



# WOKINGHAM BOROUGH COUNCIL

A Meeting of the **EXECUTIVE** will be held in David Hicks 1 -  
Civic Offices, Shute End, Wokingham RG40 1BN on  
**THURSDAY 25 JANUARY 2018 AT 7.30 PM**

Manjeet Gill  
Interim Chief Executive  
Published on 17 January 2018

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

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# **WOKINGHAM BOROUGH COUNCIL**

## **Our Vision**

A great place to live, an even better place to do business

## **Our Priorities**

Improve educational attainment and focus on every child achieving their potential

Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth

Ensure strong sustainable communities that are vibrant and supported by well designed development

Tackle traffic congestion in specific areas of the Borough

Improve the customer experience when accessing Council services

## **The Underpinning Principles**

Offer excellent value for your Council Tax

Provide affordable homes

Look after the vulnerable

Improve health, wellbeing and quality of life

Maintain and improve the waste collection, recycling and fuel efficiency

Deliver quality in all that we do

## MEMBERSHIP OF THE EXECUTIVE

Charlotte Haitham Taylor	Leader of the Council
David Lee	Deputy Leader and Strategic Highways and Planning
Mark Ashwell	Children's Services
Chris Bowring	Highways and Transport
Norman Jorgensen	Environment, Sports, Environmental Health, Leisure and Libraries
Julian McGhee-Sumner	Adults' Services, Health, Wellbeing and Housing
Stuart Munro	Business and Economic Development and Regeneration
Simon Weeks	Planning and Enforcement
Oliver Whittle	Finance, 21st Century Council, Internal Services and Human Resources

ITEM NO.	WARD	SUBJECT	PAGE NO.
73.		<b>APOLOGIES</b> To receive any apologies for absence	
74.		<b>MINUTES OF PREVIOUS MEETING</b> To confirm the Minutes of the Meeting held on 30 November 2017.	7 - 20
75.		<b>DECLARATION OF INTEREST</b> To receive any declarations of interest	
76.		<b>PUBLIC QUESTION TIME</b> To answer any public questions  A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice.  The Council welcomes questions from members of the public about the work of the Executive  Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Council or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to <a href="http://www.wokingham.gov.uk/publicquestions">www.wokingham.gov.uk/publicquestions</a>	
76.1	Bulmershe and Whitegates; Coronation; Loddon; Maiden Erlegh; South Lake	Guy Grandison has asked the Executive Member for Highways and Transport the following question:  <b>Question:</b> Could the Executive Member tell me what representations have been received from local residents, bodies and elected representatives regarding the reduction of the 19a/c bus services?	

77.

**MEMBER QUESTION TIME**

To answer any member questions

A period of 20 minutes will be allowed for Members to ask questions submitted under Notice

Any questions not dealt with within the allotted time will be dealt with in a written reply

77.1 None Specific

Gary Cowan has asked the Executive Member for Planning and Enforcement the following question:

**Question**

Can you give a full explanation on how Wokingham Borough Council applies the Community Infrastructure Levy to Planning Applications?

77.2 None Specific

Angus Ross has asked the Executive Member for Planning & Enforcement the following question:

**Question:**

Has the eventual destination of the food waste collection been agreed yet, so giving a financial saving to the Council and also will the vehicles to be used be suitable for the small residential streets around the Borough which current collection vehicles just manage to cope with?

**Matters for Consideration**

78.	None Specific	<b>REVENUE MONITORING 2017/18 - END OF DECEMBER 2017</b>	<b>21 - 34</b>
79.	None Specific	<b>CAPITAL MONITORING 2017/18 - END OF DECEMBER 2017</b>	<b>35 - 40</b>
80.	None Specific	<b>TREASURY MANAGEMENT MID-YEAR REPORT 2017/18</b>	<b>41 - 66</b>
81.	None Specific	<b>CHIEF FINANCE OFFICER'S REPORT</b>	<b>67 - 98</b>
82.	None Specific	<b>21ST CENTURY COUNCIL - UPDATE</b>	<b>99 - 104</b>
83.	None Specific	<b>SHAREHOLDER'S REPORT</b>	<b>105 - 114</b>
84.	None Specific	<b>BUS SERVICE 12 (WOODLEY AND EARLEY)</b>	<b>115 - 134</b>
85.	None Specific	<b>PUBLIC PROTECTION PARTNERSHIP FEES AND CHARGES</b>	<b>135 - 146</b>
86.	None Specific	<b>WOODLEY CAR PARKING TRIAL</b>	<b>147 - 152</b>

87.	None Specific	<b>BERKSHIRE PENSION FUND POOLING</b>	<b>153 - 160</b>
88.	None Specific	<b>APPROPRIATION OF LAND WITHIN THE APPROVED ALIGNMENT OF THE NORTHERN DISTRIBUTOR ROAD FOR PLANNING PURPOSES</b>	<b>161 - 170</b>
89.	Remenham, Wargrave and Ruscombe	<b>RUSCOMBE NEIGHBOURHOOD PLAN AREA DESIGNATION</b>	<b>171 - 182</b>
90.	None Specific	<b>LOCAL DISCRETIONARY RATE RELIEF SCHEME</b>	<b>183 - 186</b>
91.	None Specific	<b>WASTE AND RECYCLING SERVICE</b>	<b>187 - 206</b>

### **EXCLUSION OF THE PRESS AND PUBLIC**

The Executive may exclude the press and public in order to discuss the Part 2 sheets of Agenda Item 91 above and to do so it must pass a resolution in the following terms:

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

A decision sheet will be available for inspection at the Council's offices (in Democratic Services and the General Office) and on the web site no later than two working days after the meeting.

### **CONTACT OFFICER**

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**MINUTES OF A MEETING OF  
THE EXECUTIVE  
HELD ON 30 NOVEMBER 2017 FROM 7.30 PM TO 8.30 PM**

**Committee Members Present**

Councillors: Charlotte Haitham Taylor (Chairman), David Lee, Mark Ashwell, Norman Jorgensen, Julian McGhee-Sumner, Stuart Munro and Simon Weeks

**Other Councillors Present**

Andy Croy  
Richard Dolinski  
Lindsay Ferris  
Michael Firmager  
Pauline Jorgensen  
Charles Margetts  
Philip Mirfin  
Malcolm Richards  
Imogen Shepherd-DuBey  
Rachelle Shepherd-DuBey  
Chris Smith

**64. APOLOGIES**

Apologies for absence were submitted from Councillors Chris Bowring and Oliver Whittle.

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

**65. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 26 October 2017 were confirmed as a correct record and signed by the Chairman.

**66. DECLARATION OF INTEREST**

Councillor Norman Jorgensen declared a personal interest in Agenda Item 65 Shareholders' Report by virtue of the fact that his wife was a paid Non-Executive Director of WBC Holdings Ltd. Councillor Jorgensen remained in the meeting during discussions and voted on the matter.

Councillors David Lee and Stuart Munro declared personal interests in Agenda Item 65 Shareholders' Report by virtue of the fact that they were paid Non-Executive Directors of WBC Holdings Ltd. Councillors Lee and Munro remained in the meeting during discussions and voted on the matter.

Councillor Charles Margetts declared a personal interest in Agenda Item 65 Shareholders' Report by virtue of the fact that he was a paid Non-Executive Director of Optalis. Councillor Margetts remained in the meeting during discussions but in accordance with legislation did not vote on the matter.

**67. PUBLIC QUESTION TIME**

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

**67.1 Alexandra Fraser asked the Executive Member for Environment the following question:**

**Question**

The plans for carnival leisure have been approved with no provision for a children's splash pool and instead a moveable floor. How are the Council and its new contract operator proposing to manage the swimming needs during high times such as weekends when there are families with toddlers and older children?

**Answer**

Each of the operators on the shortlist of those we are considering to run the leisure centres is a market leader in managing local authority leisure and sports facilities so they have experience of balancing the demands on use of multiple pools. We will work with them with the aim of optimising the timetabling of the sessions in the two pools.

Our aim clearly is to offer a range of opportunities including for families with small children. We and the Leisure Operator will wish to maximise the use of the facilities and the range of user groups.

The teaching pool will have a moveable floor so that the depth of the pool can be altered from full depth to zero depth and many points in between. It can therefore cater for a very wide range of needs. The floor depth will be adjusted in around 5 minutes so this can be done between sessions such that a toddler group could be enjoying the pool a few minutes after an adult session has finished and vice versa; so quite flexible I think.

**Supplementary Question:**

So you have got a weekend, you have got parents with their 6 year old, their 10 year old and their 3 year old – how do you do that? How are you going to when you have that prime time at the weekends when families have their leisure time together how will you manage that?

**Supplementary Answer:**

There will be a full depth pool which will obviously be available all the time and in the other pool you can adjust the depth so that different users can use it at different times. If it is a peak time, and it looks from the figures that we have that the peak time in the whole week is in the middle of the day on a Sunday, may be that the sessions there where the pool depth is low so that the toddler groups can use it at that time. That is the peak time during the week.

All of that needs to be reviewed and clearly the leisure operator will want to maximise the use of the facility so we just need to speak to people and find out when the demand is. We have done surveys so we know when demand for the current facility is.

**67.2 Indy Sindhu asked the Executive Member for Environment the following question:**

**Question**

Over 700 residents have signed a petition to have our children's beach pool yet the plans have been approved and haven't included an amendment taking into consideration what the community has requested. Why have the Council chosen to ignore the concerns of a growing section of our community?

## **Answer**

We are not ignoring the concerns of those who have signed the petition but we aim to provide a balanced range of facilities for our 165,000 residents across the Borough. It is also our aim to have these facilities be self-financing, in that the user fees will pay for the capital and the running costs. So far I have not seen a business case for a beach pool at Carnival Pool that would pay back the investment in it. The forecast number of users is too low to allow it to pay for itself in that way.

The new Carnival Pool complex will include quite a number of facilities there will be a:

- 4 court sports hall with 400 seats for cultural events;
- 25m x 6 lane swimming pool;
- teaching pool with moveable floor that we have just spoken about;
- 100 station gym;
- Studio;
- Café; and
- elsewhere in the building there will be a library.

In addition, across the Borough, during the next year we will open new facilities at Ryeish Green and Arborfield plus a new artificial pitch at Emmbrook School. We recently opened an artificial pitch at Arborfield and tennis courts and pavilion at Cantley Park. We also plan to build a complete new leisure centre at Bulmershe in Woodley. So at the moment our approved capital expenditure on leisure facilities is around £30 million; so we are spreading it across the Borough.

At the same time, our neighbour, Reading Borough Council appears to have lost control of its finances and it is closing facilities; it is not opening them.

We have catered for small children splashing around in water by the proposed inclusion of the learner pool which we have just talked about. Just to repeat it will have a floor which can be moved, thus the depth of water can be adjusted so at peak times we have it as a toddlers' splash pool and then at other times it can be used for other activities.

So it is clearly good to get youngsters in the habit of coming to leisure centres and using the pools so we hope that that facility will be used in that way and that encourages people obviously in the long term to live a healthy lifestyle which is to be encouraged.

At the moment unfortunately there does not appear to be sufficient demand to make a beach pool a high priority in our spending plans.

## **Supplementary Question:**

So you mentioned that there was not a business case that was in support of keeping the Carnival Pool with the splash pool in tact however, and I am quoting here from the National Policy Planning Framework, they say that the new leisure facilities should not be moved unless the replacement is an improvement on existing facilities or at least an equivalent. Clearly taking something away such as a splash pool and not replacing it is in contravention of this so how have you taken the National Policy Planning Framework, and this sentence in particular, into account?

## **Supplementary Answer:**

A couple of points. Firstly, although the beach pool will not be there there will be the teaching pool which will have a moveable floor so the depth of water can be adjusted so

that a full range of activities can happen in that pool. So we are not losing, in fact we are gaining, a facility that can be more widely used. These new facilities are very flexible with their use to allow disabled people to use the facility as well. I have been and seen the one at Hart and it is quite impressive. These sort of facilities are really nice.

In terms of the usage we have surveyed the usage of the current facility over the last week or so and I was quite surprised actually at the outcome of that. In the period Monday to Friday last week there was less than 20 people used that facility on any one day. The numbers were counted every half an hour during the whole day so there is probably even some double counting if people were in there for more than half an hour they would be counted twice. That is children and adults. So that is less than 20 people. It peaked on a Sunday and there were 119 on Sunday but again there will be some double counting and that includes adults. So the usage, and if you multiply up the fees that generates, you can very easily see that the facility just wouldn't pay for itself I am afraid.

So unless you can convince the Council that hundreds more people are going to be using such a facility then I think it is unlikely that we would be looking to build such a thing.

So just to repeat the teaching pool will provide the flexibility for all age groups and abilities to use swimming pools but I do not see the case at the moment for adding a beach pool to the new facility I am afraid. I would like to be able to but I do not see the case for it at the moment.

## **68. MEMBER QUESTION TIME**

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

### **68.1 Rachelle Shepherd-DuBey had asked the Executive Member for Finance the following question which was answered in his absence by the Deputy Executive Member for Finance in his absence:**

#### **Question**

What are you doing to stop your Conservative colleagues in Government imposing a negative support grant on WBC especially since the chair of the Tory constituency is a WBC Councillor?

#### **Answer**

The fundamentals of the current funding formula that distributes available resources across Local Authorities has been in place for many years and has been presided over by all three of the main national Political parties.

Our Executive Member for Finance at the time, Anthony Pollock and the Leader of the Council at the time, Keith Baker, supported by our Chief Finance Officer, were extremely successful in working with our local Conservative MPs to get a better deal for Wokingham, when the recent 4 year national finance settlement was announced in 2016. Negative Revenue Support Grant (RSG) is in essence a charge on this Council's business rates and I think we all have to ask ourselves – why are we facing this? We have been efficient as a Council; we have got better value for our residents basically by cutting back on unnecessary costs. Other Councils though have refused to become more efficient and continue to waste residents' money. Once again a Conservative Government is trying to clear up the mess left by others.

We see negative RSG as other councils punishing Wokingham for being good value for money. We have been working hard and trying to set out our case for keeping local taxes

local so that money raised by you and every other tax payer is spent on you. The new Leader and Deputy Leader have been meeting with senior members of the Government including a recent meeting with the Communities Secretary on 13 November where this issue was raised. The Local Government Association is also working on behalf of us and other councils to lobby for more devolved financial powers to raise more money locally.

I hope all political parties will support this approach as well as the various other initiatives we are taking to continue to try and get the best value for money to keep taxes as low as possible and to provide top class services for residents.

The Deputy Leader of Council stated:

There is a strange formula which was established under Labour, I believe, and that formula has never actually been changed. Under that formula Wokingham Borough residents are the richest this side of Gallifrey. That needs to be looked at and various governments of all persuasions, including the coalition government, have threatened to do that but they still haven't done it. The one thing that we have done apart from what Charles has mentioned is we asked our External Auditor to actually, instead of just simply saying that we were good at value for money, to explain back to the Council what that meant. So, for example, if we are particularly good at one area where we have say 10 staff to do the job which requires another area 20 staff or vice versa that those points are highlighted and those figures are given to the other authorities and to ourselves to say you could be better at this please speak to authority x, y or z. In that respect I would appreciate the assistance and help of all political parties to actually start that process going.

As Charles has said Charlotte and I had a meeting with the Secretary of State and one of the main items we talked about was the level of our Revenue Support Grant and just in case you are not aware we are the lowest funded authority in the country and just in case you only think that is in the Revenue Support Grant it is not. It is also on the amount that we will be keeping out of the rates that we collect from businesses. We are one of the bottom four in education, social care and also another interesting one the lowest on GP funding. All of these points we are tackling but I think Charles indicated very clearly because it is such an efficient authority we still retain weekly bin collections etc, we are building country parks all over the place. Because of that governments of all persuasions seem to think that we can carry on without that assistance but we are not prepared to do it anymore and with your help we can get it changed but we have to help other authorities.

**Supplementary Question:**

What are you doing to make Mr Redwood get off his xenophobic obsession and actually help the local residents by getting us a decent support grant?

**Supplementary Answer provided by the Deputy Leader of Council:**

It was our esteemed MP, John Redwood, who arranged and got us that meeting with Sajid Javid where we not only talked about the bad level of funding we got but in addition to that the truly awful 5 year land supply issue that you are well aware.

The Leader of Council stated:

It was also John Redwood who helped us with the 4 year settlement as well so perhaps you should retract your statement.

The Deputy Executive Member for Finance stated:

On top of the lobbying work we have been doing we have also been taking steps independently to try to make the Authority more self-sufficient financially such as the

Property Investment Strategy that was discussed at Council last week, the Business Rates Pilot which we are going to talk about later, and the income from the regeneration of the town centre. These are all things that we are working on on top of this to try and improve the situation.

**68.2 Imogen Shepherd-DuBey asked the Leader of the Council the following question:**

**Question**

It has become apparent that during many of the projects that Wokingham Borough Council is involved in that the needs of disabled residents are being overlooked or side-lined. It is normal for Councils to consult with disability groups and to complete Equality Impact Assessments during the design phases. This should be done in all service areas, including highways, planning, property services etc.

What procedures and processes are in place within Wokingham Borough Council to ensure that these consultations occur and that it meets its obligations under the Equality Act in all of the projects and services that the Council is involved in?

**Answer**

The Executive, as you may be aware, approved the Council's Equality Policy in March 2017; this may be just before you joined the Council. This is underpinned by guidance and an Equality Impact Assessment template. This is supported by e-learning modules for all staff and specific e-learning for managers as well. Consultation with residents takes place in line with the statutory requirements of the item being considered.

The Council works within an approved Council Plan that includes its vision and principles that translate into service plans and individual team and personal development targets and this includes the underpinning principle; to look after the vulnerable. This should therefore be embedded in everything that we do. The Council Plan is in the process of being refreshed at the moment as well.

Following implementation of phase 1 of the 21<sup>st</sup> Century Council the formation of a Strategy and Commissioning Team will also help ensure a consistent and joined up approach to both Equality Impact Assessments and consultation. These changes will enable the Council to further enhance its approach to community engagement and particularly to disability groups.

**Supplementary Question:**

We have to have due regard to the needs of the advanced equality opportunities within the Equalities Act and we are required to promote support for people with particular disabilities in this instance. I found with the Carnival Pool there were a lot of things missed. Although people talked about the British Standard I would put a couple of seats in. They didn't look at automated doors, they didn't look at seating that is outside in the rain. These are modern buildings, these are new buildings and I don't understand why we are not meeting the standards that are required as part of the Code of Practice.

My concern is what are we going to do to fix them and how are we going to make sure that this thing is better done with Bulmershe pool?

**Supplementary Answer:**

In terms of Bulmershe pool there will be an assessment done at the appropriate time. In fact for the Carnival Pool I have the Equality Impact Assessment here and I am happy to take away some of the suggestions of what you think is missing but there are also a number of things which have been taken into consideration which I hope you would feel

are appropriate and meet the needs of the users. I am happy to read out some of the points and those are: the public spaces have been designed to optimise inclusivity and accessibility and those include things like the changing rooms; accessible toilets; pool access pods; generous corridor sizes and lobby spaces; two vertical circulation lifts etc. I know that you raised some issues about the car parking and that has been raised to Councillor Bowring at the Council meeting and there are conversations going back and forth about that. So those are the particular items that Councillor Bowring is addressing at the moment.

As you say if there are particular items eg doors etc like that that we can address then perhaps we can organise a meeting to look at the specific items that you think we have missed and we can take those back and have a look at them. I would be very interested to hear what you think.

**68.3 Angus Ross had asked the Executive Member for Environment the following question. As Councillor Ross was unable to attend the meeting the following written response was provided to him:**

**Question**

Can the Executive Member for Environment outline the benefits to residents that will arise from the new Leisure Centres' Contract from May next year?

**Answer**

The Council's leisure centres provide access to leisure activities which support the health and wellbeing agenda across the Borough. The current leisure contract also delivers a significant financial benefit to the Council.

The new leisure contract will give an additional financial return to the Council and the following benefits:-

- A new Leisure Operator – one of the leading operators in the leisure industry
- New facilities – Arborfield and Ryeish Green, two new builds (Bulmershe and Carnival Pool)
- Bulmershe – Six lane pool, teaching pool with movable floor to vary the depth of the pool, 4 court sports hall, 2 studios, café area and a 75 station gym studio
- Carnival Pool – Six lane pool, teaching pool with movable floor, 100 station gym, long term conditions gym, 4 court sports hall with 400 seats for cultural events
- Additional capital investment by the Leisure Operator in all six leisure centres
- Enhanced facilities with all new state of the art gym equipment
- More opportunities for members of the public to access high quality facilities
- Aiming for increased Public Health outcomes including;
  - More members of public physically active
  - Reduction in cancers and cardiovascular disease
  - Reductions in falls
  - Reduction in obesity child and adults
  - Reduction in isolation
  - Increase health and wellbeing in the workforce (including WBC).

In summary, this is a fantastic outcome for the residents of Wokingham Borough and I would like to thank all those who have worked on this project to get us to this stage.

**68.4 Lindsay Ferris asked the Executive Member for Environment the following question:**

**Question**

I like many Councillors have been approached by a number of local residents concerned about the significant increase in Dog Boarding Licence Fees for 2018 where the current figure of £173 p.a. is projected to increase to £371 p.a.

I have been through the tables contained under Agenda Item 66 and it appears to be missing.

Could the Exec Member responsible for this area kindly explain how they can justify such a massive increase (114%)?

**Answer:**

This issue was first brought to my attention a couple of weeks ago by Councillors Richard Dolinski and Alison Swaddle.

I agree with you that the increase is large and therefore difficult for dog boarders to accommodate so I asked for our charging to be reviewed.

The increase in the Dog Boarding licence application fee was agreed, and I have been trying to track which meeting agreed it and I have been told this evening it was the Executive in November 2016 that approved it as part of the budget setting process for 2017/18.

The price reflects the cost of carrying out the service and hence for there to be a lower price and still recover costs, the amount of work would have to decrease; so we would have to do less.

Options, including this, are being considered and we plan to bring forward a proposal early in the New Year. Whilst this issue is being considered, the Council will not take enforcement action against any person who has not renewed their licence.

**Supplementary Question:**

I think there is some movement there. I think the issue is that a lot of the dog boarders are semi-retired or retired people who look after the odd dog every now and then and they are not a professional business as such. The message I have received from three or four people who have contacted me is that with such a high fee some have even started to say that they will not do it. But I think it is encouraging that if you can get a fee down to what it was before or close to it I think that might help. So the issue is are you able to differentiate between what I would call a professional business where I can see there being a lot of activity to somewhere where you have got a small business which is looking after dogs on a sort of irregular basis because it is the smaller that is being impacted by this increase?

