Chorley Borough Council Capital Strategy APPENDIX H

INTRODUCTION

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to provide a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with corporate objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

PURPOSE

2. The capital strategy sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward an impact on the achievement of corporate strategy priorities.

3. The capital strategy sets out a framework for the self-management of capital finance and examines the following areas:

    - Capital expenditure
    - Treasury Management
    - Commercial Activity
    - The future ambition of the council's capital programme

4. The capital strategy is to be approved annually by Full Council alongside the budget setting papers.

CAPITAL EXPENDITURE

5. The Council's Capital Programme forms part of the Council's overall financial strategy to deliver some of its key objectives contained in the Corporate Priorities. The Capital Programme must be affordable and based upon prudence. The current local government financial position and the need to make revenue savings will impact on the Council's ability to finance further capital spending unless additional funding is secured from external sources. The Capital Programme is constructed based upon the following objectives.

The resources available will be targeted at areas that deliver corporate priorities as described in the annual Corporate Strategy

Borrowing will be managed to ensure the future impact on revenue is minimised

The council will consider the purchase and/or development of assets to generate a sustainable revenue stream to counteract against the risk of future reductions in grant funding and year to year fluctuations in locally sourced funding and to invest in regeneration of the Borough

The council will consider working with partners to assist them to meet both their objectives and the council's objectives; this must have no impact on revenue budgets. This support may include granting loans to organisations at a rate that generates a greater return to the council.

The council will continue to identify land to assist in delivering its affordable housing targets.

The council will look to maximise opportunities to attract external finance to sustain its programme of work

Governance

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

   - Full Council approves the Council's Corporate Strategy that is refreshed every year, this strategy features numerous capital projects that are then built into the council's budget setting process.
   - The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the executive before submission to the Full Council.
   - Full Council approves the capital programme as well as the Treasury Management and Investment Strategy. The revenue implications of these strategies are included in the annual budget and Medium-Term Financial Strategy, all of which is approved by Full Council.
   - Executive Cabinet receives quarterly revenue and capital monitoring reports, approves variations (or recommends approvals to Full Council) and considers new bids for inclusion in the capital programme.
   - Portfolio holders are assigned projects in line with their responsibilities
   - Overview and Scrutiny can call in Cabinet reports, receive and scrutinise reports
   - All projects progressing to the capital programme follow the constitution and financial regulations, this includes adjustments to the projects as they progress
   - The capital programme is subject to internal and external audit.

7. The definition of 'capital' will be determined by the Chief Finance Officer, having regard to government regulations and accounting requirements. Further information regarding the governance of the capital programme is given in Appendix 4 of the Constitution titled Financial Regulations & Financial Procedure Rules as approved by Full Council on 22 July 2019.

New Capital Proposals

8. A new proposed scheme must be assigned a project manager. Standardised project initiation documentation is used based upon Prince 2 project management methodologies. As a result, new projects focus on the benefits it can deliver through the measurable project outcomes, not just time and cost.

9. Business cases are created and scrutinised by the finance team to ensure all financing, capital and revenue expenditure and income implications have been considered across the lifecycle of the investment with appropriate levels of sensitivity analysis surrounding key assumptions. If required, external expertise will be sought to provide specialist support such as VAT and governance advice. Outline risk registers are included and scrutinised by internal audit, finance and the service managers.

10. New proposals along with the business cases are reported to the Corporate Leadership Team (CLT) and Senior Leadership Team (SLT) to ensure schemes are compliant with the council's overall strategic objectives. The role of SLT is to ensure that new

proposals are not considered in isolation but rather considered alongside existing schemes and other new proposals. In doing this SLT ensures the council's corporate priorities are driving future capital investment. For example, the council's Medium-term Financial Strategy includes the ambition to create future efficiency savings, contract savings and income generation, as well as benefit residents and local communities. Projects that are brought forward to SLT must meet one or more of these objectives.

