

**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD ON 26 MAY 2016 FROM 7.30 PM TO 8.00 PM**

Committee Members Present

Councillors: Keith Baker (Chairman), Julian McGhee-Sumner, Mark Ashwell, Charlotte Haitham Taylor, Pauline Jorgensen, Anthony Pollock and Malcolm Richards

Other Councillors Present

Parry Batth
Chris Bowring
Prue Bray
Oliver Whittle

1. APOLOGIES

An apology for absence was submitted from Councillor Angus Ross.

Councillor Parry Batth attended the meeting on behalf of Councillor Ross. In accordance with legislation Councillor Batth could take part in any discussions but was not entitled to vote.

2. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Executive held on 31 March 2016 were confirmed as a correct record and signed by the Chairman.

3. DECLARATION OF INTEREST

Councillor Pauline Jorgensen declared a personal interest in Agenda Item 6, Council Owned Companies Business, by virtue of the fact that her husband was a paid Non-Executive Director of WBC Holdings Ltd. Councillor Jorgensen remained in the meeting during discussions and voted on the matter.

Councillor Anthony Pollock declared a personal interest in Agenda Item 6, Council Owned Companies Business, by virtue of the fact that he was an unpaid Non-Executive Director of Optalis. Councillor Pollock remained in the meeting during discussions and voted on the matter.

4. PUBLIC QUESTION TIME

There were no public questions submitted.

5. MEMBER QUESTION TIME

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

5.1 Prue Bray asked the Executive Member for Economic Development and Finance the following question:

Question

There is a paragraph in every Revenue Monitoring Report called "Analysis of Issues" which is on p 29 of this agenda. It says "Effective monitoring of budgets is an essential element of providing cost effective services and enables any corrective action to be

undertaken, if required. Many of the budgets are activity drive and can be volatile in nature.

P 28 shows that there was an overspend of £454,000 in the year 2015/16, roughly equivalent to ½% of Council Tax. The situation worsened between January and the end of the financial year. Was this overspend because the monitoring you were carrying out was not effective, because the corrective action you took was not effective, or because you did not think corrective action was required?

Answer

The Council did indeed overspend by £454k last year which is 0.2% of the gross expenditure of approximately £191m. Although we don't like any overspends at all, and I get very cross as my Executive colleagues will know, it is important to recognise it is the first time we have overspent and the numbers I was able to dig out go back to 2007/08. I think I was appointed in 2007 so I think that is a pretty good track record and I calculated about £6.1m underspend during that period.

The situation worsened as you referred to from January amounting to £77k and as you will see from the agenda on page 28 we have favourable variances in the Chief Executive's Department of £185k, we have an adverse variance in Children's of £106k (and it is detailed underneath what that was on). We have Health and Wellbeing detailed as £278k and we have favourable in Environment and Finance; so a net figure of £77k. This means that our accuracy at forecasting is very accurate because we are within 0.4% gross expenditure which shows that our monitoring is effective. Indeed in the whole year of 2015 we were within 0.3% of gross budget.

Budget variances that revealed themselves in 2015/16 reveals the nature of spend pressures we face which are often uncontrollable. In particular the additional high cost children's care placement that we must make and also find housing for increased levels of homelessness. We cannot simply turn the tap off with regard to these statutory cost pressures but we can do what we can to find savings elsewhere to compensate as has been detailed in the report. We did this in many areas across the Council's budgets and managed to offset an unusually high increase in our statutory demand led budgets. Corrective action also includes ensuring such pressures are factored into following years' base budgets, which if you look at the 17/18 Medium Term Financial Plan you will find that is what happened.

We take financial management very seriously at the Council here as is shown by our forecasting accuracy and our performance over the last 10 years and in general underspends over those 10 years were common. Furthermore we have also successfully delivered on significant savings plans over that period in response to both growing costs of statutory services and rapidly declining Government grant.

Supplementary Question

I will take the supplementary in writing Anthony you will be relieved to know when you hear what it is.

Because you referred to going back to 2008/09 I did a similar exercise of going back as far as I could with what is available on the website because we have always had similar pressures we are a demand led organisation and you can't say no.

What I would like is the same figures that are on page 27 i.e. a general fund, Housing Revenue Account and Schools Block over or underspends since we became a unitary authority in 1998? I am sure we have those figures somewhere and if we don't then go back as far as you can and I will take it in writing. I am not expecting you to answer me now.

Supplementary Answer

The Leader of Council gave the following response:

I would just draw your attention to the £220k non-payment from a third party administration which no one, regardless of what political party you are, could actually anticipate that and that is nearly half the overspend unfortunately.

Thank you for your question and we will get your supplementary answered in due course.

6. COUNCIL OWNED COMPANIES' BUSINESS

(Councillors Pauline Jorgensen and Anthony Pollock declared personal interests in this item)

The Executive considered a report setting out the budget monitoring position up to 31 March 2016 and an operational update for the period to 30 April 2016.

The Leader of Council highlighted a number of areas in the report including the fact that the Financial Director of Optalis had resigned but a temporary Financial Controller had been appointed who was performing well. In addition Optalis was continuing its impressive performance, not only in providing service to Wokingham Borough, but also talking to other bodies and opening up new opportunities. Councillor Baker thanked the staff in Optalis for their achievements.

In relation to the work of WHL Councillor Baker highlighted that work on Phoenix Avenue and Fosters was effectively underway with Loddon Homes potentially the registered provider. This was currently awaiting approval by the HCA.