**Supplementary Answer:**

That is an interesting idea and is worthy of having a look at as well. Something like £371 if you are charging £10 a day for a dog or whatever it takes quite a long time to recoup that fee. So it is quite a price. The flip side of that, of course, is the whole point of licencing is to make sure that things are done properly eg cut down the spread of disease in the animal population so it is a balance but we are looking at it and will certainly take your views into account and come back with something probably early in the new year that we can all have a look at.

**68.5 Chris Smith asked the Executive Member for Environment the following question:**

**Question**

I noticed that this Executive meeting will discuss rebuilding Bulmershe Leisure Centre, spending £14.5m and £750k on new 3G pitches at Emmbrook. Can you let me know what capital spending has occurred or is planned for Loddon Valley Leisure Centre?

**Answer**

Loddon Valley Leisure Centre is in good condition a condition survey was done not so long ago so that is good news so there is no major works foreseen to the fabric of the building.

Spaces within the building have been adapted over the last few years to meet the changing needs and several more are planned. The detail of this will be agreed with the new leisure operator who will be on site from 1<sup>st</sup> May 2018. Negotiations with the leisure contract are at a fairly sensitive stage so there is, I am afraid, a limit to what I can say in public at the moment. What I can do is give you a more detailed confidential response but I can assure you that whichever of the leisure operators we choose we have plans for further improvements to the Loddon Valley Leisure Centre.

One of the examples of a thing that has been done in the last couple of years is the refurbishment of the courts at Chalfont Park, where the courts were resurfaced, new fencing, upgraded lighting was put in so they could be used for netball and other activities and the tennis courts on site next to the leisure centre have also been improved.

So there are plans and the detail will come out in the public next year. I am happy to give you confidential information on that.

**69. SHAREHOLDERS' REPORT**

*(Councillors David Lee, Norman Jorgensen, Charles Margetts and Stuart Munro declared personal interests in this item)*

The Executive considered a report which provided the budget monitoring position of the Council Owned Companies and an operational update for the period ending 30 September 2017.

The Deputy Executive Member for Finance presented the report and highlighted a number of areas including the financial performance of the companies and the success of the housing subsidiaries which had been set up to provide affordable housing across the Borough and generate a financial return for the Council. Councillor Margetts advised that the housing bodies were now well established and this year alone Wokingham Housing Ltd had handed over 125 homes to its sister companies Loddon Homes and Berry Brook Homes and would generate a profit of £1.1m. Next year 60 homes at a profit just short of £1m.

Councillor McGhee-Sumner asked whether there had been any impact following the slight delay of handing over the final houses. Councillor Margetts confirmed that there had been no impact as the additional cost had been reclaimed from the developers as per the contract. It was also confirmed that 58 people had so far moved into Phoenix Avenue.

**RESOLVED** that:

- 1) the budget monitoring position for the month ending 30 September 2017 be noted;

2) the operational update for the period to 30 September 2017 be noted.

## **70. FEES AND CHARGES**

The Executive considered a report setting out the proposed schedule of fees and charges which were in the main to be enacted from 1 December 2017. Changes to People's Services Sports and Housing charges would come into effect from 1 January 2018 and 1 April 2018 respectively.

The Deputy Executive Member for Finance advised Members that most of the charges had increased by inflation and the increases were in line with RPI at July 2017. Additionally the charges had been benchmarked against other authorities and realigned where appropriate. Councillor Margetts stated that given the current financial climate the increases were necessary as they would generate an additional £60k per year for the council tax payer.

Following a query Councillor Margetts confirmed that the proposed estates winding up fees, which were currently charged on an hourly basis, were intended to have a clearer fixed charge which would be more transparent and easier to follow. This charge was also in accordance with charges made by other local authorities.

With regard to the planning application fees, and the fact that they were capped at 51 units, Councillor Ashwell queried whether this was sufficient. The Executive Member for Planning stated that he would look into this matter as there may be a possibility of introducing higher bands. Councillor Weeks also believed that for very large applications bespoke fees were agreed because of the sheer scale and considerable time that could be spent on the pre-application work that was required.

**RESOLVED:** That the schedule of fees and charges, as set out in Appendix A to the report, to be effective from the dates listed on the schedule, be approved.

## **71. EMMBROOK SCHOOL 3G PITCH**

The Executive considered proposals for the release of £375k from S106 funds to go forward as the amount for 50% match funding required by the Football Foundation in order to fund a 3G pitch sited at Emmbrook School.

The meeting was advised by the Executive Member for Environment that the School would have prime use of the pitch during school hours and at evening and weekends it would be available for the wider community. The pitch would be managed by the operator of all the leisure facilities which should hopefully improve usage and the bookings would be straightforward and the objective would be to book through a centralised system. The Council would also be setting aside a sum of money each year which would then be used for future resurfacing work.

Councillor Ashwell asked that interested parties eg football clubs be involved at an early stage in the planning process to ensure that what was proposed was appropriate for players' needs.

With regard to the fluvial flooding risk, as mentioned in the report, Councillor Jorgensen confirmed that the relevant Officers were looking into the matter and would be working with the relevant Officers. It was hoped that whilst the pitch was being installed there could be an opportunity to help with flood alleviation in that area in general.

**RESOLVED** that:

- 1) £375k be released from S106 funds, as the amount for the 50% match funding required by the Football Foundation;
- 2) it be noted that the release of the money will be subject to receipt of the contribution of £375k from the Football Foundation and subject to planning permission.

## **72. INSURANCE PROCUREMENT: RETENDER**

The Executive considered a report setting out the proposed procurement process for the retender of the Council's insurance programme.

The Deputy Executive Member for Finance informed the meeting that this was a retender of a 7 year contract which would expire in June 2018. The Council was responsible for contents and assets of over £1bn and the intention was to go out to the market using the Council's brokers and seek the most cost effective solution for the tax payer.

Given the size of the account Councillor McGhee-Sumner asked whether the Council had considered using more than one broker and also whether cyber cover was in place. Councillor Margetts confirmed that Officers had been asked to consider using more than one broker as part of the tender process. With regard to cyber cover Councillor Margetts confirmed that he would provide a response outside of the meeting.

**RESOLVED** that:

- 1) the procurement (by way of Open Procedure tender) of the Council's insurance cover(s) be approved;
- 2) the design of the contract specification be delegated to the Director of Corporate Services, in consultation with the Executive Member for Finance;
- 3) the Director of Corporate Services, in consultation with the Executive Member for Finance, be delegated authority to award the contract(s) to the successful bidder(s) following completion of the evaluation process.

## **73. BERKSHIRE BUSINESS RATES PILOT**

The Executive considered a report setting out proposed membership of the Berkshire Business Rates Pilot involving all six Berkshire Unitary Authorities.

Members were informed by the Deputy Executive Member for Finance that if the bid to be included in the pilot was successful the potential financial gain to the Council would be £1m business rate retention as well as a £25m strategic investment across Berkshire which would benefit the regional economy on a wider scale.

Councillor Lee pointed out that the Reading Mass Rapid Transport Network would actually run all the way from Coppid Beach to Reading Station. He also highlighted a £3m grant that had recently been received towards improving Winnersh Station.

**RESOLVED:** That the application for 100% business rates pilot in 2018/19, as set out in Appendix A to the report, be noted and supported.

#### **74. LEISURE MANAGEMENT CONTRACT**

The Executive considered a report relating to the appointment of a contractor to manage the Council's leisure centres. The current contract would expire on 30 April 2018.

The Executive Member for Environment advised that the current contract delivered an income to the Council of about £680k per annum and the new contract would provide an additional £200k per annum. Councillor Jorgensen highlighted the facilities that the new leisure contract would cover which included two additional facilities: Arborfield and Ryeish Green leisure centres as well as additional capital investment in all six leisure centres and two new builds at Bulmershe and Carnival Pool.

Councillor Jorgensen highlighted the facilities that would be available at the new Arborfield leisure centre which included an 8 court sports hall, 2 dance studios, climbing wall and outdoor tennis and netball courts. Councillor Weeks felt that residents in the south east area of the Borough would benefit considerably from the new facility as previously they had always had to travel to St Crispins to use a leisure centre.

**RESOLVED** that:

- 1) the recommended new leisure operator, as set out in the Part 2 sheets, as well as the financial impact of this be noted. The Leisure Operator will be officially informed after 1 December 2017;
- 2) the establishment of an equalisation fund to smooth the management fee income over the life of the contract be noted.

#### **75. BULMERSHE NEW BUILD**

The Executive considered a report setting out a range of options for the future provision of leisure facilities at Bulmershe.

The Executive Member for Environment advised that the current building was tired and dilapidated and the cost of refurbishing it would be very high. In addition the current facility had been run at a loss for many years and there was little prospect of the current facility paying its way. Councillor Jorgensen highlighted the options that had been considered, as set out in the report, and recommended that Option E, which would provide a considerably enhanced offering at a cost of £14.5m be taken forward. It was noted that Option E would provide: a newly built leisure centre with a four badminton court sports hall; a 25m x six lane swimming pool; a 75 station gym; two studios, a cafe and a teaching pool with movable floor. The difference in the facilities currently offered to those that would be offered in the new facility was also highlighted. The Council would also be entering into a surplus share arrangement which would mean that any additional operating surpluses over and above those projected would be shared between the Council and the leisure operator.

It was noted that Bulmershe School would use some of the facilities at times during the school day and there would be separate changing rooms for the pupils and the general public.

Members were concerned that both Bulmershe and Carnival Pool might be closed at the same time. Councillor Jorgensen confirmed that Bulmershe would be closed, demolished and rebuilt and once that had been finished then Carnival Pool would be closed and

rebuilt. The intention was that only one facility would be closed at a time and people would be signposted to the other facility.

**RESOLVED** that:

- 1) having considered the range of options for the future provision of Leisure facilities at Bulmershe, the following option be approved:

Option E to consist of: A newly built leisure centre with a 4 badminton court sports hall; 25m x 6 lane swimming pool; a 75 Station gym; and 2 Studios, teaching pool with movable floor and Café;

- 2) authority be delegated to the Director of Corporate Services and Executive Member for Environment, Sports, Environmental Health, Leisure and Libraries to approve the detailed options for the scheme;
- 3) an additional Capital budget of £4.54 million be approved;
- 4) it be noted that the revenue cost of all borrowing (including the additional £4.54m) will be funded by the income generated by the facility.

#### **76. THE ACQUISITION OF LAND OR PROPERTY TO SUPPORT INFRASTRUCTURE DELIVERY**

The Executive considered a report relating to the acquisition of land or property in order to facilitate delivery of Strategic Development Locations and major scheme infrastructure.

Members were advised by the Executive Member for Strategic Highways and Planning that the proposal was to acquire two small parcels of land, as set out in the Part 2 sheets in the report, to facilitate the Winnersh Relief Road and the Northern Relief Road.

Councillor Lee highlighted that currently the Executive had to approve all land and property acquisitions relating to SDL and major scheme infrastructure prior to final purchase completion and often there were very small items that had to be purchased and he felt it was unnecessary for such items to have to go through the Executive process which would slow down any such acquisitions. The Leader of Council requested that the Constitution Review Working Group be asked to review this matter and come forward with a recommendation about what sum would be an appropriate amount.

**RESOLVED:** That as set out in Part 2 of the report the voluntary acquisition of land parcels, References 1 and 2, be agreed.

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<b>TITLE</b>	<b>Revenue Monitoring 2017/18 – December 2017 (Q3)</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance, 21 <sup>st</sup> Century Council, Internal Services and Human Resources

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Effective management of the Council's finances to ensure Value for Money for Council tax payers, tenants and schools.

## **RECOMMENDATION**

The Executive is asked to:

- 1) note the forecast outturn position of the revenue budget and the level of balances in respect of the General Fund, Housing Revenue Account, Schools Block and the Authority's investment portfolio;
- 2) note the potential General Fund carry forward requests of £470k as set out in Appendix B to the report.

## **SUMMARY OF REPORT**

To consider the Revenue Monitoring, General fund, Housing Revenue Account, Schools Block and Treasury Management Reports. The Executive agreed to consider Revenue Monitoring Reports on a quarterly basis.

The General fund is reporting a net adverse variance of £1.337m against planned spend of £131m, Housing Revenue Account a net favourable variance of £6k against planned spend of £0.872m and Schools Block a net adverse variance of £0.730m.

## **Background**

### **General Fund**

The table below shows the expected forecast outturn for 2017/18 by Service. An explanation of the major budget variances are shown in Appendix A.

Service	End of Year Position	
	Current Approved Budget £,000	Forecast over / (under) spend £,000
Chief Executive	2,383	0
Corporate Services	12,976	0
Customer & Localities Services	37,137	70
People Services	78,602	1,267
<b>Net Expenditure Total</b>	<b>131,098</b>	<b>1,337</b>

The forecast represents a General Fund net in year overspend of £1.337m.

Forecast variances include;

**Chief Executive** service has no material variances expected against budget.

**Corporate Services** has no material variances expected against budget.

**Customer and Localities Services** net adverse variance of £70k. This relates to costs pressures from planning appeal budgets. This is partly mitigated by an overachievement of income against planned income on car parking and other charges.

**People Services** net adverse variance of £1,267k. This predominantly relates to pressures in adult social care packages, agency staffing across social care and central services, and home to school transport.

Commissioned care and support budgets for adult social care continue to be under pressure as the combined impact of price and activity. Controls in place within the service, such as operational forums, ensure that individuals are provided resources and personal budgets at an appropriate level to balance risks and outcomes, while delivering on wider system targets around Delayed Transfers of Care (DTC) etc. Increasing price pressure is evident across the service with market drivers such as the national living wage continuing to impact the price of placements and support commissioned.

Agency spend in the current financial year includes transitional SMT arrangements, and operational pressures such as support for newly qualified social workers and an increase in child protection referrals.

While care budgets for Children Services are currently underspending due to targeted work within the service, the position remains fluid, any marginal adverse movements in demand could change this position.

The People Services Senior Leadership Team has implemented a co-ordinated recovery plan to ensure that appropriate financial controls are kept under close review and all ongoing service decisions are risk assessed and taken in the context of the current financial position.

**General Fund** balances as at 31 March 2018 are forecast to be £7.072m.

The Statement of General Fund balance is shown in Appendix C.

### Other Funds

The Housing Revenue Account (HRA) reports a net favourable variance of £6k which relates to small variances within staffing budgets. The favourable variance will be added to the HRA reserves at the end of year. The HRA balance as at the 31st March 2018 is estimated to be £4.056m. Shown in Appendix D.

The Schools Block, shown in Appendix E reports a net adverse variance of £0.730m which relates to increase costs and demand in high needs around maintained Education, Health and Care plans. In addition, Early Years income which is calculated using census data is going to be less than expected. We will look to fund these adverse variances from reserves. The Dedicated Schools Grant (DSG) reserve balance as at 31st March 2018 is estimated to be £0m.

The authority's investment portfolio shows current investments of £85m being invested by the Council. Shown in Appendix F.

### Analysis of Issues

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 driven and can be volatile in nature.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost / (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	General Fund £131m	Yes	Revenue
Next Financial Year (Year 2)	To be determined	Yes	Revenue
Following Financial Year (Year 3)	To be determined	Yes	Revenue

<b>Other financial information relevant to the Recommendation/Decision</b>
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The Council will continue to review cost reduction measures to contain expenditure with the overall budget.
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<b>Cross-Council Implications</b>
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None
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<b>List of Background Papers</b>
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None
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<b>Date</b> 12 <sup>th</sup> January 2018	<b>Version No.</b> 4

## REVENUE MONITORING REPORT December 2017

## GENERAL FUND SUMMARY

Directorate	End of Year Position			Comment on major areas of estimated over / (underspend)
	Current Approved Budget £,000	Current Forecast £,000	Net over / (under) spend £,000	
Corporate Services	12,976	12,976	0	Adverse staffing budget pressures currently mitigated by favourable variances in non employee running cost budgets.
Chief Executive	2,383	2,383	0	Adverse pressures in property related budgets are mitigated by favourable variances in staffing budgets.
People Services	78,602	79,869	1,267	Children Services, £496k - Pressures from agency spend in Strategic Commissioning, Central Services and Social Work and Early Intervention services. Additionally, there is pressure in home to school transport costs. Adult Services, £771k - There are demand and cost pressures in care packages budgets. More recent developments around in year National Living wage requests from external providers to meet costs of sleep-in staff has created additional pressure on the Care budgets.
Customer and Localities Services	37,137	37,207	70	Projected deficit of £160k from significant cost pressure in planning application review budgets. The deficit is partly mitigated by an overachievement of income against planned income on car parking and other charges.
<b>Revenue Expenditure Total</b>	<b>131,098</b>	<b>132,435</b>	<b>1,337</b>	

## REVENUE MONITORING REPORT December 2017

## CORPORATE SERVICES

Director: G Ebers

Executive Member for Finance, 21st Century Council, Internal Services and Human Resources: Oliver Whittle

Service	End of Year Position		
	Current Approved Budget	Current Forecast	Provisional Variance
	£,000	£,000	£,000
<b>Governance &amp; Improvement</b>			
Expenditure	2,373	2,431	58
Income	(699)	(699)	0
Net	1,674	1,732	58
<b>Business Services</b>			
Expenditure	27,412	26,664	(748)
Income	(5,648)	(4,948)	699
Net	21,764	21,715	(49)
<b>Corporate Services</b>			
Expenditure	507	503	(4)
Income	(241)	(274)	(33)
Net	266	229	(37)
<b>S&amp;C People Commissioning</b>			
Expenditure	628	656	27
Income	0	0	0
Net	628	656	27
<b>S&amp;C Place Commissioning</b>			
Expenditure	599	599	0
Income	0	0	0
Net	599	599	0
<b>Housing Needs &amp; Benefits</b>			
Expenditure	23,205	23,205	0
Income	(23,480)	(23,480)	0
Net	(275)	(275)	0
<b>Subtotal Excluding Internal and Capital Charges</b>	<b>24,655</b>	<b>24,655</b>	<b>0</b>
Internal and Capital Charges	(11,679)	(11,679)	0
<b>Total</b>	<b>12,976</b>	<b>12,976</b>	<b>0</b>

## REVENUE MONITORING REPORT December 2017

## CHIEF EXECUTIVES

Chief Executive: M. Gill

Leader of the Council: Charlotte Haitham Taylor

Deputy Leader: David Lee

Executive Member, Business and Economic Development and Regeneration: Stuart Munro

Service	End of Year Position		
	Current Approved Budget £,000	Current Forecast £,000	Provisional Variance £,000
<b>Chief Executives Office</b>			
Expenditure	1,987	1,987	0
Income	(2,602)	(2,602)	0
Net	(615)	(615)	0
<b>Council Wide Savings</b>			
Expenditure	90	90	0
Income	(561)	(561)	0
Net	(471)	(471)	0
<b>Town Centre Regeneration</b>			
Expenditure	21	21	0
Income	0	0	0
Net	21	21	0
<b>21st Century Council Programme</b>			
Expenditure	1,667	1,679	11
Income	(844)	(856)	(11)
Net	823	823	0
<b>Subtotal Excluding Internal and Capital Charges</b>	<b>(242)</b>	<b>(242)</b>	<b>0</b>
Internal and Capital Charges	2,625	2,625	0
<b>Total</b>	<b>2,383</b>	<b>2,383</b>	<b>0</b>

## REVENUE MONITORING REPORT December 2017

## PEOPLE SERVICES

Director: P Senior

Executive Member, Children's Services: Mark Ashwell

Executive Member for Adults' Services, Health, Wellbeing and Housing: Julian McGhee-Sumner

Service	End of Year Position		
	Current Approved Budget	Current Forecast	Provisional Variance
	£,000	£,000	£,000
<b>Learning &amp; Achievement</b>			
Expenditure	1,941	2,005	64
Income	(600)	(600)	0
Net	1,341	1,405	64
<b>Social Work &amp; Early Intervention Services</b>			
Expenditure	15,220	14,887	(333)
Income	(1,225)	(1,217)	8
Net	13,995	13,670	(325)
<b>Strategic Commissioning &amp; Central Services</b>			
Expenditure	5,733	6,473	740
Income	(851)	(834)	17
Net	4,882	5,639	757
<b>Adult Social Care - excl. Mental Health</b>			
Expenditure	51,047	52,481	1,434
Income	(10,710)	(11,504)	(794)
Net	40,337	40,977	640
<b>Adult Social Care - Mental Health</b>			
Expenditure	2,732	2,823	91
Income	(276)	(263)	13
Net	2,456	2,560	104
<b>Public Health</b>			
Expenditure	7,025	7,129	104
Income	(7,607)	(7,685)	(78)
Net	(582)	(556)	26
<b>Housing Needs and Benefits</b>			
Expenditure	933	933	0
Income	(398)	(398)	0
Net	535	535	0
<b>Subtotal Excluding Internal and Capital Charges</b>	<b>62,963</b>	<b>64,230</b>	<b>1,267</b>
Internal and Capital Charges	15,639	15,639	0
<b>Total</b>	<b>78,602</b>	<b>79,869</b>	<b>1,267</b>

## REVENUE MONITORING REPORT December 2017

## CUSTOMER AND LOCALITIES SERVICES

Director: J Wragg

Executive Member for Environment, Sports, Leisure and Libraries: Norman Jorgensen

Executive Member for Highways and Transport: Chris Bowring

Executive Member, Planning and Enforcement: Simon Weeks

Executive Member, Strategic Highways and Planning: David Lee

Service	End of Year Position		
	Current Approved Budget	Current Forecast	Provisional Variance
	£,000	£,000	£,000
<b>Community Services</b>			
Expenditure	19,179	19,218	39
Income	(3,163)	(3,178)	(15)
Net	16,016	16,039	23
<b>Development - SDLs</b>			
Expenditure	1,741	1,714	(27)
Income	(518)	(518)	0
Net	1,223	1,196	(27)
<b>Development - Policy &amp; Planning</b>			
Expenditure	828	852	24
Income	(1)	(1)	0
Net	827	851	24
<b>Development - Management &amp; Enforcement</b>			
Expenditure	2,876	3,036	160
Income	(1,458)	(1,458)	0
Net	1,417	1,577	160
<b>Building Control</b>			
Expenditure	568	1,125	557
Income	(655)	(1,212)	(557)
Net	(87)	(87)	(0)
<b>Highways &amp; Transport</b>			
Expenditure	9,950	9,990	40
Income	(3,414)	(3,564)	(150)
Net	6,536	6,426	(110)
<b>Development &amp; Regeneration - MU</b>			
Expenditure	353	353	0
Income	0	0	0
Net	353	353	0
<b>Subtotal Excluding Internal and Capital Charges</b>	<b>26,286</b>	<b>26,356</b>	<b>70</b>
Internal and Capital Charges	10,851	10,851	0
<b>Total</b>	<b>37,137</b>	<b>37,207</b>	<b>70</b>