11. Once considered by SLT new proposals are taken to the Corporate Leadership Team, including the Chief Finance Officer, and if accepted they are taken to the administration for approval. In line with the requirements of the constitution, the new project may be taken to Executive Cabinet or Full Council for final approval. Projects are monitored through the council's project management framework including the use of Prince 2 project management tools to ensure responsible officers are identified, business cases are reviewed, risks logged, stakeholders suitably engaged and project outcomes realised and reviewed.

Affordability, Prudence and Sustainability

12. The Prudential Code requires that the Authority shall ensure that all capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Council's overall fiscal sustainability.

13. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years.

14. The latest capital programme, subject to approval at Full Council on 25 February 2020, is outlined in Table 1.

Table 1: Capital Programme 2019/20 to 2022/23

Directorate	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Customer & Digital	0.882	0.048	0.000	0.000	**0.929**
Early Intervention & Support	0.988	1.325	0.875	0.875	**4.062**
Policy & Governance	0.100	1.539	0.000	0.000	**1.639**
Commercial Services	44.598	21.020	3.065	2.300	**70.982**
Total Capital Expenditure	**46.568**	**23.931**	**3.939**	**3.175**	**77.612**
Developer Contributions	1.344	3.772	1.065	0.000	**6.181**
Grants	2.008	1.521	0.775	0.775	**5.079**
Capital Receipts	0.243	0.440	0.000	0.000	**0.683**
Reserves	0.823	1.064	0.000	0.000	**1.887**
Self-Financed Borrowing	42.099	12.350	0.000	0.000	**54.449**
Borrowing	0.050	4.783	2.100	2.400	**9.333**
Total Financing	**46.568**	**23.931**	**3.939**	**3.175**	**77.612**

15. The Capital Expenditure Prudential Indicator (Table 1) is the platform from which most Prudential Indicators of the Council are formed; this Prudential Indicator (PI) is grounded in the Council's capital programme and is a stated affordability indicator within the Prudential Code.

16. The predominantly high value projects within any capital programme means capital expenditure is a significant source of risk for any Council; the nature of these projects means they are often subject to cost variations, slippage or changes in specification.

17. Having established through the governance process that the capital programme is affordable, the monitoring of agreed against actual is a key element of risk management which this PI is designed to assist with; quarterly monitoring, using this PI as it's cornerstone, will help sign-post where schemes are straying from expectation either in regard to cost or timeframe

18. A typical measure of affordability is to compare the council's capital financing costs (interest and MRP) to the net revenue stream (council tax, business rates, revenue support grant and new homes bonus income). An increasing percentage would mean a greater proportion of the council's funding being used to meet its debt. Table 2 provides a modified version of this ratio that also includes the net income generated through investing in income generating assets. It is correct to include this income in the net income stream as borrowing has been used to part-fund these investments. An analysis of this ratio is given below:

Table 2: Capital Financing/Net Revenue Stream

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
MRP and Interest	**1.647**	**2.838**	**3.312**	**3.399**
Council Tax	(7.127)	(7.186)	(7.272)	(7.345)
Business Rates including grants for reliefs	(5.257)	(4.796)	(4.300)	(4.225)
New Homes Bonus	(2.790)	(2.346)	(1.125)	(0.550)
Funding	**(15.174)**	**(14.328)**	**(12.697)**	**(11.953)**
Market Walk net income*	(1.623)	(1.609)	(1.609)	(1.609)
Other Property including land and garages*	(0.439)	(0.486)	(0.498)	(0.498)
Net Income* – Market Walk Extension	(0.175)	(0.607)	(0.637)	(0.637)
Net Income* – Primrose Retirement	0.044	(0.248)	(0.263)	(0.263)
Net Income* – Strawberry Fields Digital Office	0.315	(0.168)	(0.318)	(0.348)
Net Income* – Logistics House	(0.831)	(1.661)	(1.661)	(1.661)
Net Income* - Affordable Housing	0.000	0.000	(0.030)	(0.030)
Net Income* - Other New Developments	0.000	0.000	(0.214)	(0.214)
Net Income from Asset Investments	**(2.709)**	**(4.780)**	**(5.230)**	**(5.261)**
Adjusted Net Revenue Stream	**(17.883)**	**(19.108)**	**(17.927)**	**(17.214)**
Capital Financing/Net Revenue Stream	**9.21%**	**14.85%**	**18.48%**	**19.74%**

*Excludes borrowing costs that are included in the first line of the table

19. Table 2 gives a proposed performance indicator regarding the affordability of the council's capital strategy. It should be noted however that this indicator will increase due to reductions in Government funding such as the elimination of New Homes Bonus or changes to retained business rates.