Councillor Haitham Taylor queried whether it was anticipated that the higher statutory minimum wage would have an impact on Optalis's costs. Councillor Pollock responded that it was unlikely that there would be any impact as the costs mentioned in the report related to agency costs and not the increase in minimum wage. In addition Optalis had signed up to a code of conduct which probably meant that they were paying at or above the new minimum wage already.

RESOLVED That:

- 1) the budget monitoring position for the month ending 31 March 2016 be noted;
- 2) the operational update for the period to 30 April 2016 be noted.

7. REVENUE MONITORING 2015/16 - OUTTURN

The Executive considered a report setting out the outturn position of the revenue budget and other accounts and also requests for General Fund carry forwards.

The Executive Member for Finance and Resources highlighted a number of areas in the report including the overspend in Children's social services and advised that although there was a small cohort of children who were in need of support from the Council they often had complex needs and required very expensive placements. A lot of work was and had been undertaken on early intervention measures which meant that this limited the

number of children coming into the system at a later stage when costs would be much higher.

With regard to the third sector provider, mentioned earlier in the meeting, that the Council had supported because they were doing valuable work unfortunately they were unable to continue and the money advanced to them, to enable them to become more sustainable, was lost. Councillor Pollock also highlighted the cost of the increase in homelessness but pointed out that it was very important that homeless people were supported and that the Council tried to help them to get back on their feet.

With regard to this year's overspend Councillor Pollock commented that the Council had previously had a tradition of underspending. However as budgets got tighter as the Council's resources reduced it had become impossible to contain through savings elsewhere. He was however pleased that the level of reserves was at £10m as this would help the Council over the next few years to take account of pressures.

The Executive was advised of the carry forward requests for 2016/17.

RESOLVED That:

- 1) the forecast outturn position of the revenue budget and the level of forecast balances in respect of the General Fund, Housing Revenue Account, Schools Block and the Authority's investment portfolio be noted;
- 2) the General Fund carry forward requests of £545,500, as set out in Appendix B to the report, be agreed.

8. CAPITAL OUTTURN REPORT 2015/16

The Executive considered a report setting out the outturn for the Capital Budget for 2015/16 and the committed carry forwards.

The Executive Member for Finance and Resources advised the meeting that projects were now being divided into those that were expected to happen next year and those for the following year as often projects took a while to come to fruition. It was however important to ensure that there was enough money in the budget to undertake the project which may mean that money had to be carried forward from one year to another.

Councillor Pollock highlighted the summary of in-year movements, which showed funding pressures on the new secondary school and a reduction in the LED street light programme, and also the actual expenditure for 2015/16; half of which had been spent on schools projects to address the increase of children in the Borough. In addition Members' attention was drawn to the amount spent on social housing; highways maintenance; bridges and roundabout improvements as well as nearly £1m on cycleway improvements.

RESOLVED That:

- 1) the Capital Outturn and committed carry forwards for 2015/16, as set out in Appendix A to the report, be noted;
- 2) the carry forwards for schemes which are awaiting contractual commitment (totalling £8.63m), as detailed in Appendix B to the report, be approved.

9. CONTINUATION OF SHARED LEGAL SERVICES

The Executive considered a report containing a proposal to extend the Shared Legal Service arrangement with the Royal Borough of Windsor and Maidenhead Council (RBWM) for a further five years.

Members were advised by the Executive Member for Resident Services that the current shared service saved the Council significant amounts of money on legal fees and also by selling its services to other bodies generates income; thereby reducing the cost of the service to the Council.

Councillor Jorgensen advised that there was a slight change to the original contract in that RBWM wished to reduce their level of demand on the service. This has the effect of reducing the size of the service overall but any costs associated with this change would be met by RBWM. In addition it was proposed to bring back a performance report to Executive every six months on the work of the Shared Service.

Members were pleased with the success of the service and paid tribute to staff in the Shared Service for achieving this. The Leader of Council asked for consideration to be given to publicising the achievements of the Shared Service in the media and producing literature to promote the service to other local authorities.

RESOLVED: That the Shared Legal Service arrangement with the Royal Borough of Windsor and Maidenhead Council be extended under the Heads of Terms as set out in the report.

10. TOWN CENTRE REGENERATION - SITE ASSEMBLY

The Executive considered a report relating to the purchase of properties in Wokingham Town to enable the Council to implement improvements to the regeneration proposals in line with the regeneration objectives.

The Executive Member for Planning and Regeneration informed the meeting that he was seeking approval to amend the previously agreed decision, recommendation 1 and 2 of the report, and was asking for additional capital to be allocated from the regeneration budget in line with the costs identified in the exempt report.

Councillor McGhee-Sumner requested reassurance that although there was an upper limit stated in the report it was anticipated that all that money would not be required as he was concerned that the price of the property had increased. Councillor Ashwell responded that he was convinced that the additional capital would provide the headroom required and he was confident that all the money would not be required.

It was highlighted that the regeneration project not only benefited Wokingham Town but the Borough as a whole as the lessons learnt from this project could be applied to other parts of the Borough when opportunities arose. In addition the better shopping facilities in Wokingham were likely to attract people from across the Borough and the additional income generated by these facilities would have a positive impact on the Council's cost pressures.

The Leader of Council reiterated that he did not expect any further requests for additional funding for this item to come forward.

RESOLVED That:

- 1) agreement be given to the acquisition of the town centre properties in line with the figures identified within the report;
- 2) any further related and subsidiary decisions if required to complete the transaction be delegated to the Chief Executive, in conjunction with the Leader, Executive Member for Regeneration and Executive Member for Finance; and
- 3) additional capital budget be allocated in line with the costs identified in the report.