## REVENUE MONITORING REPORT December 2017

### GENERAL FUND - CARRY FORWARDS

	Carry Forwards £,000	Comments
Corporate Services	0	No carry forwards identified at present.
Chief Executives	175	1. £175k 21st CC programme delays resulting in spend commitments estimated to be in 18/19.
People Services	69	1. £69k Delayed start of a 2 year consultancy contract with Optalis, part of contract will now fall into 18/19.
Customer and Localities Services	226	1. £200k Core Strategy (Local Plan). 2. £26k School Crossing Patroller service to continue in line with school year rather than financial year.
<b>Carry Forwards Total</b>	<b>470</b>	

## REVENUE MONITORING REPORT December 2017

## STATEMENT OF GENERAL FUND BALANCE

	£,000	£,000
<b>General Fund Balance (as at 31/3/2017)</b>		<b>(10,036)</b>
<u>Supplementary Estimates</u>		
Customer and Localities Services (Jul'17 Exec Approval)	400	
People Services (Oct'17 Exec Approval)	300	
Customer and Localities Services (Oct'17 Exec Approval)	49	
		<b>749</b>
<u>Carry Forwards from 2016/17</u>		
Corporate Services	50	
Chief Executive	129	
People Services	69	
Customer and Localities Services	630	
		<b>878</b>
<u>Service Variance (including 17/18 carry forwards requests)</u>		
Corporate Services	0	
Chief Executive	0	
People Services	1,267	
Customer and Localities Services	70	
		<b>1,337</b>
<b>General Fund Balance 31/3/2018</b>		<b>(7,072)</b>

## REVENUE MONITORING REPORT December 2017

## HOUSING REVENUE ACCOUNT

Director: G Ebers

Lead Member, Housing Services: Julian McGhee-Sumner

Service	End of Year Position		
	Current Approved Budget	Current Forecast	Provisional Variance
	£,000	£,000	£,000
<b>Rents</b>			
Expenditure	85	85	0
Income	(15,134)	(15,134)	0
Net	(15,049)	(15,049)	0
<b>Fees &amp; Charges / Capital Finance Charges</b>			
Expenditure	33	33	0
Income	(60)	(60)	0
Net	(27)	(27)	0
<b>Housing Repairs</b>			
Expenditure	2,737	2,737	0
Income	(30)	(30)	0
Net	2,707	2,707	0
<b>General Management</b>			
Expenditure	733	733	0
Income	0	0	0
Net	733	733	0
<b>Sheltered Accommodation</b>			
Expenditure	694	691	(3)
Income	(483)	(483)	0
Net	211	208	(3)
<b>Other Special Expenses</b>			
Expenditure	150	147	(3)
Income	0	0	0
Net	150	147	(3)
<b>Capital Finance</b>			
Expenditure	7,282	7,282	0
Income	(36)	(36)	0
Net	7,246	7,246	0
<b>Subtotal Excluding Internal and Capital Charges</b>	<b>(4,029)</b>	<b>(4,035)</b>	<b>(6)</b>
Internal and Capital Charges	4,029	4,029	0
<b>Total</b>	<b>0</b>	<b>(6)</b>	<b>(6)</b>

## Housing Revenue Account Reserve

£,000

HRA Reserves as at 31st March 2017	(4,922)
2017/2018 Planned Spend	872
2017/2018 Forecast Variance	(6)
<b>Estimated HRA balance as at 31st March 2018</b>	<b>(4,056)</b>

## REVENUE MONITORING REPORT December 2017

Director: P Senior  
Executive Member, Children's Services: Mark Ashwell

## SCHOOLS BLOCK MONITORING REPORT

	End of Year Position			Comment on major areas of estimated over / (underspend)
	Current Approved Budget	Current Forecast	Provisional Variance	
	£,000	£,000	£,000	
<b>Schools Block</b>				
Total Individual Schools Budgets, High Needs & Early Years Allocations	122,668	123,138	470	Increase costs and demand in high needs around maintained Education, Health and Care plans.
Total Central Expenditure	2,351	2,351	0	
<b>Total Schools Budget Expenditure</b>	<b>125,020</b>	<b>125,489</b>	<b>470</b>	
Total Schools Block Funding Income	(123,355)	(123,094)	260	DFE reduced the income allocated in 17-18 due to recalculating the Early year income on the January 2017 census.
<b>Total in-year (surplus) / deficit</b>	<b>1,665</b>	<b>2,395</b>	<b>730</b>	
Brought Forward (surplus) / deficit balance	(1,356)	(1,356)	0	
<b>Total Year End (Surplus) / Deficit</b>	<b>309</b>	<b>1,039</b>	<b>730</b>	

## REVENUE MONITORING REPORT December 2017

## CURRENT INVESTMENT PORTFOLIO

Institutions	Amount	Rate	Date Deal made	Maturity Date	Trade Date	Broker
Lancashire CC	5,000,000	0.50%	04/05/2017	15/01/2018	04/05/2017	Tradition
East Lincolnshire Council	5,000,000	0.40%	20/02/2017	16/01/2018	20/04/2017	Sterling
North Ayrshire Council	5,000,000	0.40%	23/01/2017	22/01/2018	03/04/2017	Tradition
Barnsley BC	3,000,000	0.40%	27/02/2017	16/02/2018	16/05/2017	Sterling
Fife Council	5,000,000	0.52%	28/02/2017	27/02/2018	18/04/2017	Tradition
Islington Council	5,000,000	0.45%	03/04/2017	28/02/2018	02/05/2017	Tradition
Highland Council	5,000,000	0.45%	06/04/2017	21/03/2018	16/05/2017	Tradition
Thurrock Borough Council	5,000,000	0.47%	03/04/2017	29/03/2018	03/04/2017	Tradition
Blackburn Coucil	5,000,000	0.40%	15/06/2017	29/03/2018	15/06/2017	Tradition
Lincolnshire County Council	3,000,000	0.30%	04/07/2017	29/03/2018	07/07/2017	Tradition
Eastleigh BC	3,000,000	0.28%	07/09/2017	23/04/2018	21/11/2017	Sterling
Rugby	3,000,000	0.35%	06/07/2017	29/06/2018	24/07/2017	Tradition
Rugby	2,000,000	0.35%	18/07/2017	13/07/2018	18/08/2017	Tradition
Kingston Upon Hull	3,000,000	0.35%	03/08/2017	13/07/2018	13/10/2017	Prebon
Leeds CC	5,000,000	0.35%	25/07/2017	25/07/2018	01/09/2017	Tradition
Aberdeenshire Council	5,000,000	0.37%	12/07/2017	03/08/2018	03/08/2017	Tradition
Broxtowe Borough Council	2,000,000	0.35%	08/08/2017	08/08/2018	27/11/2017	Sterling
Salford CC	3,000,000	0.37%	15/09/2017	08/08/2018	15/09/2017	Tradition
Barnsley BC	2,000,000	0.39%	02/11/2017	31/10/2018	02/11/2017	Prebon
Doncaster Metropolitan Council	3,000,000	0.39%	02/11/2017	01/11/2018	02/11/2017	Prebon
Tewkesbury Borough Council	3,000,000	0.55%	02/11/2017	01/11/2018	02/11/2017	Tradition
Monmouthshire Council	5,000,000	0.58%	14/11/2018	13/11/2018	20/12/2017	Tradition
<b>Institutions Total</b>	<b>85,000,000</b>					

Daily Money Market Funds	Amount	Rate
Invesco	0	Variable
<b>Money Market Funds Total</b>	<b>0</b>	

<b>Total Current Investments</b>	<b>85,000,000</b>
----------------------------------	-------------------

<b>TITLE</b>	<b>Capital Monitoring 2017/18 – End of December 2017</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Effective use of our capital resources to meet service investment priorities, offering excellent value for residents' council tax.

## **RECOMMENDATION**

The Executive is asked to:

- 1) Note the Capital Monitoring report for the 3rd quarter of 2017/18 as set out in Appendix A to the report.
- 2) Approve and note the release of funding of the 2017/18 capital programme by the receipt of ring fenced capital grants and contribution, for:-
  - Grant to develop 52 Reading Road (to provide accommodation for young adults) from the Home and Communities Agency (Platform for Life Programme) of £228k.
- 3) Approve and note an increase in the overall value of the 2017/18 capital programme due to the receipt of ring fenced capital grants for:-
  - Disabled Facilities Grant (DFG) of £214k.

## **SUMMARY OF REPORT**

To consider the 2017/18 Capital Monitoring Report to the end of December 2017. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 3rd quarter, and shows a £(855)k under spend variance forecast against budget.

## **Background**

The forecast variance has been arrived at by analysing the actual commitments to date and assessing how expenditure may continue to the end of the year based on the latest information available.

The current approved Capital Budget for year 1 is £127,720k. It is now estimated that £95,337k will be spent this financial year with an under spend of (£855k). The remaining budget of £31,528k will be carried forward into 2018/19.

## Analysis of Issues

Effective monitoring of budgets is an essential element of providing cost effective services and enables any corrective action to be undertaken, if required. As mentioned above the council is forecasting an under spend of (£855k). The majority of this is due to the Highways Infrastructure Flood Alleviation Scheme. After modelling, it was determined that the current scheme was not feasible, the team is investigating other options using a feasibility budget. These feasibility studies will be used to build a new capital bid for the 10 year capital vision. There are also several small underspend across the capital programme which create the overall underspend.

The £31,528k carry forward includes the following material items:

- £7,645k Slippage in Investment in Wokingham housing loan
- £6,000k Slippage in Shinfield Eastern Relief Road
- £2,815k Slippage in expansion/new build school schemes
- £1,799k Slippage in Country Park Enhancement
- £1,585k Slippage in Cycle Network
- £1,415k Slippage in the Special Needs Provision
- £1,322k Slippage in 21<sup>st</sup> Century Council Programme
- £979k Slippage in Street Lighting scheme
- £948k Slippage in Leisure Vison Investment Schemes
- £870k Slippage in Nine Mile Ride Extension
- £751k Slippage in HRA - Building programme at Tape Lane, Hurst redevelopment
- £697k Slippage in Safe route to Arborfield School
- £500k Slippage in Ryeish Green Sports Hub

Uncommitted Capital balances (capital resources received, but not yet allocated to the capital programme) are currently estimated to be £1.4m as at 31<sup>st</sup> December 2017 (prior to any announcement about funding cuts and on the assumption that the level of capital receipts will be achieved). The estimated capital receipts received for 2017-18 are expected to be £945k.

### Ring Fenced Capital Grants and Contributions-

The council has been notified that it will receive the following ring fenced capital grants in 2017/18:-

- Grant received for the development of 52 Reading Road (to provide accommodation for young adults) from the Home and Communities Agency (Platform for Life Programme) of £228k. This ring fenced grant will fund an existing capital project (Investment In Wokingham Housing Loans (to Loddon Homes Limited for capital works at 52 Reading Road)) and must be spent in accordance with the specific activities required by the grant, or would otherwise need to be returned to the government.
- Disabled Facilities Grant (DFG) £214k. This comprises £131k DFG Better Care Fund and £83k which is not subject to the Better Care Fund requirements. This ring fenced grant is to be added to the capital programme, and must be spent in

accordance with the specific activities required by the grant or contribution, or would otherwise need to be returned to the government.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£95.3 million	Yes	Capital
Next Financial Year (Year 2)	£92.2 million (£60.7m budget profiled in year 2 and £31.5m proposed carry forward)	Yes	Capital
Following Financial Year (Year 3)	To be determined	Yes	Capital

### Other financial information relevant to the Recommendation/Decision

None

### Cross-Council Implications

Budgets are clearly monitored and do not impact on other Council services and priorities

### List of Background Papers

None

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<b>Date</b> 15 <sup>th</sup> January 2018	<b>Version No.2</b>

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**Appendix A - Capital Monitoring 2017/18 Summary Report to end of December 2017**

Service	Full Year Budget 2017/18 £000	Profile Year 1 £000	Profile Year 2 £000	Forecast Outturn 2017/18 £000	Proposed Carry Forward 2018/19 £000	Estimated (Under)/ Overspend £000	Total Works Complete £000	Comments
Chief Executive	44,227	27,310	16,917	25,956	1,350	(3)	13,077	<b>Explanations of Carry Forward:</b> 2nd quarter total was £(21)k. 3rd quarter material adjustments are: - £1.32m 21st Century Council Programme - delayed due to timeline changes in the programme <b>Explanations of variances:</b> No material variances
Corporate Services	65,145	33,837	31,308	23,584	10,249	(3)	15,546	<b>Explanations of Carry Forward:</b> 2nd quarter total was £9.73m. 3rd quarter material adjustments are: - £325k Broadway House (7-9 Shute End) Refurbishment - Works are not programmed to commence until April 18 <b>Explanations of variances:</b> No material variances
Localities and Customer Services	47,024	43,002	4,022	27,854	14,247	(901)	15,781	<b>Explanations of Carry Forward:</b> 2nd quarter total was £11.87m. 3rd quarter material adjustments are: - £569k California Country Park Car park & Infrastructure - start delayed due to ownership issue with the land, awaiting outcome of land purchase before start date can be agreed - £500k Ryeish Green Sports Hub - delays due to value re-engineering, tenders higher than budget, some (free) car parking reduction but exploring additional funds. <b>Explanations of variances:</b> £(885)k Highways Infrastructure Flood Alleviation Schemes un-ring-fenced grant - Modelling determined current scheme not feasible, future options are to be investigated using feasibility budget bid in draft capital programmes for 2018/19 and 2019/20, with construction thereafter requiring a new bid.
People Services	32,023	23,572	8,451	17,943	5,682	52	11,712	<b>Explanations of Carry Forward:</b> 2nd quarter total was £3.05m. 3rd quarter material adjustments are: - £812k New Secondary School in South-West (Arborfield) - Finance/Leisure/Children's Services reviewed and agreed profile - £645k Investment in Special Education Needs (Secondary) Provision - ring-fenced s106, programme to be developed in line with the SEN strategy - £341k Basic Needs School Expansions slippage of phases into early next year, including Highwood Primary £231k and Beechwood Primary £110k. - £318k Slippage across various Schools Led Enhancement capital projects <b>Explanations of variances:</b> £53k Bulmershe Comp Sch - Purpose built teaching block - Replaced heating system due to chemical attack in system.
<b>Grand Total</b>	<b>188,419</b>	<b>127,720</b>	<b>60,698</b>	<b>95,337</b>	<b>31,528</b>	<b>(855)</b>	<b>56,117</b>	

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Please note when a negative number is shown in the Proposed Carry Forward this shows that the schemes expenditure has accelerated from the original profile of spend

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<b>TITLE</b>	<b>Treasury Management Mid-Year Report 2017-18</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Effective and safe use of our resources to deliver service improvements and service continuity through capital investments.

## **RECOMMENDATION**

The Executive are asked to:

- 1) note the mid-year Treasury Management report for 2017/18;
- 2) note the actual 2017/18 prudential indicators within the report;
- 3) note the report has been considered and supported by Audit Committee
- 4) recommend the report to Council for approval.

## **SUMMARY OF REPORT**

This report summarises the Treasury Management operations during the first six months of 2017/18. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices.

As at 30<sup>th</sup> September 2017 the Council is forecast to exceed its investment return budget and there has been no external loan taken out in the first six months.

The Director of Corporate Services confirms that as at 30<sup>th</sup> September 2017 there have been no breaches of the treasury strategy 2017/18.

## **Background**

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising the council's investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses. On

occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

On the December 4<sup>th</sup> the Audit Committee considered this report and was recommended to council for approval.

## **Analysis of Issues**

### External Debt

In the first six months external debt did not increase as the Council took the opportunity to use internal funds and other sources to fund the capital programme. As at 30<sup>th</sup> September 2017 external debt was:

- General fund (Non- Housing Revenue Account): £65.8m
- Housing Revenue Account: £81.5m.

### Capital Expenditure forecast year end outturn

As at 30<sup>th</sup> September 2017:

- General fund (Non- Housing Revenue Account): £94.1m
- Housing Revenue Account: £5.1m.

### Investment forecast year end outturn

As at 30<sup>th</sup> September 2017:

- Returns on investments (external and internal companies): £1.8m

### Appendices

The full Treasury Management strategy Mid-Year report for 2017/18	Appendix A
The Council's Prudential indicators	Appendix B
The Council's Current Loan Portfolio	Appendix C
The Council's Current Investments as at 30 <sup>th</sup> September 2017	Appendix D
Glossary of Terms	Appendix E

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Year-end forecast: £145.7m External Loans £2.1m Return on Investments	Yes	Capital and Revenue
Next Financial Year (Year 2)	To be determined through the Medium term financial plan		Capital and Revenue
Following Financial Year (Year 3)	N/A		

<b>Other financial information relevant to the Recommendation/Decision</b>
None

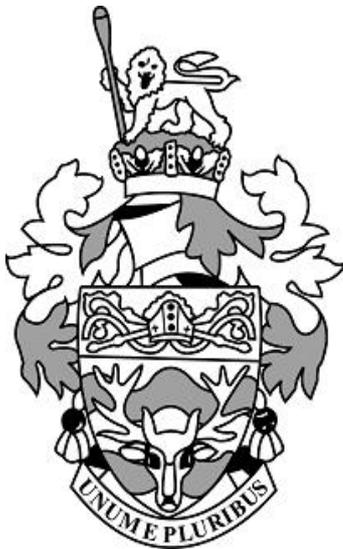
<b>Cross-Council Implications</b>
None

<b>List of Background Papers</b>
None

<b>Contact</b> Martin Jones	<b>Service</b> Finance & Resources
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<b>Date</b> 30 November 2017	<b>Version No.</b> 2

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# WOKINGHAM BOROUGH COUNCIL



# WOKINGHAM BOROUGH COUNCIL

## Treasury Management Mid-Year Treasury Management Report 2017-18

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## Appendices

Prudential and Treasury indicators	Appendix B
Loan Portfolio	Appendix C
Investment Portfolio	Appendix D
Glossary of Terms	Appendix E

## 1. Introduction

This report presents the Council's mid-year treasury position for 2017-18 in accordance with the Council's treasury management practices.

It explains the current economic environment expectations for the near future. It then analyses the latest analysis of capital expenditure which is a key driver of treasury management, driving the borrowing requirement of the organisation. It then shows how the Council has financed its borrowing between internal and external borrowing and then how the Council has managed its short-term cash investments.

The Council's treasury management strategy is largely influenced by capital expenditure. Revenue expenditure is largely balanced with expenditure matching income, and short term borrowing and deposits. The large driver of the longer term treasury management strategy is therefore capital expenditure and financing.

There are two aspects of treasury performance – debt management and cash investment:

- debt management relates to the Council's borrowing;
- cash investment relates to the investment of surplus cash balances.

## 2. The Economy and Interest Rates forecast

Following strong UK economic growth in 2016, growth in 2017 has been more weak; with quarterly growth at just 0.3%, meaning that growth in the first half of 2017 was the slowest since 2012. This has largely been caused by the sharp increase in inflation, caused by the devaluation of sterling after the referendum, increasing the cost of imports.

As a result, on the second of November, the official bank rate was lifted from 0.25% to 0.5%, the first increase since July 2007. The monetary policy committee also expect the bank rate to increase twice more in the next three years to reach 1% by 2020.

Economic forecasting remains difficult with so many external influences weighing on the UK. The overall longer run trend is for PWLB rates to rise, albeit gently.

The Council's treasury advisor, Link Asset Services (formerly Capita Asset Services), has provided forecasts for PWLB rates based on the certainty rate (minus 20 bps) which has been accessible to most local authorities since 1 November 2012, as shown in table 1, below.

	Now	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%
5yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%
10yr PWLB rate	2.10%	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.50%	2.50%	2.70%
25yr PWLB rate	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%
50yr PWLB rate	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%

The November inflation report included an increase in the peak forecast for inflation from 3.0% to 3.2% very soon, with a slow decrease in the inflation rate to just over the 2% target in three years' time.

Chancellor Phillip Hammond will announce his new budget on November 22, the first since the general election, which will be important, as the Government begins to implement its revised target of achieving a budget surplus by 2025, eased from 2020 previously.

### 3. The Council's Capital Expenditure and Financing 2017/18

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- financed in year, immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need or;
- funded by borrowing (internal or external).

The actual capital expenditure forms one of the required prudential indicators. Tables 2 and 3 below show the actual capital expenditure and the funding.

**Table 2: General fund capital expenditure and financing**

	2017/18 Budget	Quarter 1 17/18 Year end forecast	Quarter 2 17/18 Year end forecast
<b>Capital expenditure</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Financed in year	70,322	54,499	45,790
Funded by borrowing (borrowing requirement)	82,527	64,444	48,347
<b>Total</b>	<b>152,849</b>	<b>118,943</b>	<b>94,137*</b>

Note:\* Slippage in the delivery of the capital programme has resulted in this reduction

**Table 3: HRA capital expenditure and financing**

	2017/18 Budget	Quarter 1 17/18 Year end forecast	Quarter 2 17/18 Year end forecast
<b>Capital expenditure</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Financed in year	5,100	5,100	5,100
Funded by borrowing (borrowing requirement)	0	0	0
<b>Total</b>	<b>5,100</b>	<b>5,100</b>	<b>5,100</b>

#### 4. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). It represents the 2017/18 capital expenditure financed by borrowing, and prior years' unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

The Council's general fund underlying borrowing need (CFR) is not allowed to rise indefinitely. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This ensures the general fund pays for the capital asset and is a proxy for depreciation. The total CFR can also be reduced by:

- The application of additional capital financing resources (such as unapplied capital receipts); or
- An additional revenue contribution to the statutory minimum revenue provision (MRP) each year through a Voluntary Revenue Provision (VRP).

This differs from the treasury management arrangements which relates to cash transfers. External debt can be borrowed or repaid at any time, but this does not change the CFR.

The Council's CFR forecast for 2017/18 year end is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. However no borrowing is actually required against these schemes as a borrowing facility is included in the contract.