20. Table 2 highlights that the annual cost of borrowing is due to increase from £1.647m in 2019/20 to £3.399m by 2022/23. It also outlines the additional income (net of running costs) that most of this borrowing will generate, income is expected to increase from £2.709m in 2019/20 to £5.261m in 2022/23. Included in the income figures are estimated income levels for future investments such as the development of affordable housing and Alker Lane as well investments in the Duxbury and Chapel Rd sites. All

forecast income is set at a prudent level. The opportunities and risks regarding the council's investment in income generating assets is analysed further in the 'Commercial Activity' section of this report.

Prudence

21. The Code also states that "In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years." This is a key indicator of prudence.

Table 3: Capital Financing Requirement 2019/20 to 2022/23

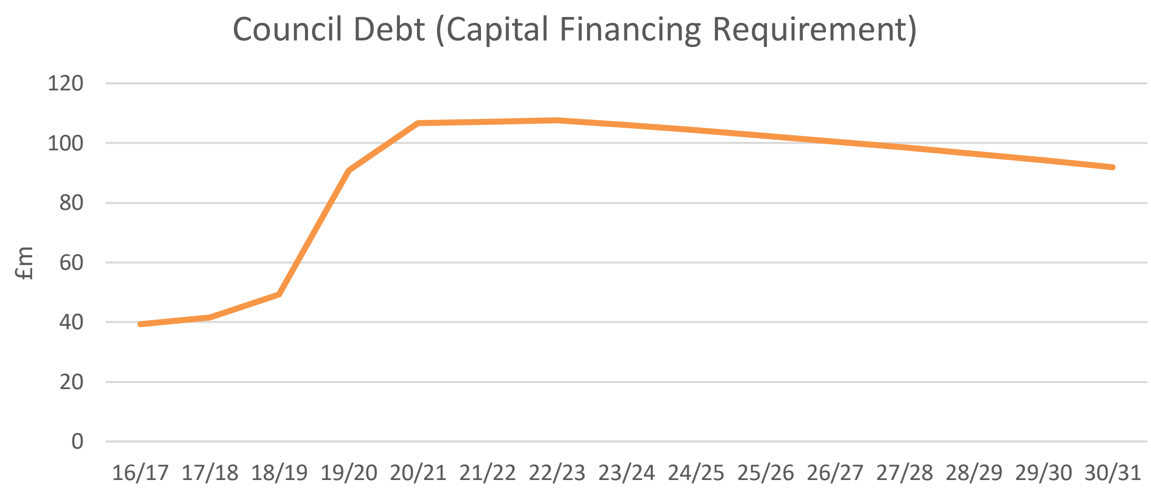
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Opening Capital Financing Requirement	**49.284**	**90.864**	**106.687**	**107.046**
Increase in prudential borrowing – income generation	42.099	12.350	0.000	0.000
Increase in prudential borrowing - other	0.050	4.783	2.100	2.400
Provision made for debt repayments	(0.569)	(1.311)	(1.741)	(1.835)
Closing Capital Financing Requirement	**90.864**	**106.687**	**107.046**	**107.611**

22. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2020/21 does not, except in the short term, exceed £90.864m (i.e. the estimated CFR for 2019/20).

23. The increase in borrowing in 2020/21 is due to the expected investment in affordable housing, the Alker Lane development and the expected investment in Chapel St, indoor markets and service centres outside of the town centre.

