2018 the Council approved a loan facility of £26m to enable TDL to construct the leisure and recreational facilities at the Bishop David Brown site.
- 5.10 £42m is included for acquiring the privately owned dwellings within the red line and £1.4m for assisted purchases. These costs are incurred by TDL as part of the Sheerwater Project cost but are funded through WBC loans to Thamesway.
- 5.11 An arrangement fee is charged on the loan facilities provided to TDL and the income generated is set aside in the Sheerwater Regeneration Reserve. The direct costs to the Council relating to the Scheme (including staff costs, removal costs, and an equalities survey) are to be financed by this reserve.
- 5.12 The Sheerwater Community Charter requires the Council to pay Home Loss and Disturbance payments to tenants being rehoused due to the scheme. The Council is also required to offer Mortgages Of Last Resort to those homeowners who cannot secure a mortgage in order to purchase a new property within Woking Borough.

6.0 Reserves Forecast and Resources Statements

- 6.1 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. The reserves forecast will be presented with the next version of the Investment Programme once expenditure plans have been reviewed and refined.
- 6.2 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 (detailed in Appendix 4a) are funded by borrowing and any contributions set aside for the repayment of that borrowing when received. This will protect the funds held within the Wolsey Place reserve.
- 6.3 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 fall on revenue sources and are included in the Investment Strategy Reserve (General Fund) and HIP Reserve (Housing Revenue Account). Detail of the General Fund and HRA impacts are included in other reports on the agenda.
- 6.4 All of the costs relating to the Investment Programme are built into the General Fund and Housing Revenue Account estimates. However, given the ongoing pressures on revenue reserves and the current economic uncertainty, the Council's financial position will be considered before projects commence, and delaying starting projects remains an option.

7.0 Priorities

7.1 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.

7.2 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.

8.0 Reporting of Project Progress

8.1 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).

8.2 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.

8.3 The supporting detail for projects presented in Appendix 5 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.

9.0 New schemes included within the Financed Investment Programme

9.1 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:

- Woking Park Tennis Courts Improvements (20076)
- Land Assembly at Brookwood Lye (TMP8)
- Community Meals Office Relocation (20184)
- Alternative Premises Plan (20169)
- Hostel Feasibility (TMP18)
- Woking Sustainable Transport Package (TMP6)
- Repairs to Road Outside St John's church (20189)
- Loan to Rutland – Robin Hood Pub (n/a)
- Kestrel Way Industrial Units (n/a)
- Land Acquisition at Egley Road (TMP4)
- School Place Provision (20195)
- Syrian Refugee Resettlement Programme (TMP14)
- Redevelopment of YPod (TMP21)

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- New Hostel Provision (TMP19)
- Your Sanctuary (TMP20)
- Victoria Arch and Integrated South Side Works, including Network Rail (TMP7)
- Canal Boat Basin (TMP22)
- Woking Cinemas (TMP5)
- Victoria Way Car Park Extension (20165)
- Fibre Network (20197)
- Woking Park: Mechanical Upgrade Works at Pool in the Park and Woking Leisure Centre (20177)
- Wolsey Place Residential Main Staircase, Common Corridor and New Entrance Decoration (TMP39)
- Review of Cloud/Hosting services (TMP49)

Brookwood Cemetery

- 9.2 The Investment Programme includes capital and revenue grants to Brookwood Cemetery to fund backlog maintenance as well as capital improvements. It is proposed to keep the allowance at £1m capital grant and £500k revenue grant each year through the programme, and to confirm both 2019/20 and 2020/21 grants as part of the 2019/20 process which will enable the works to be committed.

St John's Scouts New Headquarters

- 9.3 A site to enable the development of a new headquarters for St John's Scouts has been acquired at the end of St John's Lye. Over the next six months plans will be prepared and a report will then be submitted to the Executive with a proposal for development.

We are Woking

- 9.4 The We are Woking campaign aims to ensure the town is seen as 'open for business' during development works as well as attracting new commercial, visitor and local interest in the Borough. It is proposed that the programme be maintained at the current level to enable the publicity activity to continue, and that a budget of £400k be approved for 2018/19 and 2019/20.