**Table 4: Capital financing requirement:  
General Fund**

	2017/18 Budget	Quarter 1 17/18 Year end forecast	Quarter 2 17/18 Year end forecast
<b>Opening balance £'000*</b>	119,013	160,022	160,022
<b>Capital expenditure funded by Borrowing</b>	82,527	64,444	48,347
<b>Sub Total</b>	<b>201,540</b>	<b>224,467</b>	<b>208,369</b>
<b>Less Minimum Revenue Provision</b>			
<b>MRP Charge</b>	<b>(3,350)</b>	<b>(3,090)</b>	<b>(3,024)</b>
<b>PFI Principal Charge</b>	<b>(215)</b>	<b>(215)</b>	<b>(215)</b>
<b>Sub Total</b>	<b>(3,565)</b>	<b>(3,305)</b>	<b>(3,239)</b>
<b>Closing Balance</b>	<b>197,975</b>	<b>221,162</b>	<b>205,130</b>
<b>Movement</b>		<b>61,140</b>	<b>45,108</b>

Note: \* The opening balance for the budget was an estimate as at Jan 2017. The Actual closing balance for 2016/17 was higher than forecast, this has resulted in a higher 2017/18 opening balance.

**Table 5: Capital financing requirement:  
HRA**

	2017/18 Budget	Quarter 1 17/18 Year end forecast	Quarter 2 17/18 Year end forecast
<b>Opening balance</b>	90,400	90,400	90,400
Capital expenditure funded by Borrowing	0	0	0
<b>Closing Balance</b>	90,400	90,400	90,400
<b>Less Minimum Revenue Provision</b>			
Repayment of Loan Principle	(1,750)	(2,548)	(2,548)
PFI Principal Charge	0	0	0
<b>Sub Total</b>	(1,750)	(2,548)	(2,548)
<b>Closing Balance</b>	88,650	87,852	87,852
<b>Movement</b>		2,548	2,548

**Table 6: Capital financing requirement:  
General fund and HRA**

	2017/18 Budget	Quarter 1 17/18 Year end forecast	Quarter 2 17/18 Year end forecast
<b>Opening balance £'000</b>	209,413	250,422	250,422
Capital expenditure funded by Borrowing	82,527	64,444	48,244
<b>Sub Total</b>	291,940	314,867	298,769
<b>Less Minimum Revenue Provision</b>			
MRP Charge	(5,100)	(5,638)	(5,572)
PFI Principal Charge	(215)	(215)	(215)
<b>Sub Total</b>	(5,315)	(5,853)	(5,787)
<b>Closing Balance</b>	286,625	309,014	292,982
<b>Movement</b>		58,592	42,560

Note: All borrowing is within are authorised limits.

The capital expenditure funded by borrowing requirement includes the funding of the following:

- Town centre regeneration
- Loans to group companies
- Forward funded schemes

The above borrowing will be reduced when capital receipts are recovered, loans repaid and when developer contributions are received.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. The Council does not borrow all of this money externally but uses some of its internal cash reserves to fund this expenditure. This is referred to as "internal borrowing". This means that the Council's capital financing requirement is higher than its external borrowing figures. External borrowing may be sourced from bodies such as the Public Works Loan Board (PWLB) or the money markets.

## 5. External borrowing and compliance with treasury limits and prudential indicators

Table 7, below, demonstrates the current and forecast 2017/18 external borrowing.

**Table 7: External Borrowing**

	Actuals as at 30-09-17 £'000	Quarter 1 17/18 Year end forecast £'000	Quarter 2 17/18 Year end forecast £'000
<b>Market</b>	24,000	24,000	24,000
<b>PWLB*</b>	122,459	120,709	120,709
<b>Local Enterprise Partnership**</b>	1,380	1,000	1,000
<b>Total borrowing</b>	<b>147,839</b>	<b>145,709</b>	<b>145,709</b>

**Note:\*** reduction due to a HRA self-financing loan repayment

**Note:\*\*** reduction due to a Local Enterprise Partnership loan repayment

During the first six months of the 2017/18 financial year, the Council operated within the treasury limits as set out in treasury management strategy. The position for the treasury management prudential indicators is shown on the following page in table 8, below. These show that all prudential indicators have been complied with. Further detail on each of these indicators is included in Appendix B.

**Table 8: Prudential Indicator – Debt**

Forecast year-end position as at 30-09-17	Has the limit/boundary been broken
Gross external borrowing exceeding CFR	NO
Authorised limit	NO
Operational boundary for external debt	NO
HRA debt limit	NO
Maturity structure of borrowing	NO
Upper limits on interest rate exposure	NO
The percentage of financing costs set aside to service debt financing costs	NO

Note: prudential indicators is shown in table 8 and full details are available in appendix B.

In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing 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 essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs.

## 6. Compliance with treasury limits and prudential indicators for investments

The treasury management team ensure the cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return. The return on investments contributes to the Council's budget for both the general fund and housing revenue account.

Table 9, below, shows the counterparties where cash deposits are held. Further detail is available in appendix D.

Table 9: Investment Type	Quarter 1	Quarter 2
	Actuals invested	Actuals invested
	£'000	£'000
Local authorities	60,000	63,000
Money market funds	3,500	0
Fund managers	631	631
Internal companies investments (including the HRA)	26,359	30,091
<b>Total</b>	<b>90,490</b>	<b>93,722</b>

During the first six months of the 2017/18 financial year the Council operated within the treasury limits as set out in investment strategy. The position for the investment prudential indicators is shown in table 10 and full details are available in appendix B.

Table 10: Investments return	Quarter 1	Quarter 2
	Forecast outturn	Forecast outturn
	£'000	£'000
Local authorities	206	434
Money market funds	5	9
Fund managers	0	0
Internal Companies investments (including the HRA)	1,308	1,608
<b>Total</b>	<b>1,519</b>	<b>2,051</b>

Current forecast of investment return shows we will over achieve the budget (Budget £1,451,000 year end outturn forecast as at September is £1,790,000). This is due to loans made to our housing companies.

## **7. Conclusion**

The Director of Corporate Services confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2017/18 and that no difficulties are envisaged for the remaining six months in complying with the prudential indicators. The Council is operating in a stringent financial climate, but is still managing to deliver within budgeted interest levels.

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Prudential and treasury indicators as at 30<sup>th</sup> September 2017General FundTable B1 - Capital expenditure and In year borrowing requirement

General fund	2017/18 Budget	Quarter 1	Quarter 2
		17/18 Year end forecast	17/18 Year end forecast
	£'000	£'000	£'000
Capital expenditure	152,849	118,944	94,136
Capital Financing Requirement (CFR)	197,975	224,122	205,130
Annual change in CFR	78,962	61,140	45,108
In year borrowing requirement	82,527	64,444	48,347

Table B2 - financing costs %

General fund	2017/18 Budget	Quarter 1	Quarter 2
		17/18 Year end forecast	17/18 Year end forecast
	£'000	£'000	£'000
Ratio of financing costs to net revenue stream	3.17%	3.10%	2.81%

The percentage of the revenue budget set aside each year to service debt financing costs is shown above. The quarter two forecast is below budget as a result of favourable returns compared to budget.

This is calculated as follows: financing cost divided by net revenue stream

As per budget 2017/18: £3,666k/ £130,349k = 2.81%

HRATable B3 - Capital expenditure and In year borrowing requirement

HRA	2017/18 Budget	Quarter 1	Quarter 2
		17/18 Year end forecast	17/18 Year end forecast
	£'000	£'000	£'000
Capital expenditure	5,100	5,100	5,100
Capital Financing Requirement (CFR)	90,400	90,400	90,400
Annual change in CFR	(1,750)	(2,548)	(2,548)
In year borrowing requirement	0	0	0

**Table B4 - financing costs %**

HRA	2017/18 Budget	Quarter 1	Quarter 2
		17/18 Year end forecast	17/18 Year end forecast
	£'000	£'000	£'000
Ratio of financing costs to net revenue stream	18.94%	18.48%	18.48%

The percentage of the revenue budget set aside each year to service debt financing costs.

This is calculated as follows: financing cost divide by total income received

As per budget 2017/18: £2,781k / £15,049k = 18.48%

### **General Fund & HRA**

**Table B5 - Capital expenditure and In year borrowing requirement**

General fund & HRA	2017/18 Budget	Quarter 1	Quarter 2
		17/18 Year end forecast	17/18 Year end forecast
	£'000	£'000	£'000
Capital expenditure	157,949	124,044	99,236
Capital Financing Requirement (CFR)	288,375	314,522	295,530
Annual change in CFR	77,212	58,592	42,560
In year borrowing requirement	82,527	64,444	48,347

**Table B6 - Upper limit - Debt only**

General fund and HRA	2017/18 Budget	Quarter 1	Quarter 2
		Actual	Actual
	£'000	£'000	£'000
Fixed rate exposures	180,000	147,386	147,386
Variable rate exposures	40,000	0	0

**Table B7- Internal Borrowing**

General fund and HRA	2017/18 Budget	Quarter 1 17/18 Year end forecast	Quarter 2 17/18 Year end forecast
	£'000	£'000	£'000
CFR (year-end position)	286,625	309,014	292,982
Less External Borrowing	(203,200)	(145,709)	(145,709)
Less Other long term liabilities	(8,600)	(10,000)	(10,000)
<b>Internal Borrowing*</b>	<b>74,825</b>	<b>153,305</b>	<b>137,273</b>
Movement	0	78,480	62,448
<b>% of internal borrowing to CFR</b>	<b>0</b>	<b>49.61%</b>	<b>46.85%</b>

Note:\* This will be reviewed on a regular basis to make sure we are getting best value for money. The Council is currently using its own cash flow (as rates of return are low), if rates start to increase a new external loan may need to be taken out.

**Table B8 - Upper limit - Investments Only**

General fund and HRA	2017/18 Budget	Quarter 1 (Apr-Jun) Actual	Quarter 2 (Jul-Sep) Actual
	£'000	£'000	£'000
Fixed rate exposures	(80,000)	(68,874)	(79,874)
Variable rate exposures	(40,000)	(18,086)	(25,794)

Upper limit for principal sums invested over 364 days	2017/18 Budget	Quarter 1 (Apr-Jun) Actual	Quarter 2 (Jul-Sep) Actual
	£'000	£'000	£'000
In house	0	0	0
Fund managers	(10,000)	(631)	(631)

**Table B9 - Internal investments: interest received**

	2017/18 Budget	Quarter 1 17/18 Year end forecast	Quarter 2 17/18 Year end forecast
	£'000	£'000	£'000
HRA Internal loan from The General fund		(449)	(449)
Wokingham Housing		(584)	(884)
	(600)	(1,033)	(1,333)

Table B10 - Internal investments: Investments held

	Quarter 1 17/18 Year end forecast	Quarter 2 17/18 Year end forecast
	£'000	£'000
HRA Internal loan from The General fund	8,874	8,874
Wokingham Housing	17,485	25,193
<b>Total</b>	<b>26,359</b>	<b>34,067</b>

General Fund Loan portfolio at 30<sup>th</sup> September 2017

PWLB/Market	Loan no	Principle £'000	Interest Rate %	Maturity Date
<b>General fund</b>				
PWLB Loans	485805	976	4.88	01/08/2022
PWLB Loans	488876	2,343	4.95	01/02/2034
PWLB Loans	505948	6,000	2.30	31/03/2034
PWLB Loans	505949	8,000	2.34	31/03/2035
PWLB Loans	505950	4,000	2.37	31/03/2036
PWLB Loans	491456	1,431	4.35	30/09/2046
PWLB Loans	491320	2,929	3.85	01/08/2051
PWLB Loans	491474	5,587	4.40	01/08/2052
PWLB Loans	493309	9,764	4.60	31/03/2054
Market Loans	1c	4,882	4.88	06/02/2066
Market Loans	4	1,953	3.68	16/02/2066
Market Loans	5	4,882	3.73	19/10/2076
Market Loans	6	1,953	3.77	19/10/2076
Market Loans	2c	4,882	4.60	11/01/2077
Market Loans	3b	4,882	4.35	24/02/2077
Local Enterprise Board		380	0.00	01/12/2017
Local Enterprise Board		250	0.00	01/12/2017
Local Enterprise Board		750	0.00	01/12/2019
<b>Total</b>		<b>65,844</b>		

Note: All external borrowing is used in table B7 in appendix B

(£8,874 HRA loan is treated as internal)

## Housing Revenue Fund Loan portfolio at 30th September 2017

PWLB/Market	Loan no	Principle £'000	Interest Rate %	Maturity Date
<b>HRA</b>				
HRA Self Financing	501033	1,750	1.50	28/03/2018
HRA Self Financing	501051	3,098	1.76	28/03/2019
HRA Self Financing	501036	1,988	1.99	28/03/2020
HRA Self Financing	501034	3,482	2.21	28/03/2021
HRA Self Financing	501038	4,199	2.40	28/03/2022
PWLB Loans	485805	24	4.88	01/08/2022
HRA Self Financing	501050	3,484	2.56	28/03/2023
HRA Self Financing	501049	4,116	2.70	28/03/2024
HRA Self Financing	501045	3,744	2.82	28/03/2025
HRA Self Financing	501048	3,971	2.92	28/03/2026
HRA Self Financing	501040	5,415	3.01	28/03/2027
HRA Self Financing	501046	5,981	3.08	28/03/2028
HRA Self Financing	501039	6,378	3.15	28/03/2029
HRA Self Financing	501047	6,789	3.21	28/03/2030
HRA Self Financing	501037	7,231	3.26	28/03/2031
HRA Self Financing	501035	8,516	3.30	28/03/2032
HRA Self Financing	501043	9,276	3.34	28/03/2033
PWLB Loans	488876	57	4.95	01/02/2034
HRA Self Financing	501044	1,000	3.37	28/03/2034
PWLB Loans	491456	35	4.35	30/09/2046
PWLB Loans	491320	71	3.85	01/08/2051
PWLB Loans	491474	135	4.40	01/08/2052
PWLB Loans	493309	236	4.60	31/03/2054
Market Loans	3b	118	4.35	24/02/2077
Market Loans	2c	118	4.60	11/01/2077
Market Loans	1c	118	4.88	08/02/2066
Market Loans	4	47	3.68	16/02/2066
Market Loans	5	118	3.73	19/10/2076
Market Loans	6	47	3.77	19/10/2076
General fund loan		8,874	4.50	
<b>Total</b>		<b>90,416</b>		

\* Note this is an internal loan from the general fund to the HRA and is not included in the total external loans.

## Total external borrowing loans at 30th September 2017

		Quarter 1	Quarter 2
	Actuals @ 30-09-17	17/18 Year end forecast	17/18 Year end forecast
	£'000	£'000	£'000
Market	24,000	24,000	24,000
PWLB*	122,459	120,709	120,709
Local Enterprise Partnership**	1,380	1,000	1,000
<b>Total borrowing</b>	<b>147,839</b>	<b>145,709</b>	<b>145,709</b>

Note:\* reduction due to a HRA self-financing loan repayment

Note:\*\* reduction due to a Local Enterprise Partnership loan repayment

	Quarter 1	Quarter 2
External Borrowing interest cost	17/18 Year end forecast	17/18 Year end forecast
	£'000	£'000
Principle owing	147,839	147,839
£ interest to be paid in 17/18	4,852	4,852
Average % rate in 17/18	3.28%	3.28%

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## Current investments as at 30/09/2017

Institution	Amount £'000	Rate	Date Deal made	Maturity Date	Trade Date	Broker
<b>Current lending</b>						
Conwy County Borough Council	3,000	0.40%	03/11/2016	02/11/2017	30/11/2016	Tradition
London Borough of Enfield	4,000	0.40%	01/12/2016	28/11/2017	01/12/2016	Tradition
Lancashire CC	5,000	0.50%	04/05/2017	15/01/2018	04/05/2017	Tradition
East Lincolnshire Council	5,000	0.40%	20/02/2017	16/01/2018	20/04/2017	Sterling
North Ayrshire Council	5,000	0.40%	23/01/2017	22/01/2018	03/04/2017	Tradition
Barnsley BC	3,000	0.40%	27/02/2017	16/02/2018	16/05/2017	Sterling
Fife Council	5,000	0.52%	28/02/2017	27/02/2018	18/04/2017	Tradition
Islington Council	5,000	0.45%	03/04/2017	28/02/2018	02/05/2017	Tradition
Highland Council	5,000	0.45%	06/04/2017	21/03/2018	16/05/2017	Tradition
Blackburn Council	5,000	0.40%	15/06/2017	29/03/2018	15/06/2017	Tradition
Lincolnshire County Council	3,000	0.30%	04/07/2017	29/03/2018	07/07/2017	Tradition
Thurrock Borough Council	5,000	0.47%	03/04/2017	29/03/2018	03/04/2017	Tradition
Rugby	3,000	0.35%	06/07/2017	29/06/2018	24/07/2017	Tradition
Rugby	2,000	0.35%	18/07/2017	13/07/2018	18/08/2017	Tradition
Aberdeenshire Council	5,000	0.37%	12/07/2017	03/08/2018	03/08/2017	Tradition
<b>Total</b>	<b>63,000</b>					
<b>Money Market Funds</b>						
Invesco	0	Variable	Call			
Goldman Sachs Govt	0	Variable	Call			
Deutsche Global (Henderson)	0	Variable	Call			
Goldman Sachs	0	Variable	Call			
<b>Total</b>	<b>0</b>					
<b>Grand total</b>	<b>63,000</b>					

Table D1 - Fund managers

	Mkt Value £'000	Interest Received £'000	Cumulative rate %
<b>Fund Managers at 30/09/17</b>			
Royal London Asset Management (Rlam)	631	0	0.48%
Aberdeen Asset Management	0	0	0.00%
	<b>631</b>	<b>0</b>	

Table D2- Internal investments:

	Actuals invested @ 30-09-17 £'000
HRA Internal loan from The General fund	8,874
Wokingham Housing	21,217
<b>Total</b>	<b>30,091</b>

Table D3 - Investments return

	Quarter 1 Forecast outturn £'000	Quarter 2 Forecast outturn £'000
Local authorities	206	434
Money market funds	5	9
Fund managers	0	0
Internal companies investments (including the HRA)	1,308	1,608
<b>Total</b>	<b>1,519</b>	<b>2,051</b>

**Authorised Limit** – Represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desirable, could be afforded in the short term, but is not sustainable in the longer term.

**Boundary Limit** – Is an estimate of the authorised limit but reflects an estimate of the most likely, prudent, but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements.

**Capital Financing Requirement (CFR)** - reflects the Council's underlying need to borrow for a capital purpose. It shows the total estimated capital expenditure that has not been resourced from capital or revenue sources. This requirement will eventually be met by revenue resources through the Minimum Revenue Provision mechanism.

**CIPFA Prudential Code** - is a professional code of practice to support local authorities in taking capital investment decisions. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality local public services in accordance with the Prudential Code.

**Consumer price index (CPI)** - measures changes in the price level of a market basket of consumer goods and services purchased by households.

**Department for Communities and Local Government (DCLG)** - Is a ministerial department, supported by 11 agencies and public bodies. They are working to create great places to live and work, and to give more power to local people to shape what happens in their area.

**European Central Bank (ECB)** - The central bank for the euro and administers monetary policy of the eurozone, which consists of 19 EU member states and is one of the largest currency areas in the world.

**Fair value** - Is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price

**FED** - The Federal Reserve System (also known as the Federal Reserve, and informally as the Fed) is the central banking system of the United States.

**Financing Cost to Net Revenue Stream** - The percentage of the revenue budget set aside each year to service debt financing costs.

**Funding for Lending Scheme (FLS)** – was launched by the Bank and HM Treasury on 13 July 2012. The FLS is designed to incentivise banks and building societies to boost their lending to the UK real economy.

**Gilt** - is a UK Government liability in sterling, issued by HM Treasury and listed on the London Stock exchange.

**Gross domestic product (GDP)** - is the market value of all officially recognized final goods and services produced within a country in a given period of time (usually the fiscal year).

**Local Authority Lender Option Borrower Option (LOBO)** - The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates, such as every 5 years.

**Local enterprise partnerships** - Are partnerships between local authorities and businesses. They decide what the priorities should be for investment in roads, buildings and facilities in the area.

**London Interbank Bid Rate** - the rate at which banks will bid to take deposits in Eurocurrency from each other. The deposits are for terms from overnight up to five years.

**Monetary Policy Committee (MPC)** - Interest rates are set by the Bank's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be achieved.

**Minimum Revenue Provision (MRP)** - Is a provision the council has set-aside from revenue to repay loans arising from capital expenditure financed by Borrowing.

**Private Finance Initiative (PFI)** - This is funding public infrastructure projects with private capital.

**Public Works Loan Board (PWLB)** - is a statutory body operating within the Debt Management Office, an Executive Agency of HM Treasury.

**PWLB certainty rate** - A reduced interest rate from PWLB to principal local authorities, which provided required information to government on their plans for long-term borrowing and associated capital spending.

**Quantitative easing (QE)** - A government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. Quantitative easing increases the money supply by flooding financial institutions with capital, in an effort to promote increased lending and liquidity.

**Voluntary Revenue Provision (VRP)** – This a discretionary provision to reduce the unfinanced capital expenditure (Borrowing) by additional loan repayments.

<b>TITLE</b>	<b>Chief Finance Officer's Report</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance

## **OUTCOME/BENEFITS TO THE COMMUNITY**

Sound Finances and Value for Money.  
Service enhancement and maintaining services to the community through allocating budgets to Council priorities.

## **RECOMMENDATION**

- 1) That the Executive note the Chief Finance Officer (CFO) report and the issues contained within, including the local government finance settlement and the sections on key risks, and that they consider these when setting the council tax for 2018/19 and agreeing the Council's medium term financial plan (MTFP).
- 2) That the Executive support the Council's response to the draft local government finance settlement as set out in Appendix two.

## **SUMMARY OF REPORT**

The Local Government Act 2003 requires the Chief Financial Officer (Director of Finance and Resources) to report to Members as part of the budget setting process.

A major influence on the budget is the local government finance settlement.

- a) Wokingham is again the lowest funded unitary authority in the country.
- b) This is the third year of a four year settlement from 2016/17 to 2019/20.
- c) The funding settlement imposes a triple taxation effect on Wokingham's council tax payers; firstly they have been required to pay the largest contribution to local services as a result of previous poor settlements, then their significant contribution is used as a basis on which to calculate their penalty (grant reduction) and lastly, the local taxation levy is assumed in each of the four years (inflationary council tax increases plus a 2% Adult Social Care precept). Although this punitive approach has been applied to all Local Authorities, it has a significantly disproportional effect on Wokingham's council tax payers who have, through previous poor settlements, been required to make the highest percentage contribution to their local services.
- d) The Council's main grant, revenue support grant (RSG) has reduced from £6.1m in 2016/17 to £0.2m in 2017/18, £0 in 2018/19 and to a negative grant of £7.1m in 2019/20 due to a special increase to the business rates tariff payments which the Council must pay. Revenue support grant for 2018/19 is therefore £0.00 per resident per year.