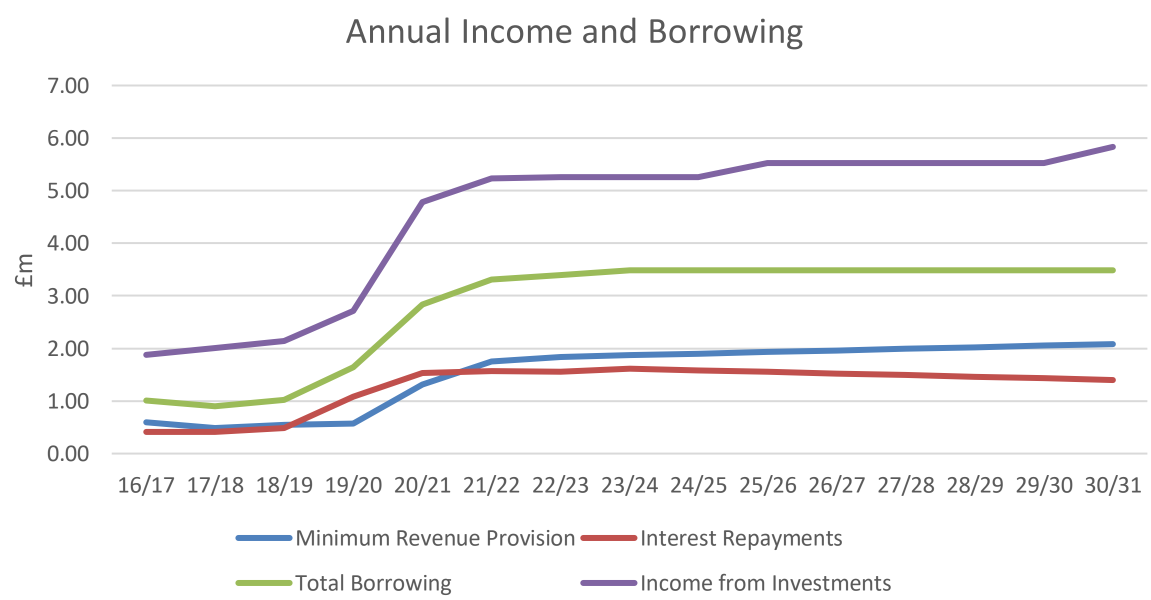
24. The increase in debt outlined in Table 3 must be considered alongside the additional borrowing costs and income generated. Below are two charts that analyse this further.

Chart 1: Council Debt – Capital Financing Requirement



25. The council's debt in 2016/17 was approximately £40m with £23m of this debt relating to the purchase of Market Walk Shopping Centre. The debt then gradually rises as developments such as Market Walk Extension, Primrose Gardens and Strawberry Fields begin construction. Finally, the forecast debt rises to over £100m, mainly due to the £33m purchase of the Logistics House site.

Chart 2: Annual Income and Annual Borrowing Costs



26. The increase in debt is mirrored by an increase in borrowing however Chart 2 also emphasises how income from investments grows as well. The income from investments is net of running costs and so the gap between the total borrowing and income can be viewed as the council's annual return from borrowing. The gap between these lines grows from £1m to over £2m, this is due to the increase in rent that is expected from the lease of the Logistics House site. This increase is the minimum inflationary increase built into the 15-year lease and is therefore deemed a prudent estimate.

27. It is proposed that the gap between total borrowing and income is included as a performance indicator in the capital strategy. As other councils do not publish this data it will not be possible to benchmark this performance indicator however the council can monitor this over time to provide assurance regarding the overall affordability of its investments

Table 4: Investment Income in Excess of Borrowing

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
MRP and Interest	**1.647**	**2.838**	**3.312**	**3.399**
Net Income from Asset Investments	**(2.709)**	**(4.780)**	**(5.230)**	**(5.261)**
Investment Income in Excess of Borrowing	**(1.062)**	**(1.942)**	**(1.918)**	**(1.862)**

ASSET MAINTENANCE

28. It is the council's ambition to create an asset management plan, resources have been set aside and qualified staff recruited to begin this process however it will not be finalised prior to Full Council on 25 February 2020. As such the council will include this plan with the lifecycle investment requirements and risk assessment in the 2020/21 Capital Strategy. This will therefore provide a long-term view of the capital programme and how it manages existing assets.