Car Park Management

- 9.5 The Investment Programme includes allowance for investment in both Victoria Way and Heathside car parks as well as the new car park asset developed as part of the Victoria Square regeneration. A report will be prepared in due course to consider the scheduling of these works, following the decision to replace the Shoppers Red Car Park. It will also include the introduction of new Car Park Management systems likely to cost circa £2 million.

Countryside Management

- 9.6 On 26 November 2018 the Overview and Scrutiny committee will receive an initial report on establishing a formal programme for the maintenance of the Borough's heathlands. Following consideration of the proposals by the committee and the Climate Change Working Group during 2019/20, recommendations will be made on the resource which should be allocated. In the meantime a one-off Investment Programme allowance will be made in the final Investment Programme for 2019/20 enabling some initial works to be completed.

MTFS Investment Requirement

- 9.7 The Medium Term Financial Strategy identified a savings requirement of £3.3m to be identified in the period to 2022/23. Further investments in housing and strategic properties would be sought to achieve this target income. The final Investment Programme in February 2019 will be updated to reflect these plans.

10.0 Schemes in excess of £1m

- 10.1 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 2 – Loan to Victoria Square Woking Ltd (n/a)
- Wolsey Place Refurbishments (n/a)
- Opportunity Purchases (n/a)
- Town Centre Property Acquisition – Dukes Court (TMP2)
- Strategic Property Acquisition – The Clockhouse (TMP3)
- MTFS Investment Strategy (n/a)
- Land Acquisition – Egley Road (TMP4)
- Woking Cinemas (TMP5)
- Woking Integrated Transport Package (20124)
- Woking Sustainable Transport Package (TMP6)
- Victoria Arch and Integrated South Side Works including Network Rail (TMP7)
- Land Assembly at Brookwood Lye (TMP8)
- River Wey Flood Prevention – Byfleet (10917)
- River Wey Flood Prevention – Old Woking (10918)
- Hoe Valley Flood Alleviation and Prevention Scheme (10916)
- Hoe Valley School and Community Leisure Facilities (20040)
- School Place Provision (20195)
- Victoria Way Car Park Extension (20165)
- Heathside Crescent Car Park Extension (20099)
- Acquisition of Car Parks from Victoria Square Woking Ltd (TMP11)
- Infrastructure Investment – Power Networks (TMP12)
- Fibre Network (20197)
- Syrian Refugee Resettlement Programme (TMP14)
- All Weather Pitch – Woking Football Club/Woking College (20052)
- Playing Pitch and Outdoor Facility Strategy Action Plan (20081)
- Woking Gymnastics Centre (TMP17)
- New Hostel Provision (TMP19)
- Your Sanctuary (TMP20)
- Redevelopment of YPod (TMP21)

- Canal Boat Basin (TMP22)
- Civic Offices – Upgrade of Heating and Ventilation Systems (TMP24)
- CCTV Infrastructure Upgrade and Formation of Town Centre Control Room (20122)

10.2 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.

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

10.4 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.

11.0 Schemes not yet taken account of

11.1 As set out in paragraph 5.8 the Investment Programme does not yet include the full construction costs of the Sheerwater Regeneration project.

12.0 Release of funding

12.1 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.”

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

13.0 Implications

Financial

13.1 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.

13.2 The draft Investment Programme will continue to be reviewed for the timing, scope and funding of projects during the budget process to identify any possible savings.

13.3 The Reserves Forecasts and Resource statements will be presented with the next version of the Investment Programme. 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

- 13.4 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

- 13.5 This report has no specific community safety implications.

Risk Management

- 13.6 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

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

Equalities

- 13.8 This report has no specific equalities implications.

Safeguarding

- 13.9 This report has no specific safeguarding implications.

14.0 Consultations

- 14.1 No general public consultations have been undertaken in connection with this report. The Investment Programme will be reviewed by Managers, Corporate Management Group and Portfolio Holders for cost improvements including reviewing the projects, their costs and timing to achieve savings with the minimum impact on citizen outcomes.

REPORT ENDS