- e) Wokingham again has the lowest settlement funding assessment per head of all unitary authorities in the country, and less than half the funding levels of three Berkshire authorities.
- f) Wokingham's council tax payers are expected to pay for a higher percentage of the Council's spending power than any other unitary authority.

The report identifies some of the most significant financial risks faced by the Council. These include the potential increases in clients care costs, forward funding of the Council's investment ambitions (particularly the Strategic Development Locations, SDLs, and Town Centre Regeneration, and investment in property assets), the business rate retention scheme. Changes arising from the local government finance settlement received in December 2017 have been updated within this report.

## Background

The Local Government Act 2003 requires the Chief Finance Officer (CFO) to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The report outlines the major financial issues facing the Council.

## Analysis of Issues

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

Key issues are considered under the following headings and will be updated for the revised version of this report to be issued after the local government finance settlement has been released:

- a) Revenue resources outlook
- b) Capital resources and borrowing outlook
- c) Key risks: services and financial.

The draft local government finance settlement was released on 19 December 2017, outlining Wokingham's funding levels for 2018/19. A response to the consultation has been prepared and is attached as appendix two.

## Corporate Implications

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

The net revenue budget for 2017/18 is approximately £110m. The Council needs to set a balanced budget in the context of this. The budget requirements for 2018/19 and 2019/20 are also shown in the plan as indicative figures only.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See MTFP	Yes	Revenue and capital
Next Financial Year (Year 2)	See MTFP	Yes	Revenue and capital
Following Financial Year (Year 3)	See MTFP	Yes	Revenue and capital

### Other financial information relevant to the Recommendation/Decision

Included in MTFP

<b>Cross-Council Implications</b>
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The budget affects all services
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<b>List of Background Papers</b>
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Medium Term Financial Plan 2018/19
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<b>Date</b> 16 January 2018	<b>Version No.</b> 4

# CHIEF FINANCE OFFICER'S STATUTORY REPORT

## 1. Introduction

The Local Government Act 2003 requires the Chief Finance Officer (CFO) to report to Members, when setting the level of council tax, on the robustness of the budget presented and adequacy of reserves. The report below provides a strategic overview of the council's financial position as a context before making specific considerations on the 2018/19 budget.

## 2. Strategic Overview

### ***Government's Autumn Budget November 2017***

The Government declared that the UK economy has shown its resilience, although the Office for Budget Responsibility (OBR) expects to see slower gross domestic product growth over the forecast period. The UK economy is forecast to grow by 1.5% in 2017, and then grow at a slightly slower rate in the next three years before picking up in 2021 and 2022. Departmental spending plans were set out in the budget, with the DCLG Local Government reducing from £6.7bn to in 2017/18 to £4.8bn in 2018/19.

The national living wage will increase to £7.83 per hour (from £7.50) from April 2018. The housing infrastructure fund will be extended from £2.3bn to £2.7bn to help provide new homes in high demand regions. £2.0bn has been confirmed to provide at least 25,000 new affordable homes. An additional £1.7bn will help provide extra investment in local transport connections as part of the transforming cities fund.

The autumn budget provides the context for the local government funding settlement and illustrates that the financial climate is expected to remain extremely challenging for the foreseeable future.

### ***Other financial notifications***

The following items remain from previously announced government statements, and impact on the financial context for the 2018/19 budget setting. A 1% cumulative annual reduction in council dwelling rent will continue for two more years from April 2018.

### ***Local government finance settlement December 2017***

Due to years of local government funding driven by a formula biased toward deprivation factors (as opposed to recognising the basic cost of providing services) and grant reductions calculated on the amount received in previous years, Wokingham Borough Council goes into the 2018/19 settlement as the lowest funded unitary authority (per head of population) in the country. This also means that, because of such poor funding settlements in the past, more of Wokingham's local services are funded by its council taxpayers than any other unitary authority. It is important to emphasise that while some unitary authorities benefit from around 70% of their service costs funded by Government, the corresponding figure is just 12% in the case of Wokingham, and is set out later in the report.

Wokingham has been hit the hardest because Wokingham's council taxpayers already pay for most of its local authority services (as previously illustrated). This is the third year of the current four year funding settlement. The settlement seeks to impose a triple taxation effect on Wokingham residents. Firstly they have been required to pay the largest contribution to local services as a result of previous poor settlements, then their significant contribution is used as a basis on which to calculate their penalty (grant reduction) and lastly, a high local taxation levy is assumed each year of the settlement (council tax at inflation plus a 2% adult social care precept) in order to maximise the penalty calculation. Although this punitive approach has been applied to all local authorities, it has a significantly disproportional effect on Wokingham's council taxpayers who have, through previous poor settlements, been required to make the highest percentage contribution to their local services.

Wokingham's situation is further compounded by the way the new homes bonus (NHB) has been included within the grant cut calculation. We have endeavoured to embrace the intention of the NHB since its introduction and play our part in both regeneration and taking a responsible approach in meeting housing demand. This means that our NHB has been used primarily in the past on regeneration related activities. Previously NHB provided the council with resources to plough back into services and regeneration, as was the stated intention of the scheme on its inception. Now that our housing supply projects are underway and delivering on their intention, our NHB should be increasing. Under the current four year settlement, NHB funding has been cut, despite the significant new homes being built in the borough. This is a consequence of the Government's cut to NHB funding. Furthermore the NHB is included with the council's core spending power calculation, which indicates it should be used on core council services and therefore not available specifically for regeneration activity.

Over the next three years, the indicative grant cuts assume the council increases council tax by inflation and an additional adult social care (ASC) precept of 2% each year. If the council does not apply both these levies, it compounds what already looks like an unmanageable savings target created by such severe reductions on an already meagre grant allocation. As a result, our residents will inevitably be charged more and more each year, whilst experiencing the service cuts needed to 'balance the books'. The council has the opportunity to increase the adult social care precept by up to 6% over the three years 2017/18, 2018/19 and 2019/20. An increase of 3% was taken in 2017/18, leaving an increase of 3% to be shared across 2018/19 and 2019/20.

The ASC precept, although initially seen as a helpful introduction, becomes problematic for Wokingham. The precept is assumed to be taken at 2% every year in the settlement calculation and as such, contributes to the size of the grant cut (as previously explained). The council is required to spend this money on adult social care only, and so this restricts the council's ability to allocate its own spending internally which is needed to justify the precept.

In recent years the government has capped council tax increases to 2%, excluding the adult social care precept. For 2018/19 this cap was increased to 3%. Although this increases flexibility, this only partially goes to cover increasing inflation costs and reducing grant levels, with central government assuming in their analysis of our spending pressures a 3% council tax increase.

Additionally the transitional grant which had been received by Wokingham in each of the previous two years has been cut entirely.

Wokingham, along with its Berkshire neighbours bid to be part of a 100% business rates retention pilot for 2018/19. This bid was accepted, and will result in an additional £500k being received by the local authority for 2018/19, and an estimated £25m further funding being allocated to the Berkshire LEP for infrastructure investment in line with the business case reported to Executive on 30/11/2017.

### **Negative revenue support grant**

The council continues to oppose the concept of negative RSG, which is forecast at £7.14m in 2019/20. Negative RSG has the effect of distributing council taxpayers' money out of the borough and creates an unviable financial platform for 2020 when business rates are 'returned' to local authorities. Wokingham would start off this new regime without any RSG and less than £7m of its £60m+ business rates.

### **Adult Social Care (ASC)**

The Government's continued aim is that by 2020 health and social care will be integrated across England, with joined up services between social care providers and hospitals, and that it should feel like a single service for patients.

The adult social care precept puts the council at a perverse financial disadvantage. It is assumed to be levied at 2% every year by the Government as a way of justifying the highest possible grant cut. The resulting grant and subsequent budget shortfall can only be addressed by cuts to non ASC services (or it will lose its ability to levy the precept). This significantly compounds the pressure on the council's non adult social care service areas.

### **Regeneration and strategic developments**

The council is continuing the development of Wokingham town centre to ensure that it remains an attractive location for businesses, and for people to visit for shopping and recreation. In addition, the four strategic development locations (SDLs) which the council has identified are driving the process of generating new housing and employment opportunities. The budget submission, contained in the medium term financial plan (MTFP), will again identify considerable investment in these areas.

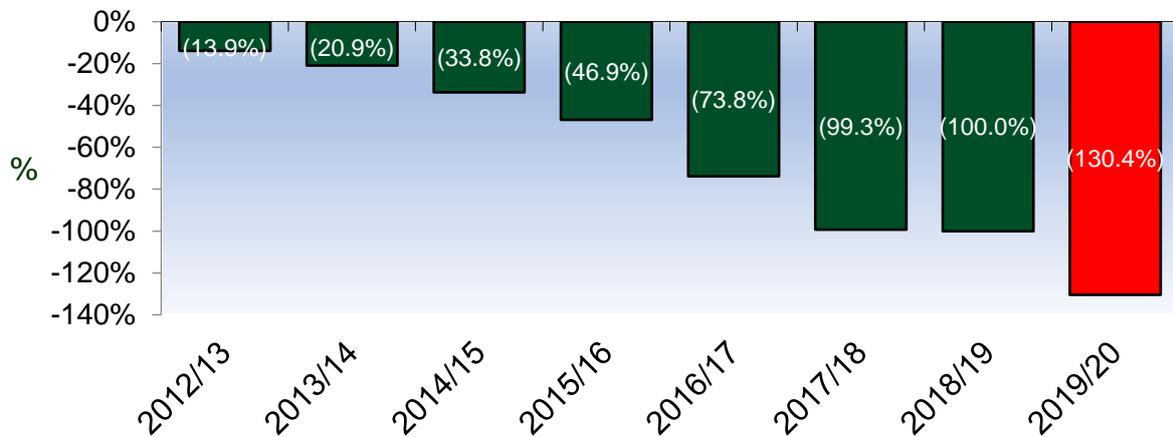
## **3. Analysis of Reductions in Government Funding**

The percentage changes in Government Funding since 2010/11 are shown below. Following the December 2010 Local Government Finance Settlement, Wokingham suffered a reduction in RSG for the first time in 2011/12 of 14.3%, that is followed by reductions cumulatively as shown in the graph below. In 2018/19 all of the grant will have gone completely, yet by 2019/20 the grant will be cut still further as authorities are required to pay back grant through 'negative RSG'.

RSG was previously the significant unringfenced grant that supported the council's ongoing revenue expenditure. From 2013/14 it has been incorporated within the settlement funding assessment (SFA). The 100% reduction for Wokingham is significantly higher than the Berkshire average reduction of 44.3%, and the average for all unitary authorities.

The graph below shows the cumulative reductions in grant for Wokingham.

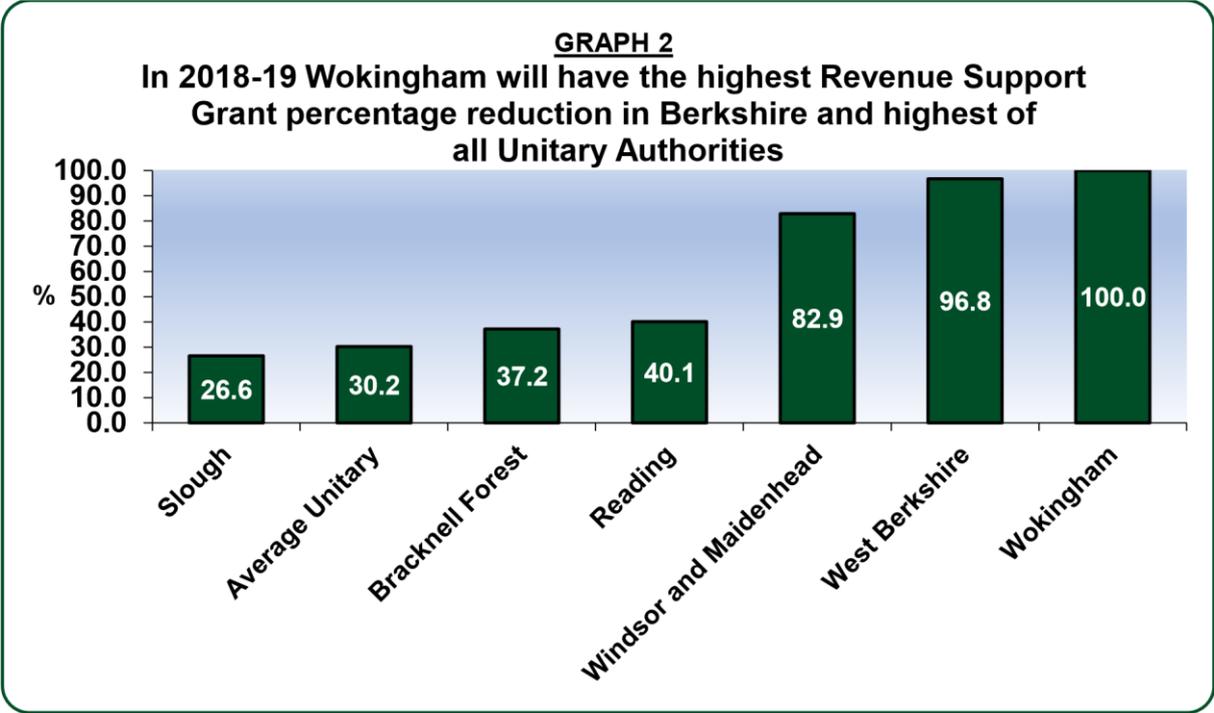
**GRAPH 1**  
**Cumulative percentage change in Revenue Support Grant**  
**since 2011/12 (now within the SFA)**



The reductions in Government grants highlighted above have had a major impact on the council's finances and budgets since 2010/11. The Council's net expenditure budget has been reduced each year since 2010/11 as shown in the table below, which indicates that the net expenditure budget has been reduced by £37.7m (36%) between 2010/11 and 2017/18.

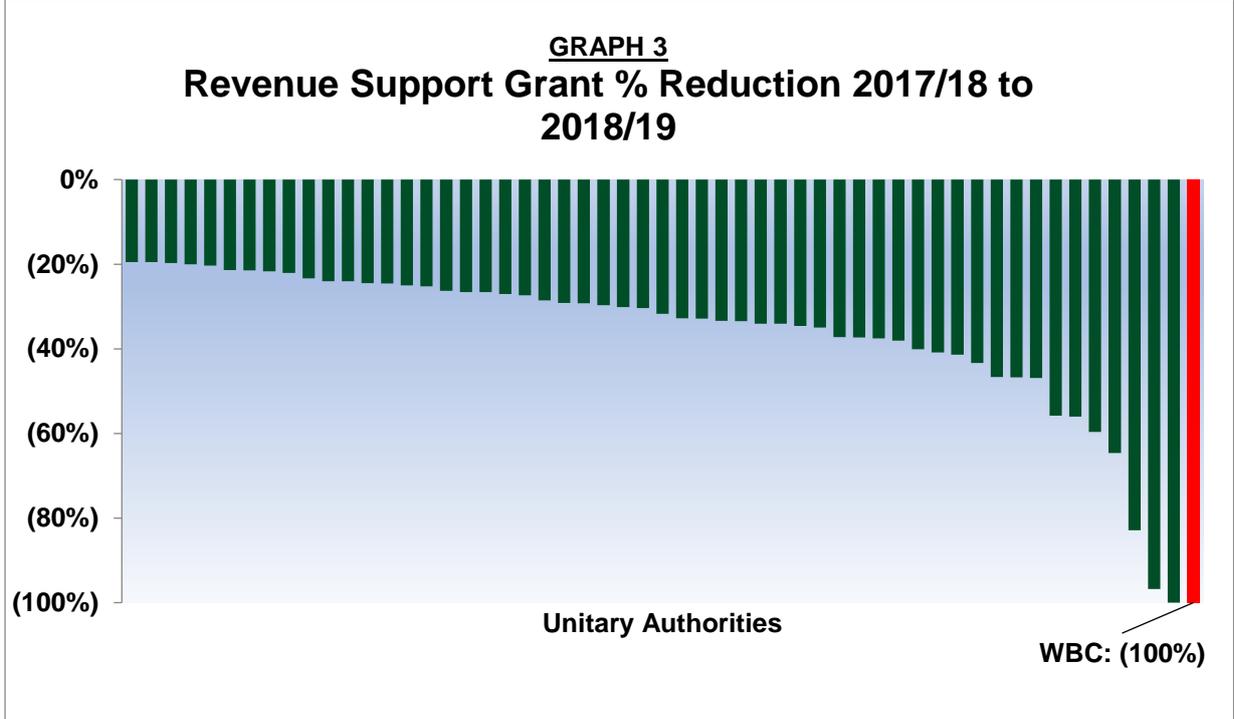
<b>These figures will be updated for 2018/19 once the budget has been prepared</b>	<b>£m</b>
<b>WBC 2017/18 net expenditure Budget</b>	<b>112.0</b>
Less Rolled in Grants from services to Formula Grant	(12.5)
Less discount re inflation since 2010/11 (based on CPI)	(21.3)
Less discount re growth in council tax base since 2010/11	(10.7)
<b>Net expenditure budget 2017/18 discounted to 2010/11 Prices</b>	<b>67.5</b>
<b>2010/11 net expenditure budget</b>	<b>105.2</b>
<b>Reduction in expenditure since 2010/11</b>	<b>£37.7m (36%)</b>

This further graph, below, compares the 2018/19 RSG reductions across Berkshire councils, and the average for all unitaries. Despite already being the lowest funded unitary authority prior to the 2018/19 settlement, incredibly Wokingham managed to suffer the highest percentage reduction in RSG of all Berkshire and unitary authorities in the country, at 100%.

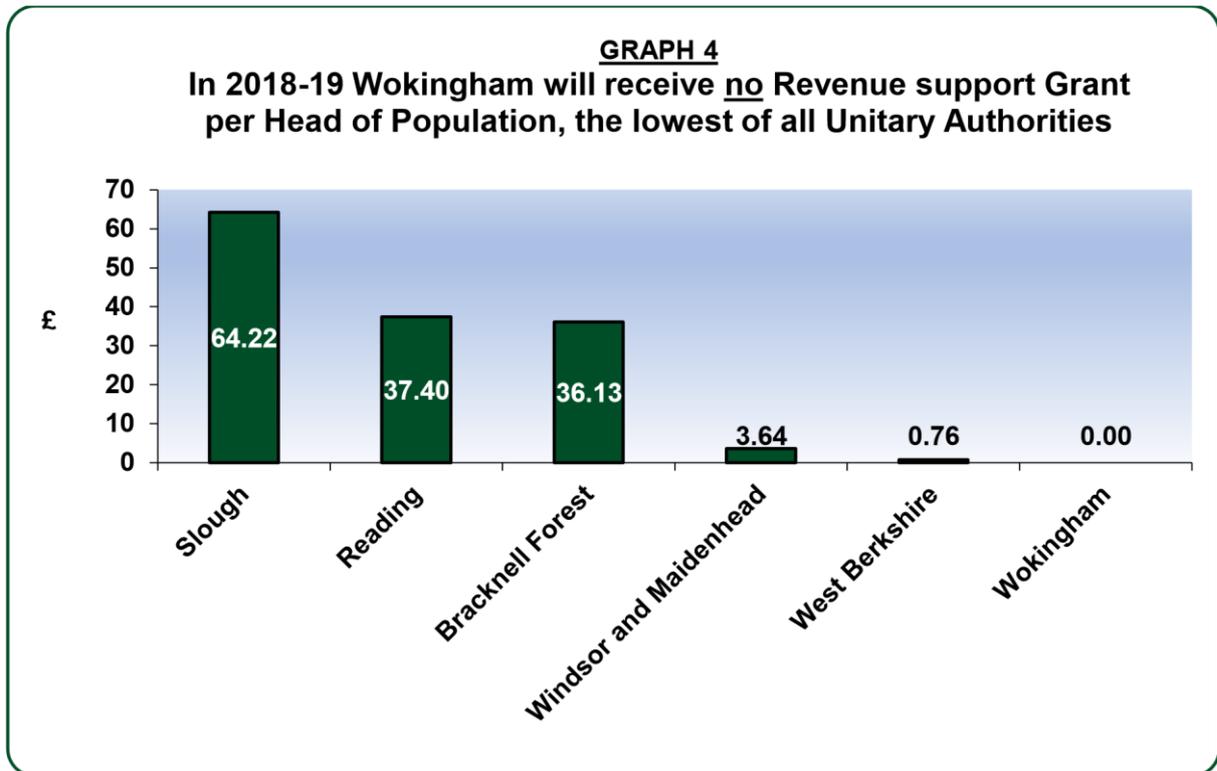


**NOTE:** This and following RSG graphs do not take into account the passporting of RSG through business rates for authorities in 100% retention pilots, which artificially suggests some authorities have no RSG

The Council now receives no RSG. The graph below shows Wokingham’s revenue support grant reduction compared to all other unitary authorities. This highlights what an extreme case Wokingham is in the settlement.

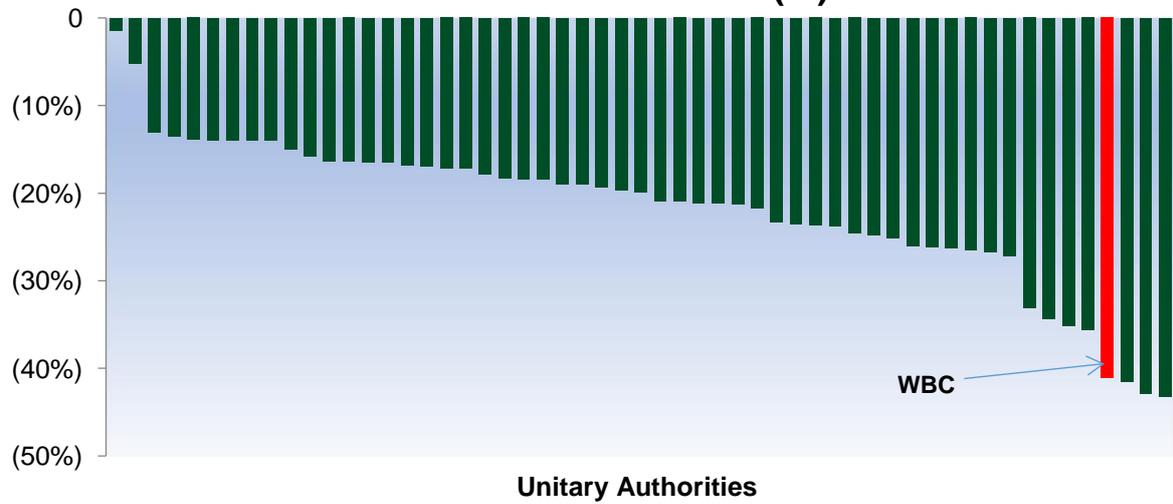


The graph below calculates the RSG for 2018/19 on a per head basis to enable a like for like comparison. The Wokingham figure of £0 per head, as it receives no RSG. It reveals a huge change from historic years, with Wokingham now receiving no RSG for local services.