29. The Council sets aside sufficient budget every year for the maintenance of its assets. Where possible, revenue resources are set aside every year to fund the replacement and enhancement of Council owned short-life assets. This approach mitigates any potential cost to the council's revenue budget of borrowing to fund capitalised expenditure on council owned assets.

Table 5: Capital expenditure on council owned assets (not project specific)

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
General Council Owned Asset Improvements	0.090	0.256	0.211	0.386
Leisure Centres	0.000	0.050	0.010	0.030
TOTAL	**0.090**	**0.306**	**0.221**	**0.416**
Original Budget	**0.285**	**0.445**	**0.597**	**0.896**

30. Any unspent budget is rolled forward to ensure that any peaks and troughs in capital expenditure are managed within budget. The budget has been sufficient to meet past expenditure requirements as outlined in table 5. The council will continue to set aside a capital budget of at least £400k per annum to meet these improvements.

31. In addition, the council holds a sinking fund and maintenance reserve for Market Walk Shopping centre to fund any maintenance and investment requirements. The council sets aside sufficient budgets to fund maintenance works to its major capital projects that have and will become operational in the coming years.

COMMERCIAL ACTIVITY

32. This section outlines the investment in assets that has been made or will be made in the coming years that are forecast to generate net revenue to the council in the medium to long term. Most of the investments however are made for purposes other than purely generating a yield including economic regeneration, job creation, improvements to housing standards and improving residents' enjoyment of the town centre.

33. The council has many assets that generate net income, these are summarised below.

Table 6: Summary of Net Income from Existing Assets

Directorate	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Market Walk Shopping Centre	(1.623)	(1.609)	(1.609)	(1.609)
Other Property including land and garages	(0.439)	(0.486)	(0.498)	(0.498)
Major Projects	(0.647)	(2.685)	(2.880)	(2.910)
Net Income* - Other New Developments	0.000	0.000	(0.244)	(0.244)
Total Net Income	**(2.709)**	**(4.780)**	**(5.230)**	**(5.261)**
Gross Directorate Budgets Chorley Council	**17.284**	**18.610**	**18.975**	**19.512**
% Net Income to Gross Directorate Budgets	**15.67%**	**25.68%**	**27.57%**	**26.96%**

34. The council's gross directorate budgets are funded by approximately 25% through the income generated by these assets. This percentage will increase as the council is investing in new income generating assets to broaden its investment portfolio and mitigate the impact that austerity is having on the services received by its residents.

35. As this income represents a quarter of the council's gross budget it is important to analyse the risk associated with the income assumed in the budget.

Risk

36. **Occupancy Levels** – the occupancy levels assumed in income figures Table 6 are deemed prudent based on the current information regarding these sites, they are summarised below:

Table 7: Budgeted Occupancy Rates

	2020/21	2021/22	2022/23
Market Walk Shopping Centre	99.20%	99.20%	99.20%
Market Walk Extension	90%	94%	94%
Primrose Gardens	90%	90%	90%
Strawberry Fields	50%	60%	65%
Logistics House	100%	100%	100%

- The existing Market Walk Shopping Centre will be close to fully occupied in 2020/21. The budget is updated throughout the year to manage any changes in rents from lease renewals. Any large in-year decreases in rent will be managed by the income equalisation reserve that stands at £490k in 2020/21, this has not been required since the council bought the shopping centre. To date the net income budget has been reduced to account for any reductions in rent however it should be noted that some units have been let at rents higher than previously budgeted.

- 75% of the space at the Market Walk Extension has signed rental agreements or agreements in the process of being agreed. The budget assumes an increase in occupancy as the final units are assumed to be filled in the coming 12 months. There will remain a small percentage of non-lettable space.

- Primrose Garden's 65 units are expected to be fully occupied by the end of March 2019. 10% void rates per annum have been assumed and this will be adjusted in 2020/21 when the performance of the retirement village is better understood.

- The occupancy rates at Strawberry Fields Digital Office Park are increasing with the office areas being the most popular. Some of internal flexible and office space is being changed to accommodate the demands of the market. This has meant occupancy is not increasing as quickly as other council owned buildings, however the occupancy rates in table 7 are deemed realistic given the number of enquiries regarding space at the office park from SMEs.

- The council has a 15 year of the Logistics House site and the current tenant has a very strong financial standing. As such the occupancy rate is assumed to be 100%, the council will set aside £450k reserve to manage the site.

37. The interest rates assumed in the models are based on current PWLB rates accessible to the council. As the majority of the schemes are now operational, an increase in interest rates will not affect the returns on these investments. Increases in interest rates will however change the forecast borrowing in future years. The borrowing forecast

assumes an additional £20m of borrowing over the coming three to four years. A 1% increase in the PWLB rate would increase borrowing costs by £200k per annum. This would reduce the net income from future investments however as the PWLB increased interest rates by 1% in October 2019, a further large increase is not anticipated in the coming years.

38. All external funding contributions towards future projects included in the capital programme have been secured with the exception of the affordable housing project that is still in the early stages of project management.

39. When completed all assets are brought into the council's year-end valuation cycle. All assets are valued at least every 5 years however assets will be valued if there is reason to believe its value may have changed by a material amount. The following assets are valued every year:
    - Market Walk Shopping Centre and Extension
    - Primrose Gardens Retirement Village
    - Strawberry Fields Digital Office Park
    - Logistics House site

40. These assets will be valued to allow the council to compare the values of each asset to the level of outstanding debt per asset. Officers take advice from qualified RICS surveyors regarding all valuations.

41. The council holds a £4m unallocated general fund reserve that is in place to manage unforeseen expenditure or a fall in forecast income. The council's major projects, such as the existing Market Walk shopping centre, include a maintenance budget to manage day-to-day as well as larger scale repairs and maintenance.

Wholly Owned Company

42. The council is in the process of setting up a wholly owned company as per the approved report to Full Council on 23 July 2019. The company will hold and manage the Logistics House site on behalf of the council. The key reason for requiring a vehicle separate to the council is because the Localism Act, and other legislation, places restrictions on the council in terms of what it can do without a company. The key provision is s4(1) of the Localism Act 2011:

    "Where, in exercise of the general power, a local authority does things for a commercial purpose, the authority must do them through a company."

43. The council has finalised the Memorandum of Association, registration document and the Standing Orders document and they have been submitted for registration to Companies House. Once the registration is complete the asset will be transferred from the council to the wholly owned company. The method of transfer will be such as to provide the council with sufficient control of the asset whilst doing so in the most tax efficient manner.

Risk Appetite

44. A key element of the Capital Strategy is to define what Chorley Council's risk appetite. Chorley Borough Council is exposed to a number of investment and commercial risks:
    - **Financial risk** relating to the investment of cash, market volatility, currency markets, etc
    - **Economic risk** relating to whether the local / national economy is growing or contracting
    - **Counterparty risk** relating to investments, loans to third parties and business transactions
    - **Operational risk** arising from transactions
    - **Strategic risk** relating to the decisions taken by the Council in pursuit of its corporate objectives, i.e. the purchase of major new assets.
    - **Reputational risk** relating to the adverse impact of the Council's dealings
    - **Environmental** and **social risks** arising from the adverse impact of investments
    - **Governance risk** relating to the transparency and accountability of decisions and decision-makers.

45. The Council has no appetite for **reputational, governance** and **foreign currency risk**. Its approach to other risks is as follows:

    - **Financial** – subject to full due diligence and appropriate external advice the Council will have a moderate risk appetite for investment / expenditure on a range of asset classes, property and longer-term investments. Security and liquidity will be appropriate for the type of investment made. Income generation will prevail over capital appreciation. The Council will have no appetite for volatile or emerging market sector investments.