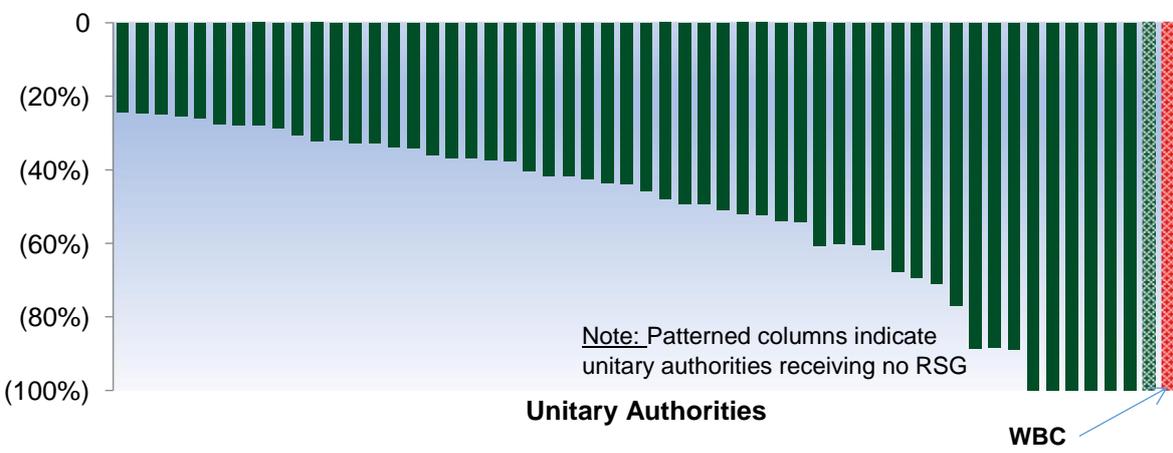
The above reductions are also reflected in respect of settlement funding assessment (SFA), which comprises retained business rates and RSG. Comparing 2016/17 to 2018/19, Wokingham do not have the largest reduction of all unitary authorities, although it is the fourth worst at 41%, compared to the 43% reduction for Rutland Council. This is because for 2018/19, the government capped its reduction in order not to give a negative RSG grant. Effectively, Wokingham's budget couldn't get cut any further without giving a negative grant, so the reduction was capped at 41%.

**GRAPH 5**  
**Reduction in Settlement Funding Assessment**  
**2016/17 to 2018/19 (%)**



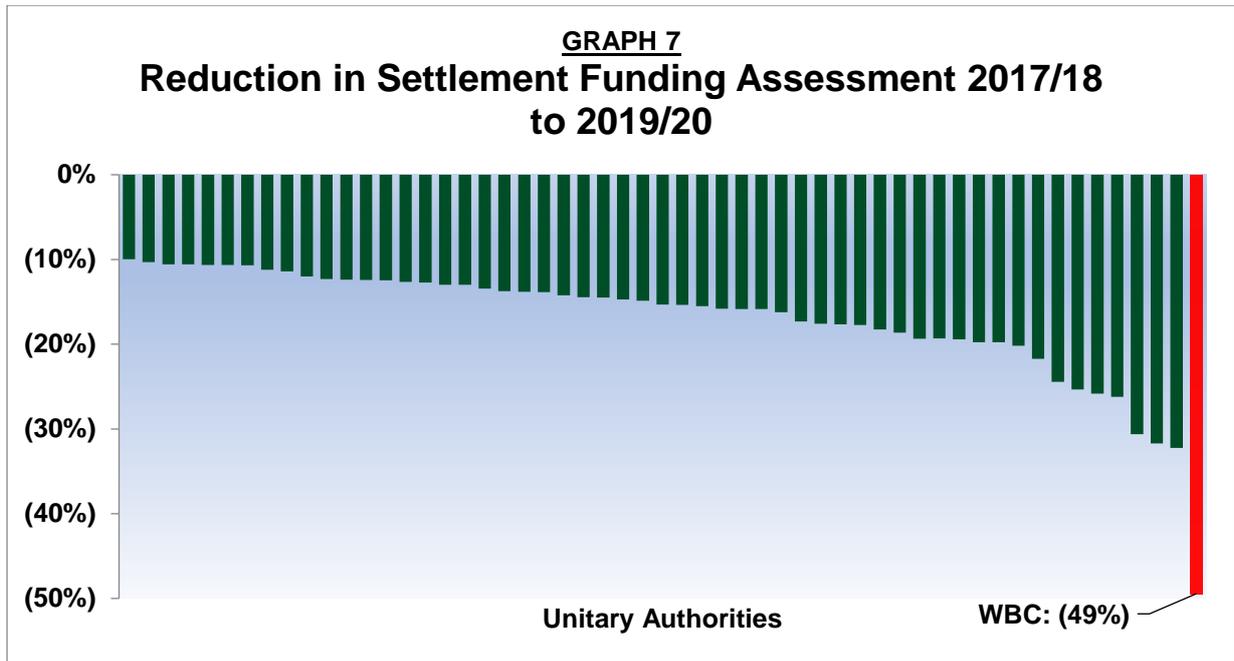
The graph below shows the change in RSG from 2018/19 to 2019/20 and again shows that Wokingham has the largest reduction of all unitaries. This confirms that for 2018/19, Wokingham sees a 100% reduction in its RSG, receiving no grant in 2018/19.

**GRAPH 6**  
**Change in Revenue Support Grant 2018/19 to 2019/20**

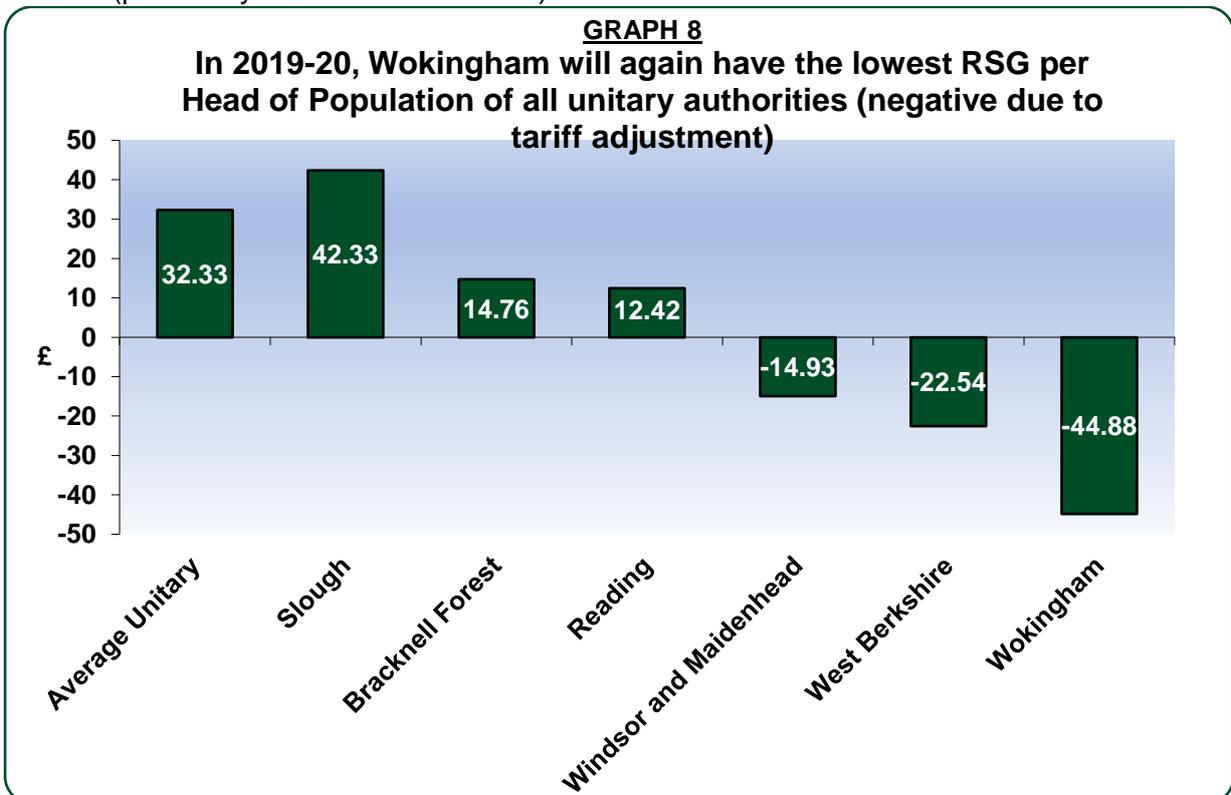


When looking at the four year horizon of the Settlement, the picture is bleak for Wokingham. For 2018/19 Wokingham's RSG is £0. A negative RSG is introduced in 2019/20 when all the RSG has been removed. This negative RSG is enacted through a 'special' increase to the business rates tariff, which increases by £7.1m in 2019/20. As a result, by 2019/20 Wokingham expects to retain less than £7m of the £60m+ business rates we collect. The settlement funding assessment (made up of both RSG and retained business rates) also shows Wokingham suffers more than any other unitary authority in the country. So, when looking at Wokingham's settlement from a RSG or SFA perspective we fare worst over the both the short term (2018/19) and the medium term (2019/20). Remember, these cuts are on top of our position going into this settlement; already the lowest funded authority per head of population. The

graph below confirms that Wokingham will suffer the biggest reduction in Government support from 2017/18 to 2019/20 of all unitaries:



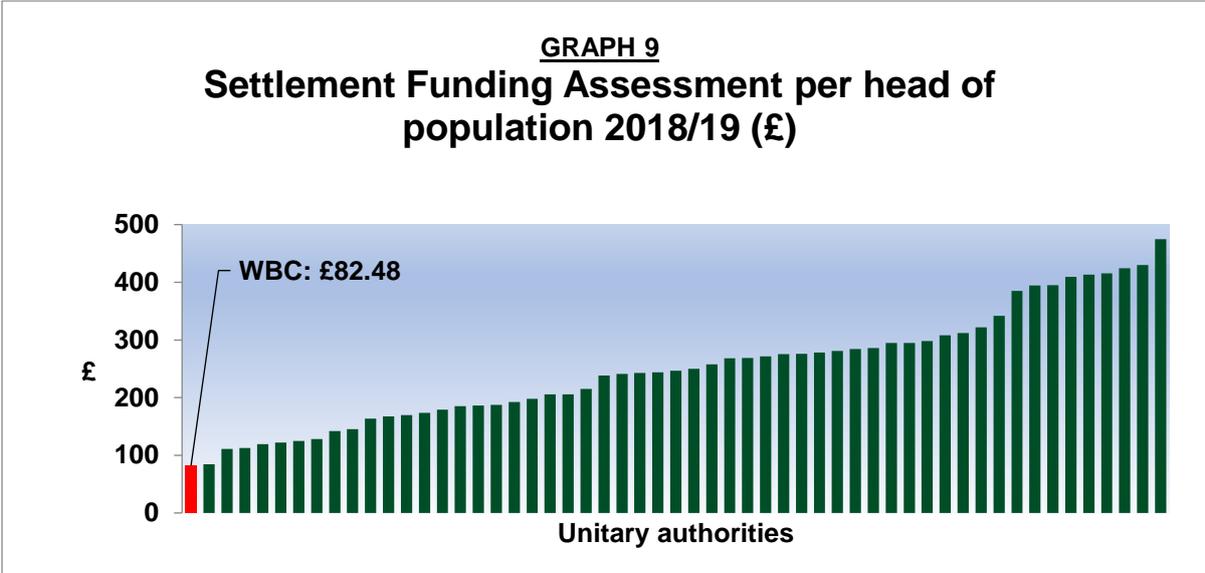
The graph below shows the specific impact by 2019/20 on a per head basis of the reductions in RSG (previously called Formula Grant).



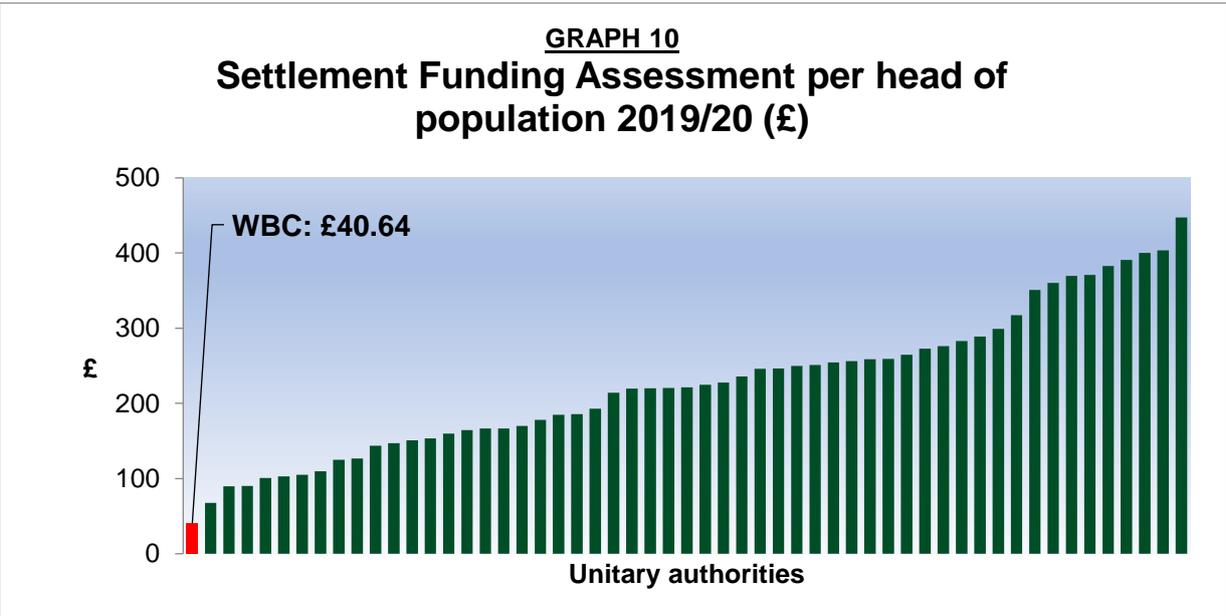
**Settlement Funding Assessment (SFA)**

Wokingham’s total SFA will be £13.6m in 2018/19, compared to £19.1m in 2016/17, a reduction of 28.6%, or £5.5m.

The graph below shows the position for 2018/19 and confirms that Wokingham remains the lowest funded, well below the unitary average, and less than 18% of the highest funded unitary authority:

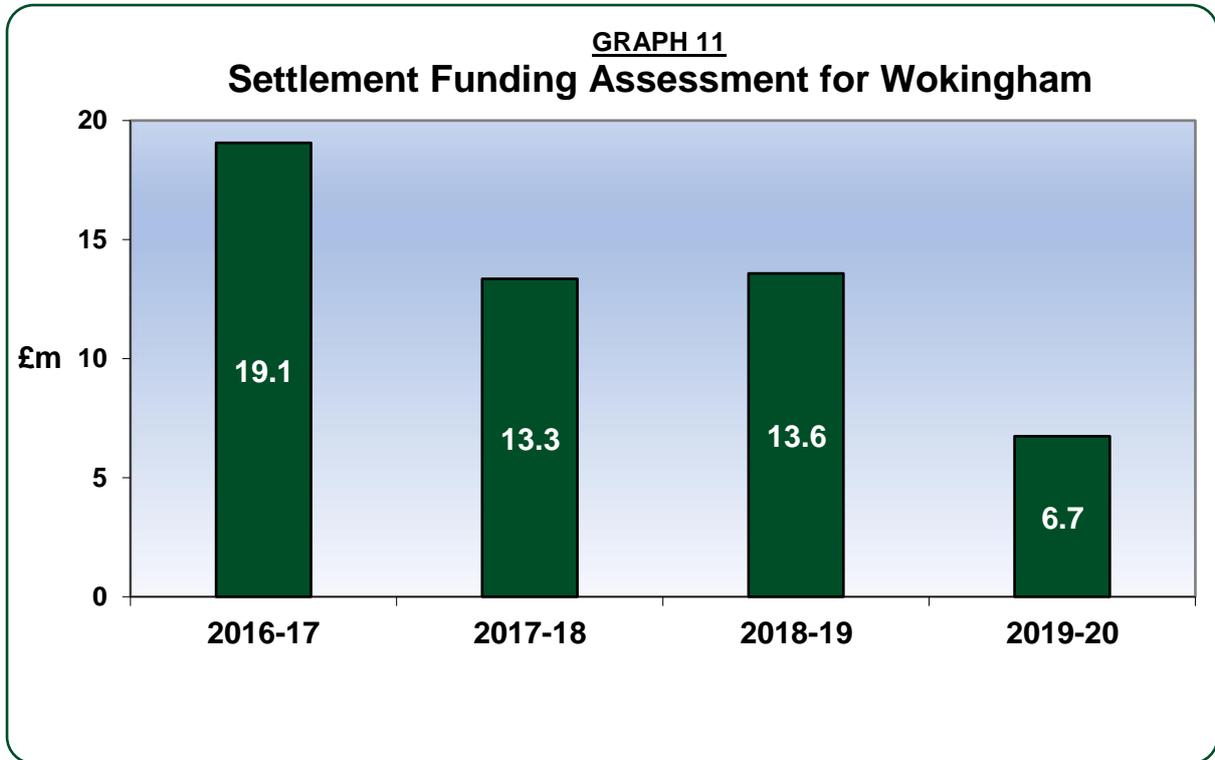


The graph below shows the position for 2019/20 and confirms that Wokingham remains the lowest funded, well below the unitary average, and less than xx&% of the highest funded unitary authority. It also shows a dramatic reduction in funding compared to 2018/19.

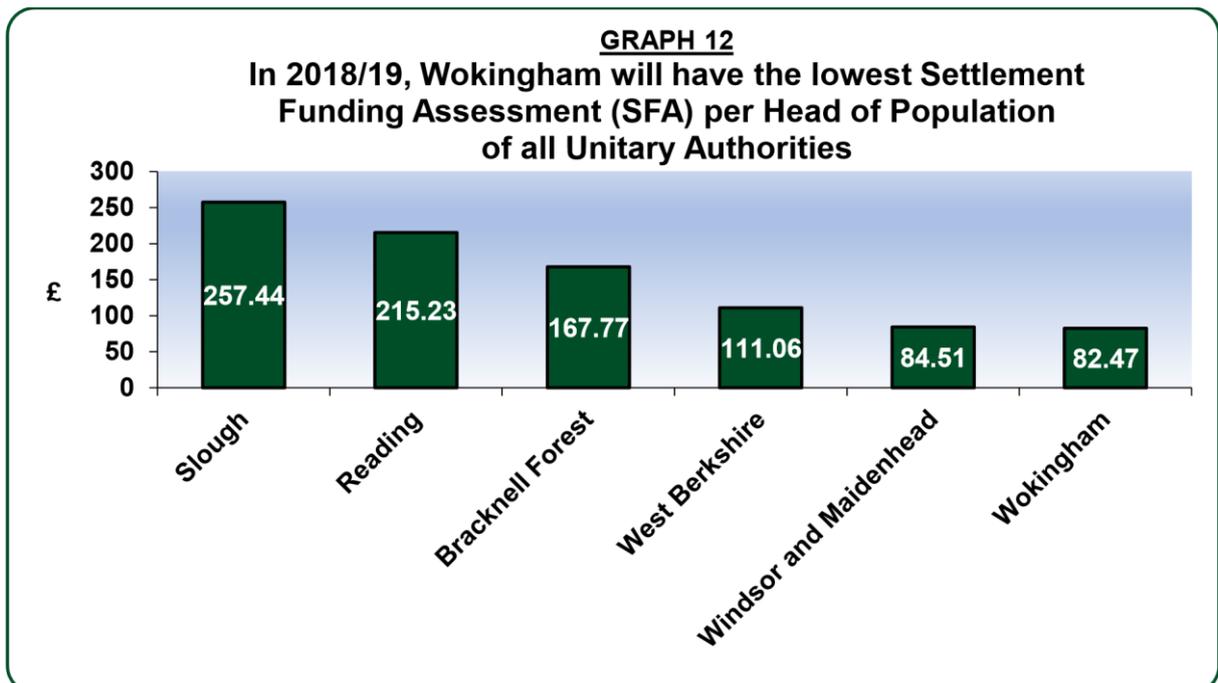


The graph below shows the settlement funding assessment for Wokingham over time. The slight increase in 2018/19 is a result of inflationary increases in business rates, and our

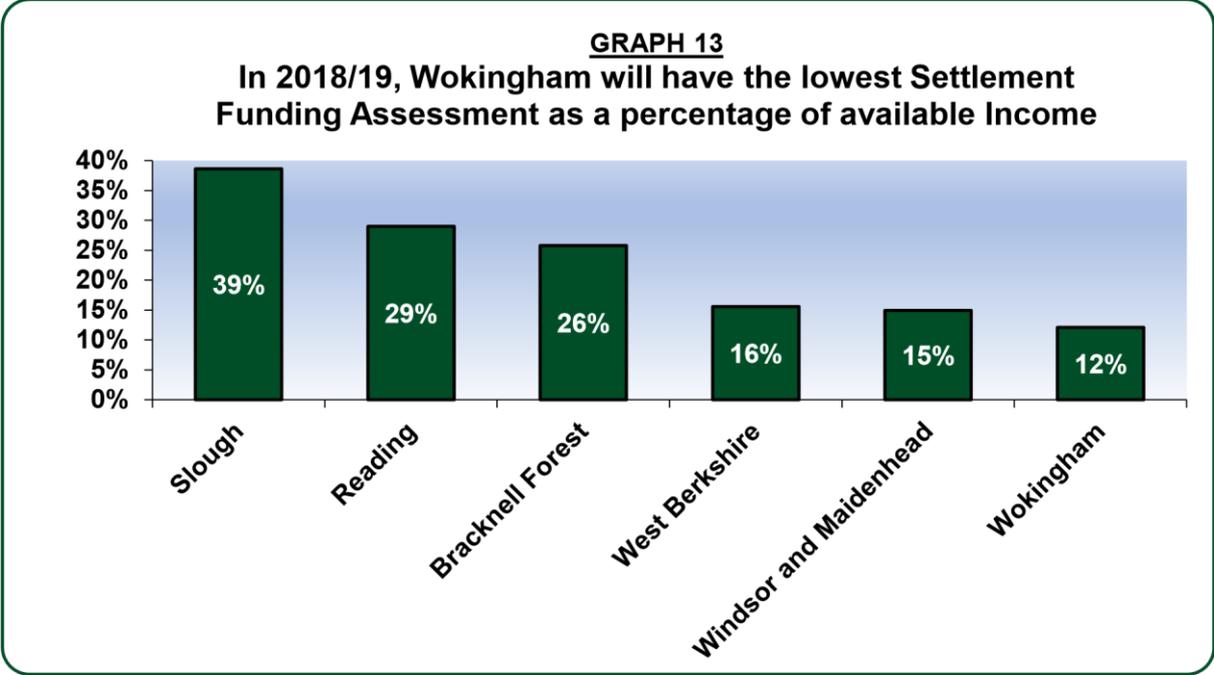
relatively low cash level reduction in revenue support grant, as negative RSG was not implemented for 2018/19. This decision has not continued for 2019/20, with the settlement including a tariff adjustment in 2019/20, implementing the negative RSG. The cumulative changes from £19.1m in 2016/17 to £7.0m in 2019/20 represent a 64% reduction.