    - **Economic** – The Council will have a high risk appetite for appropriate investments / expenditure in the Borough, it has no risk appetite for investments outside the Borough. The Council will have a low appetite for interest rate risk exposure.

    - **Counterparty –** the Council will have a high appetite for highly rated counterparties and financial institutions and a low appetite for unsecured non-investment debt. All investments will be subject to careful due diligence and an assessment of the Council's corporate priorities and liquidity profile.

    - **Operational –** the Council will have a low risk appetite for all operational risk arising from factors such as: price errors, administrative errors, IT security, etc. Specific business risks are identified at business unit level and business continuity plans identify and mitigate as appropriate. There is no appetite for fraud, regulatory breaches and exceeding approved limits.

    - **Strategic –** The Council will have a high appetite for investments which further its corporate priorities, increase revenue streams and / or facilitate the efficient and effective delivery of core service objectives,

- **Environmental and social** – the Council will have no appetite for environmental and social risk.

KNOWLEDGE AND SKILLS

46. The council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The council establishes project teams from all the professional disciplines from across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

47. Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the strategic director of finance and governance.

RECOMMENDATIONS

48. It is recommended that the prudential indicators outlined in Table 8 are approved as part of the 2020/21 budget.

49. It should be noted that these performance indicators are specific to Chorley Council due both to its composition of funding and its unique level of commercial activity. As such these cannot be benchmarked effectively against other council's indicators. The indicators can however be monitored over time. As such it is proposed that these performance indicators will be monitored, reported and, where necessary adjusted, every six months. They will be reported to Governance Committee and Full Council.

Table 8 – Prudential Indicators 2019/20 to 2022/23

Indicator	2019/20	2020/21	2021/22	2022/23
Estimated Capital Expenditure (Table 1)	46.568	23.931	3.939	3.175
Capital Financing/Net Revenue Stream (Table 2)	9.21%	14.85%	18.48%	19.74%
Estimated Capital Financing Requirement (Table 3)	90.864	106.687	107.046	107.611
Investment Income in Excess of Borrowing (Table 4)	(1.062)	(1.942)	(1.918)	(1.862)
% Net Income to Gross Directorate Budgets (Table 6)	15.67%	25.68%	27.57%	26.96%

CHORLEY COUNCIL'S CAPITAL INVESTMENT AMBITION

50. The council's ambition to invest within the borough stretches beyond the time scales of its approved capital programme. The council will invest to deliver efficiency saving, generate additional income to be reinvested in services and invest to support local residents and communities. Future ambitions of the council's capital programme are outlined further below.

Investment Sites

51. The council currently has three sites that have been identified as a priority to bring forward for employment, Land East of Wigan Road, Alker Lane and Cowling Farm site. Site investigations and assessments are being undertaken and option appraisals are being developed to model how the sites can be developed. The cost of developing the sites will be met through an income generation reserve.

52. It is envisaged that the sites will generate capital receipts as well as ongoing net income for the council. The development of the master plans and delivery models are been undertaken with support from external experts. Planning approval will take time and so it is assumed that the sites will generate £200k income to the council in 2021/22.

Investing to Generate Efficiency Savings

53. The council's Medium-Term Financial Strategy identifies a further £1.2m revenue budget efficiency savings to be realised by 2022/23. These savings will come through reduced revenue budgets and additional income generation. The council's Corporate Strategy recognises the need to invest in services to deliver these savings. These investments will include the following:

54. The **Streetscene Modernisation strategy** will review current working practices to identify and implement improvements within the three core services in Streetscene; street cleansing, grounds maintenance and communities.

55. The council has already included in its capital programme £850k to modernise its ICT to both improve the efficiency of its staff as well as improve its customer facing services. The **ICT Strategy** will begin moving its services to cloud-based technology that will allow staff and residents to access services from a broader range of devices and provide more accessibility to services during conventionally out-of-hours times.

56. Developing the ICT strategy sits alongside other investment by the council in its infrastructure. Through the **WorkSmart** programme the council's ambition is to consolidate its portfolio of offices to reduce costs and improve efficiency across its services. To do this the council set aside £1.3m in 2019/20 to modernise its customer services centre.

57. There are a range of benefits that will be achieved from this work including improving the customer facing areas to improve residents' customer experience when visiting the Union Street offices. This will include and encourage the use of self-service terminals and link to one of the digital strategy projects to refresh the council's website. The changes will lead to a better use of space and therefore create additional capacity in the

civic offices to enable all office based staff at Bengal Street to move to the Union St building, which will lead to operational savings from **rationalising office** based staff from across three to two buildings.

58. Investment in the facilities at the town hall will enhance the **commercial offer** of the Lancastrian as well as providing additional facilities such as meeting rooms and break out areas. The council set aside £485k of revenue resources in 2019/20 to develop council owned town centre office space.

Westway Playing Fields

59. The council's capital programme includes £2.7m to fund a new sports facility at West Way playing fields. The council has secured £647k from the FA to provide new playing pitches and changing facilities. The council will also utilise over £1.4m of external developer contributions to transform the Westway playing fields into a first-class sports facility and provide overflow parking for events in Astley Park.

Play and Open Spaces

60. Through numerous large to small developments within the borough the council has accumulated over £3m of s106 developer contributions towards the provision of play equipment, playing fields and open spaces. As well as West Way identified above, the council has £3m allocated in the current capital programme to improving its play and open space provision across all areas of the borough. This strategy will deliver a programme of continuous investments in the medium to long term with new contributions and site improvements being identified as part of a rolling programme of investment that will fully commit existing and new developer contributions.

The investment outlined above emphasise the council's ambition to utilise capital expenditure to drive forward efficiencies as well as commercial opportunities for the benefit of its residents and council tax payers. Further opportunities are and will be considered with funding identified to continue this ambition.

Housing

61. The council's Housing Strategy outlined the council's commitment to improve the quality of housing, to meet the changing needs of our residents and to rebalance the housing market. The council manages a wide portfolio of housing including sheltered accommodation, affordable housing and extra care. To build on this success the council will invest further in affordable housing setting aside £1.5m for the purchase, refurbishment and rental of **affordable housing** in the borough.

Leisure Centre Contract

62. The management of the council's leisure centre services will be renewed in October 2020. The council is seeking to utilise CIL and other funding, including borrowing, to invest in its leisure centres and the services they deliver. This will benefit residents through improved facilities and services and a lower annual cost of the leisure services management contract with the council's ambition to deliver a revenue neutral contract saving over £400k per year.

GP Surgery

63. The development of a new GP surgery in Whittle-le-Woods is essential as the current surgery is no longer operationally fit for purpose putting pressure on residents' access to GP services. This has been a concern from residents for some time and this investment will give the local services a long-term future and provide enough space for them to grow and continue to meet the needs of the local community. Over £2m of CIL monies have been secured to part fund this development. It is expected this will deliver improved health services to residents as well as a financial return to the council.

One Public Estate

64. The council has made two bids for government grant funding through its One Public Estate project. One Public Estate encourages partnership working between public and private sector organisations with ultimate goal of breaking down historical barriers to get the best use of public land and property.

65. Through this project the council is looking to develop its Bengal Street and Tatton Recreation sites and support the release of these windfall sites in public ownership for new homes, play and recreation as well as developing a centre of excellence in community and health services. It has the potential to regenerate key sections of the town centre and result in capital receipts depending upon the redevelopment strategy adopted as a consequence of the feasibility work.

Future High Street Fund

66. The council successfully bid for £150k from the Government's Future High Street grant programme. This will be used to masterplan a further bid to the Government for grant funding. If successful, this funding will be used to further the council's success in delivering its ambitious plans to renew and reshape its high street and town centre. The outcome of the bid is expected in Summer 2020.