The graph below shows the settlement funding assessment on a per head of population basis for each Berkshire council. Wokingham will receive the SFA per head of £82.47, which is significantly lower than the unitary authorities average. It is also less than half the funding of three of the Berkshire authorities.



Wokingham’s settlement funding assessment income is only 12% of its 2018/19 total available income (known as spending power). This is less than a third of one Berkshire council (39%), and lower than all other unitary authorities. The practical implication for Wokingham is that it must fund a higher proportion of the council’s expenditure through council tax than any other unitary authority, and therefore increases/decreases in council tax have a greater proportional impact on services.



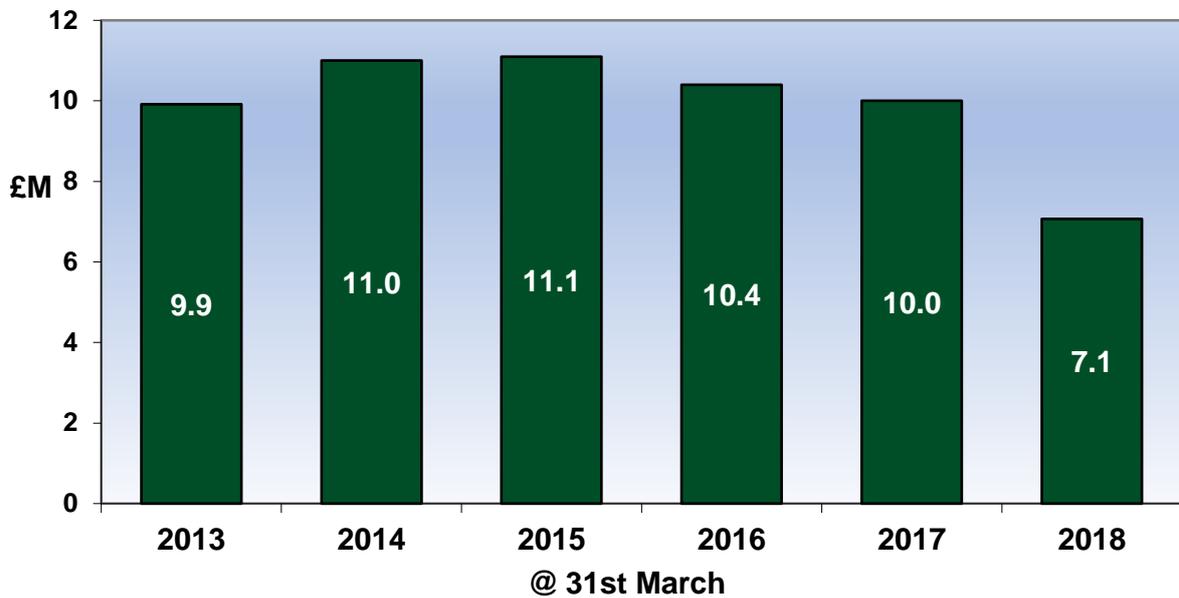
In 2018/19, Wokingham will receive the lowest percentage of SFA grant as a share of its total income, of any unitary authority. Wokingham will receive 12%, compared to some unitary councils for which government grants will fund over 70%, and an average of 32%. As a result, the percentage of expenditure met by Wokingham council tax payers is the highest of any unitary authority.

**4. General fund balances (GFB)**

The GFB is required as a contingency to meet unforeseen spending requirements and to provide stability in medium term financial planning (e.g. by using balances to contain growth in future years). The level of balances is informed by a budget risk analysis. This approach was introduced in 2003/04 when the council agreed the policy on GFBs. The budget risk analysis is included in the annual medium term financial plan. The graph below shows actual GFBs at 31 March 2017 and a forecast for 31 March 2018 and 31 March 2019. (Forecast for 31 March 2019 to be included once the budget is agreed.) The expected reduction for 31 March 2018 is as a result of the latest supplementary estimates and projected overspend.

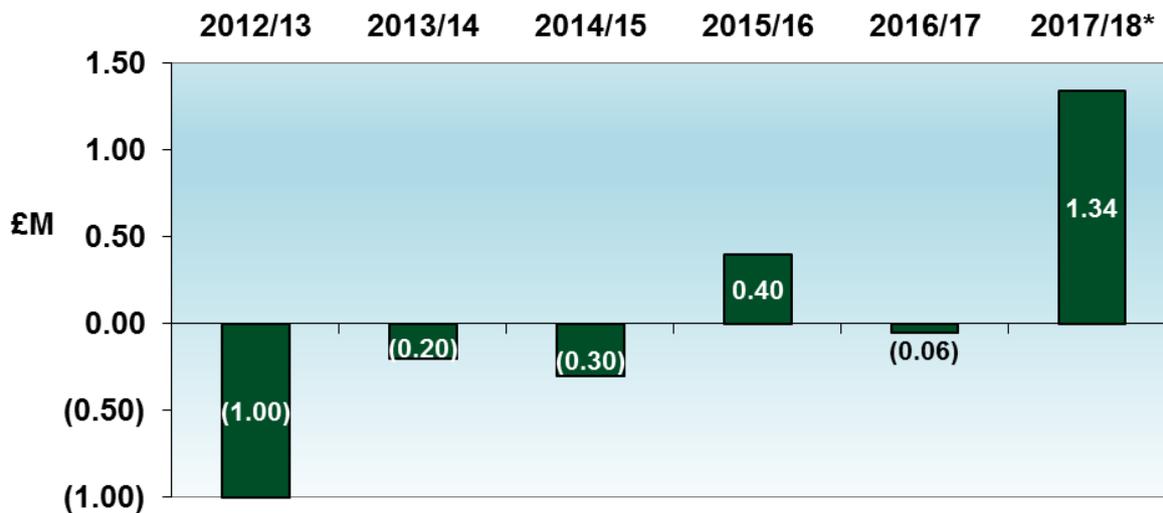
The risks facing the council's finances have increased significantly, they include the implication of future years of austerity; further grant reductions; additional service pressures; substantial regeneration programmes requiring forward funding of interest costs on SDL schemes; risks around business rate receipts, and the level of retained business rates.

**GRAPH 14**  
**GENERAL FUND BALANCE**  
 (including forecast for 31 March 2018)



A further consideration in setting a prudent level of GFBs and setting a safe budget is the underlying trend of under/over spending against the budget set at the beginning of the year (see below).

**CHART 15**  
**REVENUE OUTTURN POSITION**  
 (Net of budget carry forwards)



\*This includes supplementary estimates, which masks an underlying pressure.

It is important that the council ensures that sufficient budget is approved to deliver the agreed levels of service to avoid base budget deficiencies (inadequate budgets).

The forecast budget variance in 2017/18 currently shows an overspend of £1.337m compared to the budget approved in February 2017, based on December monitoring, as well as the inclusion of supplementary estimates and carry forward requests. It should be recognised that within the overall position there are significant underlying cost pressures within the 2017/18 budget including, for example, pressures on adult care placements; this will need to be considered within the 2018/19 budget submission.

## 5. Other balances

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

## 6. Council tax

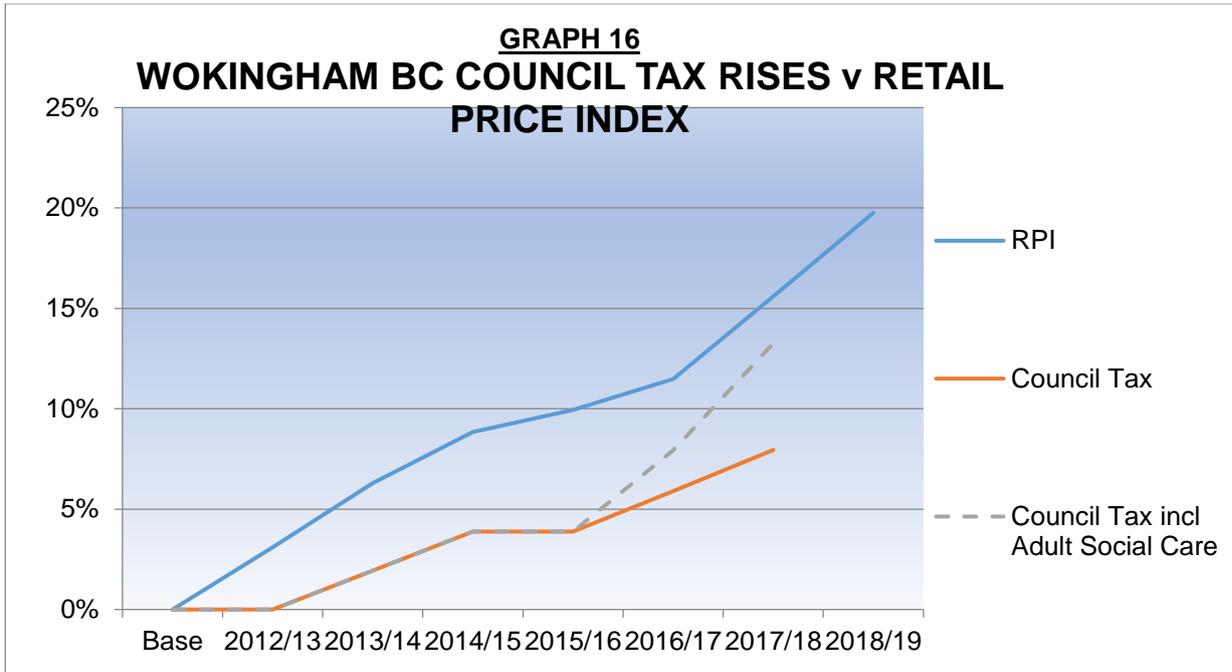
Funding is fixed by the Government and therefore increases in service funding affects the level of council tax that must be levied. This is a major area of tension in every budget setting year; the increase in council tax versus the quality and level of service delivery. This is a particularly difficult tension in the context of public affordability (e.g. those on a fixed income) and also because a high proportion of the council's services are statutory with escalating costs driven by increasing client needs and numbers.

The expenditure pressures for council tax increases above inflation are similar each year: client increases (particularly in social care); increase in statutory requirements (e.g. recycling, standards of care); unavoidable expenditure increases above inflation (e.g. maintenance contracts, social care contracts and land fill tax) and pressures to improve services from both the public and the Government. Across recent years Wokingham has succeeded in keeping council tax increases in line with or below inflation (achieving a freeze in 2012/13 and 2015/16) as shown in the table below. From 2016/17 to 2017/18 the increases exceeded the inflation level, but this is due to the government's calculations which assume both inflationary increases and an additional adult social care increase to council tax. Recent changes in council tax can be seen in the table below.

Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
<b>RPI (May figures)</b>	3.1%	3.1%	2.4%	1.0%	1.4%	3.7%	3.3%*
<b>Wokingham BC Council tax (core element)</b>	0.0%	1.9%	1.9%	0.0%	1.9%	1.9%	
<b>Wokingham BC Council tax (Adult social care)</b>	n/a	n/a	n/a	n/a	2.0%	3.0%	

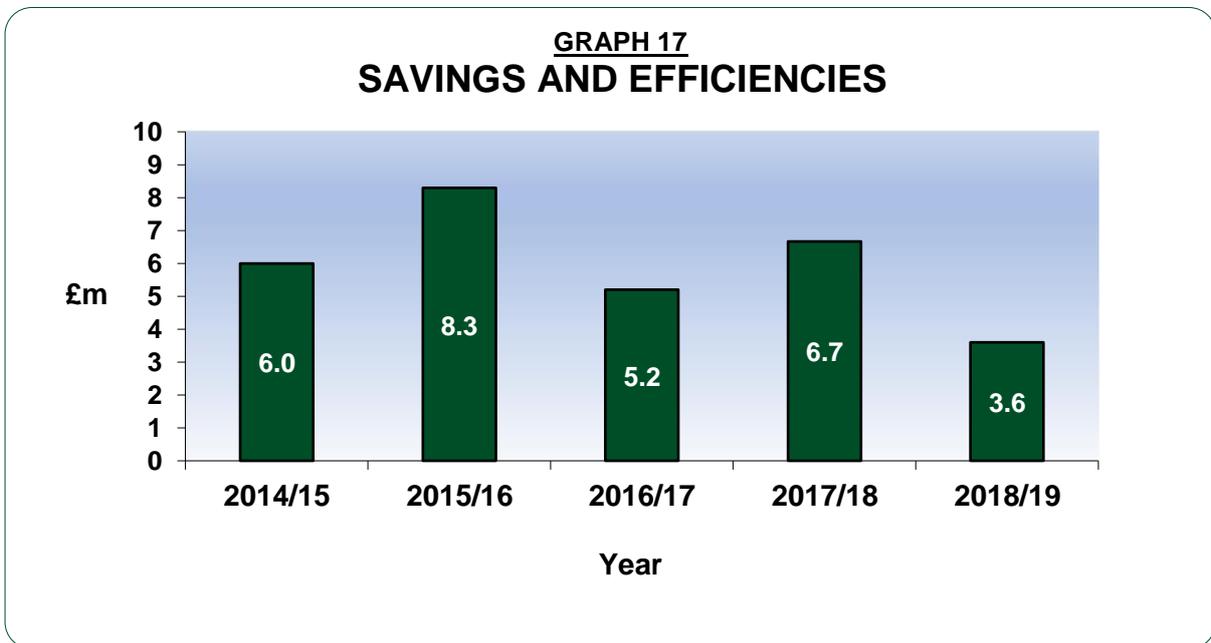
\* OBR November 2017 forecast of 2018 RPI

Taken across a longer time period, as can be seen in the graph below, council tax increases have been kept below inflation. This is a reflection of the council's continuing pursuit of efficiencies and value for money, particularly relevant in the context of it being the lowest grant funded unitary authority per head of population, and the adult social care precept.



**Savings**

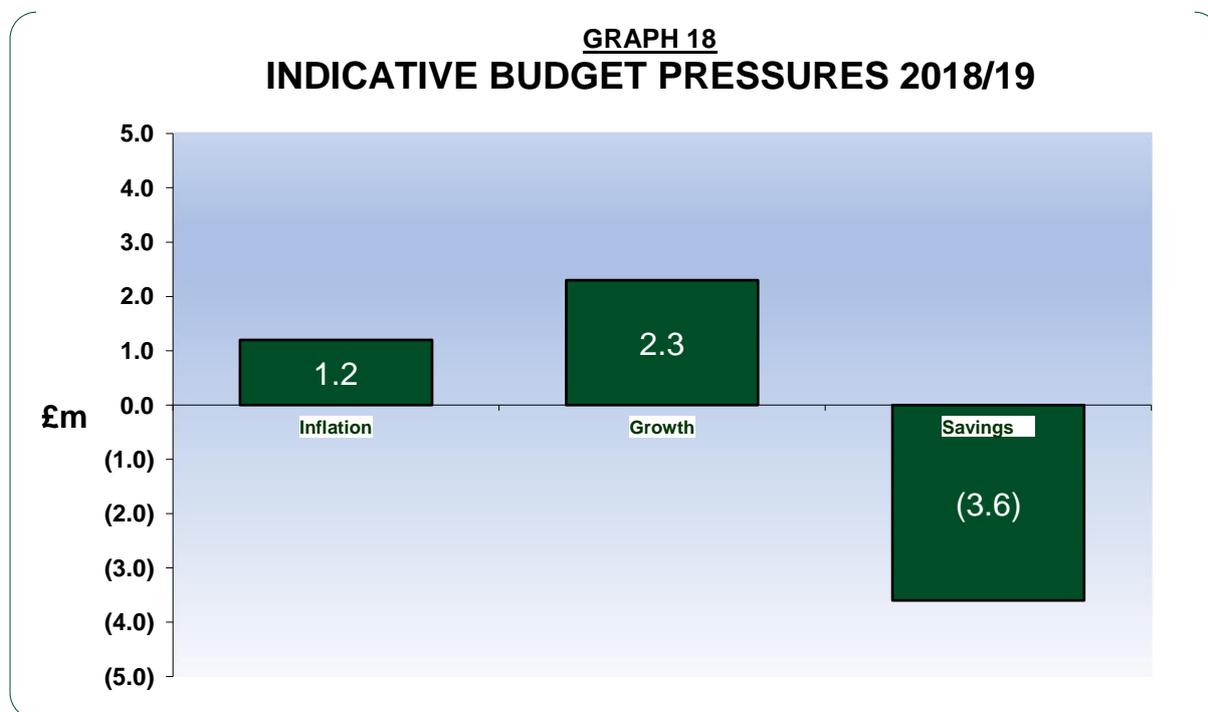
The total savings and efficiencies that have been identified in setting the council tax in previous years are shown below. It equates to over £30m over the five years. Savings are used to fund growth, inflation and reductions in Government grants.



The savings shown above reflect the savings made for each financial year (or planned savings based on previous medium term financial plans).

## 7. Budget pressures

An overview of the 2018/19 budget pressures is shown below. The detail of the full and updated set of budget movements will be contained in the Summary of Budget Movements (SoBM) section of the medium term financial plan (MTFP). (These figures are based on the 2017/18 MTFP and will be updated alongside the final MTFP for 2018/19.)



The growth is largely driven by adults' services including demographic pressures, government changes and increases in complex cases. The growth is also driven by highways maintenance, drainage, and traffic management.

## 8. Revenue resources outlook and risks 2018/19 and beyond

The financial future remains very challenging and the council will experience pressure on its resources in a way it has not had to endure previously. Under the council's budget management protocol Members are required to agree budgets based on the best estimate for the agreed level of service.

A budget risk analysis will be undertaken for 2018/19 and be detailed in the MTFP. This identifies budgets where there remains a risk of overspending, given the best estimate is included in the budget submission. The budget risk analysis is used as a guide to determine the level of GFB required.

Given the growing unavoidable expenditure pressures to meet the council's statutory responsibilities, coupled with significant reductions in overall Government Grants, the budget will inevitably contain a degree of risk. A reasonable measure of caution is included to mitigate some of the risks. However, there are considerable unknowns at this stage and the council will need to keep a close watching brief on developments.

The capital resources outlook and risks are covered below. The major issues that may impact on future revenue resources are:

### ***21<sup>st</sup> Century Council***

The 21<sup>st</sup> century council programme changes the shape, structure and operating model of the organisation. It will improve availability of and access to council services through digital channels, deliver swifter resolution of issues and queries, give a greater focus to problem solving and customer responsiveness and produce a leaner, more efficient council costing significantly less to run. The implementation of the programme is continuing with phase one completed, and phase two underway. The programme is expected to save £4m every financial year once fully implemented. The detail of these plans is a significant area of work across the council and delivery of these plans is key to achieving a balanced budget.

### ***Statutory costs of care***

Care needs are based on a national threshold, with demand strong across adult services. In addition, Children's Services also have budget pressures in 2017/18 for agency care staffing, home to school transport and virtual schools budgets. The increase in the living wage to £7.83 in 2018/19 from £7.50 in 2017/18 will put additional pressure on care providers as they seek to retain staff. The impact of the ruling that employees should be paid at least the minimum wage for "sleep-ins" has also impacted providers. These pressures will need to be considered along with other budget pressures in the 2018/19 budget and beyond.

### ***Demand led budgets***

Further to the pressures identified under the Care Act there are additional statutory services pressures, which are notoriously difficult to control. Although best efforts have been made to accurately forecast budget requirements and contain escalating demand through prevention, there will always be a considerable degree of uncertainty. In the context of reductions to public health funding and the costs of council tax support this uncertainty is compounded in the current economic climate alongside increasing service needs, and cost increases as a result of the living wage. These, together with "sleep-ins" pressures mean care providers are likely to be operating at even tighter margins leading to the risk that they could enter financial difficulties and possibly even provider failure. These risks will need to be managed as part of the 2018/19 budget and beyond.

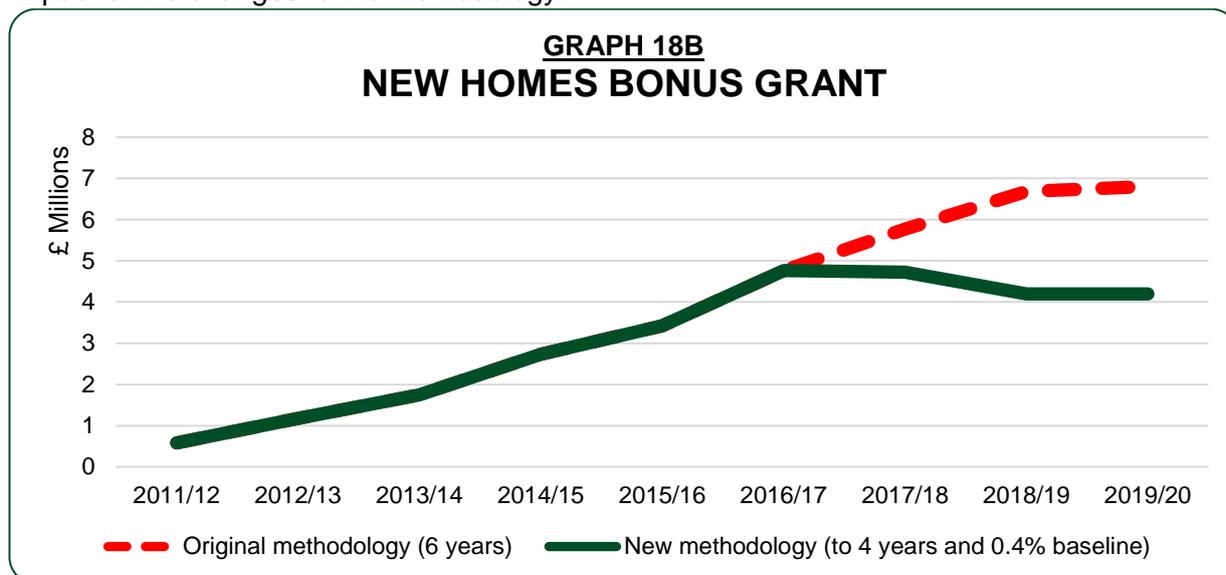
### ***Funding the Council's ambitions for regeneration***

The council is at a stage of significant investment in its strategic development locations (SDLs) and town centre regeneration (TCR) ambitions. This requires significant up front funding pending the receipt of developer contributions of income from commercial assets. As such the council must meet the initial capital costs of investment which generates a sizeable funding pressure on the council's revenue account.

### ***New Homes Bonus (NHB)***

The Autumn Statement 2015 proposed changes to the NHB which make the scheme less attractive for Wokingham by reducing the length of payments from six years to four. The council is now set to receive £4.2m in NHB in 2018/19, down from £4.7m NHB in 2017/18. This grant should have increased to fund the authority for the significant amount of house building which

has taken place in the borough. The government have reduced the national amount of NHB grant, and therefore the amount Wokingham receives has reduced. It is now based on four years of new house builds, compared to six years in 2016/17, as well as not rewarding authorities for the first portion of growth they enable. Furthermore the NHB has been included in the council's core spending power calculation. These developments appear to fundamentally undermine the initial intention behind the NHB scheme: to incentivise housing growth and reinvest in regeneration. Although the council's previous approach has been to use NHB to fund special items, most notably for regeneration, the sustainability of such an approach has been brought into question due to its impact on the funding of essential council services. The graph below shows the new homes bonus grant over the years including the impact of the changes to the methodology.



### ***Impact of the economic environment***

Services directly related to meeting the needs of those suffering from the impacts of economic uncertainty will need to continue to meet the increased level of demand.

Following strong UK economic growth in 2016, growth in 2017 has been weaker with quarterly growth at just 0.3%, meaning that growth in the first half of 2017 was the slowest since 2012. This has largely been caused by the sharp increase in inflation, caused by the devaluation of sterling after the referendum, increasing the cost of imports. As a result, on the second of November, the official bank rate was lifted from 0.25% to 0.5%, the first increase since July 2007. The monetary policy committee also expect the bank rate to increase twice more in the next three years to reach 1% by 2020.

Economic forecasting remains difficult with so many external influences weighing on the UK. The overall longer run trend is for PWLB rates to rise, albeit gently. The November inflation report included an increase in the peak forecast for inflation from 3.0% to 3.2% very soon, with a slow decrease in the inflation rate to just over the 2% target in three years' time. In the budget on November 22, the Government began to implement its revised target of achieving a budget surplus by 2025.

### ***Sustainability***

The council faces potential new and increasing penalties or taxes from the Government if it does not meet certain targets in the future. Most notable areas are around waste landfill, with landfill tax increasing year on year and more waste generated through an increased number of dwellings.

### ***Localisation of business rates, business rates revaluation and council tax***

From 2013/14 the localisation of business rates began with a 50% share for local authorities. From 2013/14 onwards local authorities have been able to share part of any growth in business rates, which is an incentive to encourage growth. However, councils will also have to bear a share of any shortfall on business rates, due to closures of premises, successful appeals against valuations of which many are still outstanding from the 2010 revaluation, as well as the impact of the new 2017 valuations, bad debts and other factors. These factors significantly add to the council's financial risk profile. In addition the council now directly meets the cost of council tax support and will bear the risk of economic conditions giving rise to an increase in claims.

2017/18 was the first year based on updated business rate valuations. Despite increases in the value of properties in Wokingham, the council will not be rewarded for these, as increases are distributed across the country. The new valuation list delivers more risk to the authority as all the properties can again challenge their business rates bill which may require the authority to pay large amounts of business rate income.

Previous Government announcements make clear an intention to return all business rates to local authority control in 2020, but the aim now is for authorities to retain 75% of business rates from 2020/21. The government invited local authorities to pilot 100% business rates retention from 2018/19, and was successful in its application, resulting in an estimated £500k funding to the authority in 2018/19. Although this sounds extremely attractive, the impact is not as substantial as it appears. At this stage Wokingham is expected to keep less than £7m of the £60m+ collected from business rates.

## **9. Capital**

### **Capital strategy**

A 10 year capital strategy has been developed with the aims of realising the council's vision, raising the quality of life of residents and improving medium to long term planning.

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

Under the prudential code, all authorities are able to borrow as much as they require to fund their capital programme provided it is affordable, prudent and sustainable. The financing costs of any new borrowing falls directly upon the council tax payer. The annual revenue cost of new borrowing is approximately 7% of the sum borrowed (4% principal and 3% interest).

## **Capital programme**

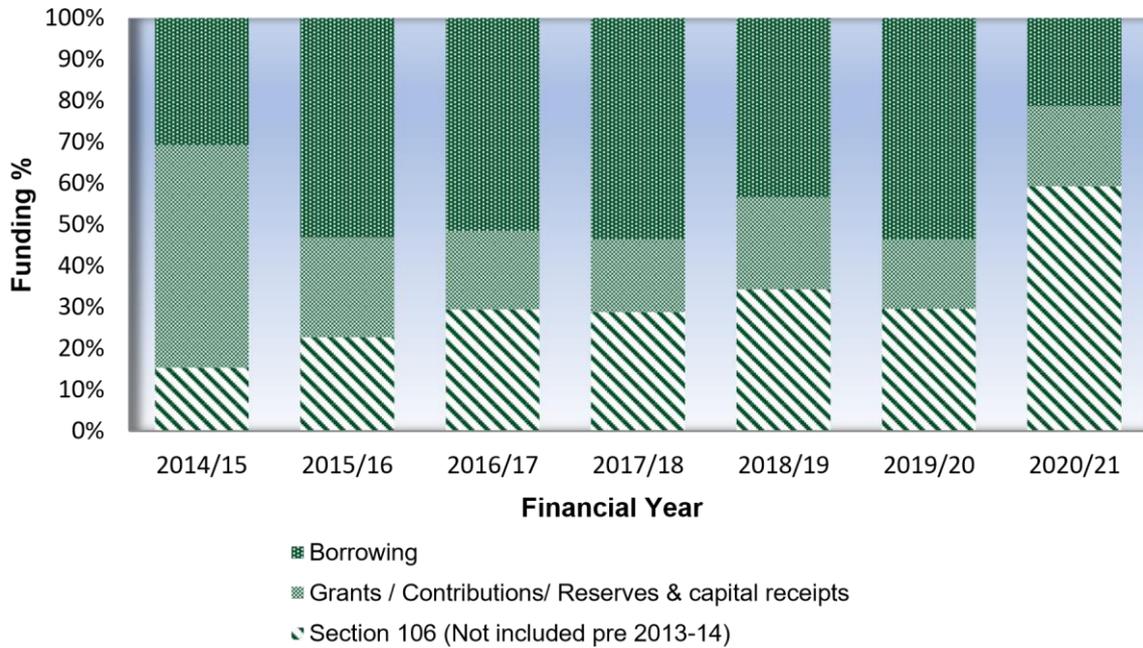
The first three years of the capital vision is effectively the capital programme. This has been developed following an assessment against key council priorities, including a value for money and risk analysis.

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

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

The two graphs below show the funding for the standard capital programme and include the resourcing for the Wokingham town centre regeneration (WTCR), strategic development locations (SDLs) and Wokingham Housing Ltd (WHL) investments. The capital programme funding is expected to increase considerably over the period of the MTFP in order to fund the council's investment ambitions. These graphs are based on the 2017/18 MTFP and will be updated for the 2018/19 MTFP.

**GRAPH 19**  
**Capital Programme Funding**



**GRAPH 20**  
**Capital Receipts**



**Note: Receipts for the current and future years are estimates**

The significant amount of capital receipts forecast from 2017/18 onwards is due to forecast receipts from sale of houses arising from the Wokingham town centre regeneration.

**Capital resources and borrowing outlook**

There are some significant developments in the council's capital programme.

### ***Town centre regeneration***

The Wokingham Town Centre Regeneration programme is progressing well and remains one of the council's key investment priorities. January 2017 saw work start on the second Phase of Peach Place including a new public square, retail and leisure units, town houses and key worker apartments (working in conjunction with Wokingham Housing Limited) with the development due to open for Christmas 2018. The main contractor for Elms Field is currently being procured and work is expected to start on site in January 2018. Phase 1 of the Carnival scheme, a new 529 space car park and ground floor leisure unit, opened in June 2017. Consent was granted in November 2017 for Phase 2 of the Carnival Scheme which will include a brand new leisure facility, library and apartments. Work is expected to start on Carnival Phase 2 in early 2020 and complete late 2021. It is essential that build costs and forecast capital receipts are closely monitored as small variations could have a significant impact on capital resources.

### ***Capital receipts and contributions***

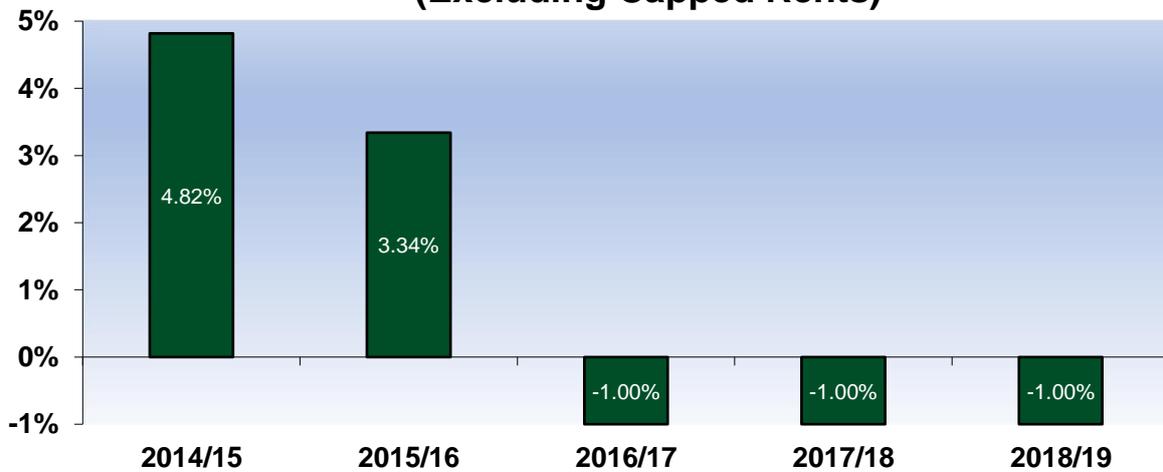
Significant costs relating to the development of SDLs are in respect of building major roads and schools. Developer contributions through S106 contributions or Community Infrastructure Levy are key to funding these and minimising the burden on general council capital resources. Given the size of the investment required the timing of the capital receipts becomes important as the capital financing costs of any timing lag falls on the general fund. The capital ambition of the organisation is high, and future years of the programme show a rising deficit of funding available against investment ambition. This will be bridged through a combination of maximising resources, modifying and prioritising schemes.

## **10. Housing Revenue Account (HRA)**

The HRA is a ring-fenced account and as such has no impact on the level of council tax. The money spent maintaining the council's housing stock (valued at approximately £195m) and providing a service to council tenants is mainly funded by housing rents paid by council tenants. Gross expenditure on the HRA is in the region of £16.5m and is predominately in the areas of repairs and maintenance, capital financing, investment in capital works, and management. Housing rents are required to be adjusted annually in accordance with Government guidelines.

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

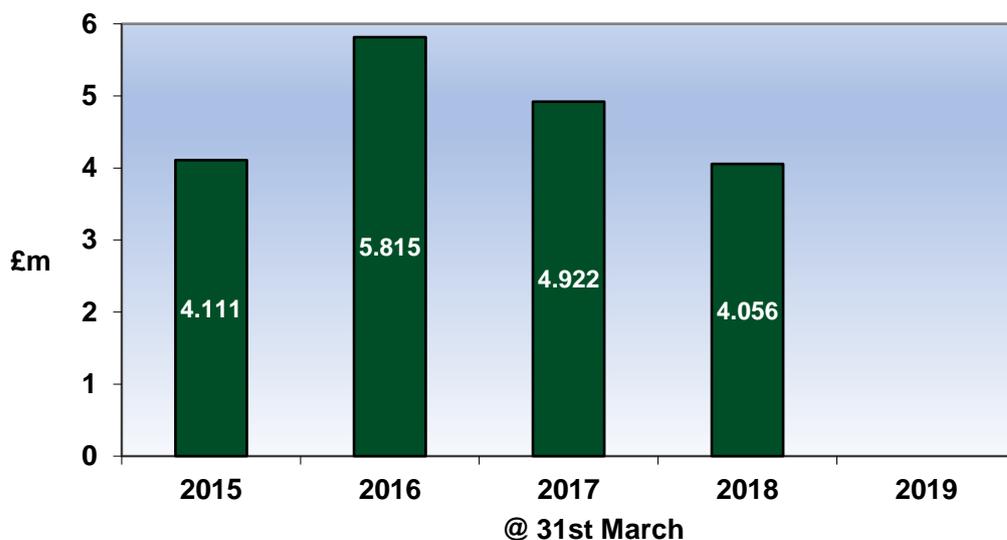
**GRAPH 21**  
**HOUSING RENTS INCREASE/DECREASE**  
**(Excluding Capped Rents)**



In line with the Government's 2016 budget, housing rents must be reduced by 1% each year on a cumulative basis for the four years from 2016/17 to 2019/20. The real terms reduction in the HRA forecast rental income will be greater than 1% annually as HRA rents were based on increasing them as part of the convergence policy whenever new tenancies were commenced; the Government policy no longer permits a convergence policy of increasing rents when tenancies are re-let.

The HRA requires a balance in the same way as the General Fund. A risk analysis is also undertaken on HRA budgets to inform a prudent level of balance.

**GRAPH 22**  
**BUDGETED HOUSING REVENUE ACCOUNT BALANCE**



The chart above shows actual HRA balances from previous years and a forecast for 31 March 2018 and 2019 (31 March 2019 balance to be added once the HRA budget has been prepared). The estimated balance at 31 March 2018 will be used to fund capital expenditure in 2018/19 and later years, and fund the loss of rental income due to the 1% rent reduction.

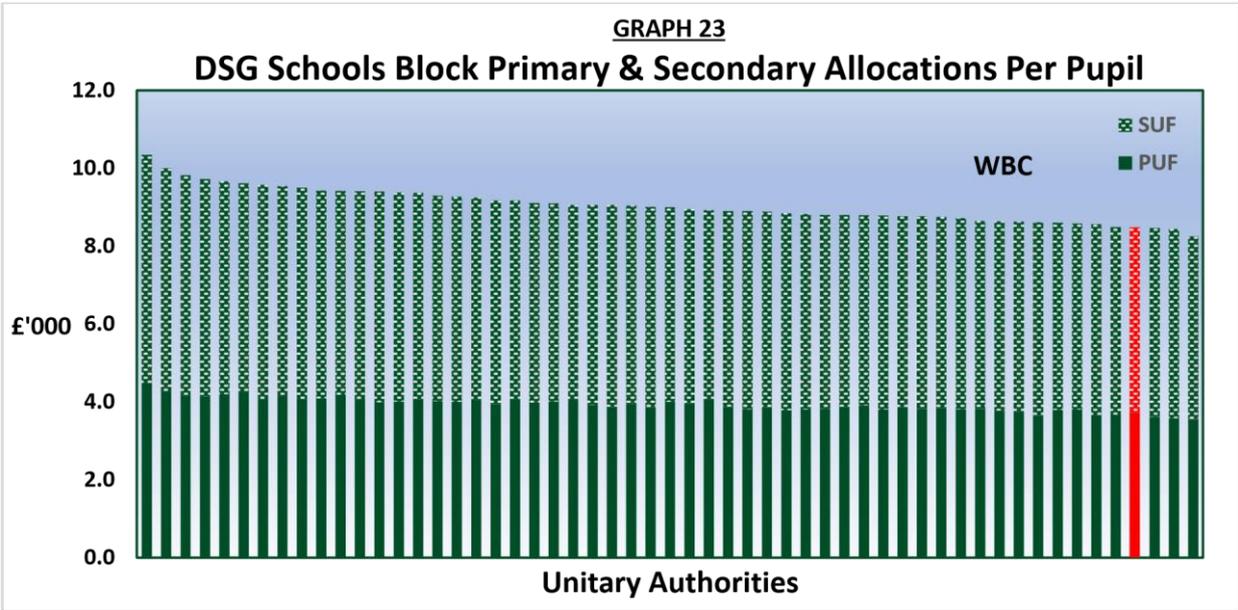
**11. Schools**

**The Dedicated Schools Grant (DSG)**

The council receives DSG annually and it must be used in support of the schools budget as defined in the Early Years and Schools Finance (England) Regulations 2013. The purpose of the schools budget is defined in legislation as the provision of primary and secondary education.

The amount of DSG the council has received in previous years for maintained schools and academies is shown below. The amount for 2018/19 was notified to the authority by the Department for Education (DfE) in December 2017, however, a proportion of this amount is in respect of free schools and must be paid to them. The estimated allocation available to the council for 2018/19 is £116.24m, compared to £113.81m in 2017/18. The increase to 2018/19 is accounted for by increased funding due to the DfE now having two unit costs, one for primary and one for secondary, instead of one. The DfE has now created a centrally retained schools block for the council to carry out its statutory duties which includes an element of the old education support grant.

The estimated per pupil figure used to calculate DSG for 2018/19 is £3,724 for the Primary unit cost (PUF) and £4,743 for the Secondary unit cost (SUF) compared to £4,152 for both units in 2017/18. Wokingham no longer has the lowest funding of all unitary authorities.

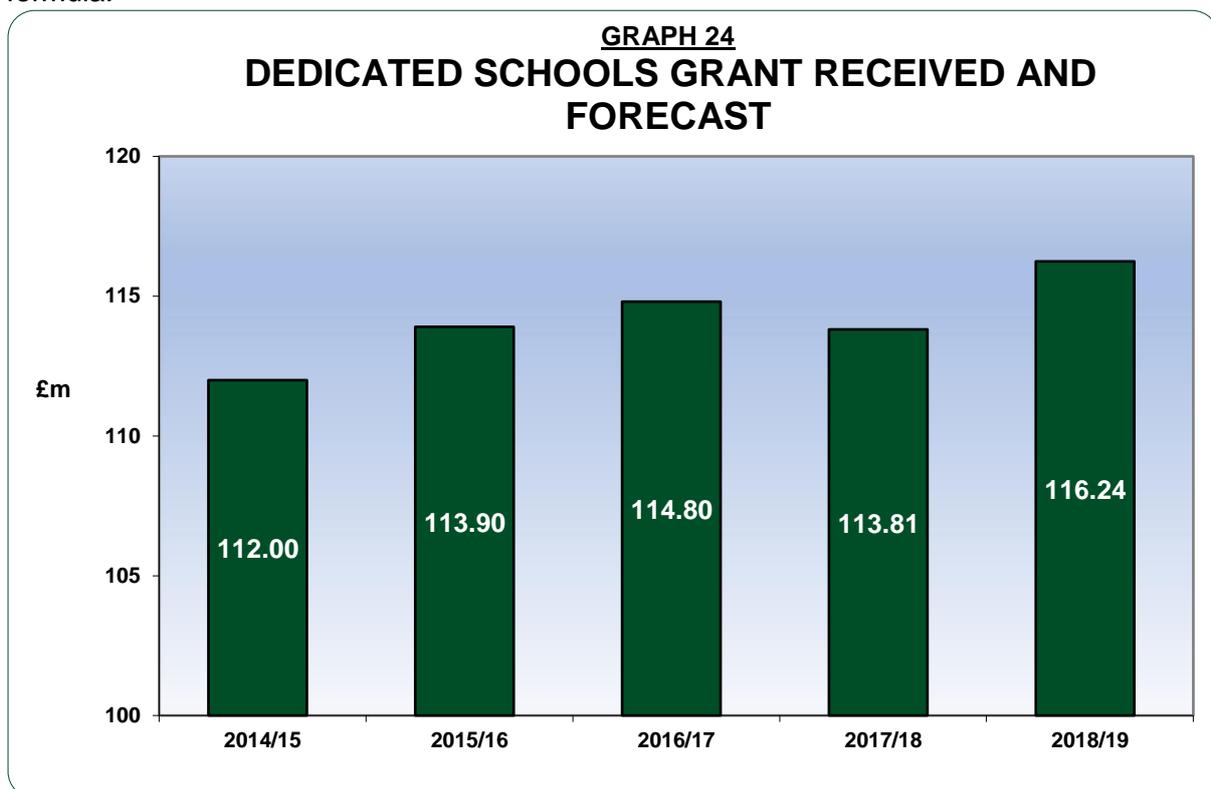


**DSG and the national funding formula**

The Government's long term intention has been to move school funding to a national funding formula. The over-arching objective is to have a simpler, transparent and more equitable approach to funding pupils irrespective of where they live in the country. The implications for

Wokingham schools is that a number of them may lose out as there is less ability for the council to target funding to the most vulnerable schools and pupils. This will have the effect of compounding the financial challenge already being faced by schools across the borough resulting in an increased need for effective school financial management in order to help them manage their finances.

In summary, the DSG changes mean that schools' block money is much more aligned to pupil numbers but there is no growth mechanism in the High Needs Block (HNB) and schools have less ability to incorporate fixed budget allocations. Schools with falling pupil numbers will therefore be more affected than others. Furthermore there are growing SEN pressures on the overall budget which may reduce the money available for allocation. For the 2018/19 and 2019/20 financial years', schools will continue to be funded through the local authority funding formula. From 2020/21, the Government proposes to introduce the National Fair Funding formula.



## 12. Local Authority Trading Companies

### Optalis Ltd

Optalis provides care and support services to older people and adults with a disability. The objective of Optalis is to provide a sustainable social care service that is known for its quality and commitment to service delivery. Optalis expanded significantly during 2017/18 through a merger with the Royal Borough of Windsor and Maidenhead.

### Wokingham Housing Companies

The housing companies are now delivering a range of high quality affordable and market housing schemes for the residents of Wokingham Borough. Work is well underway, with some developments having gone live, others being completed, and others in the development pipeline for future years. The financial implications of the housing companies' business plans will be included in the MTFP. Significant investment has been included in the Capital Programme with two major developments, at Phoenix and Fosters now nearing completion.

The cost of borrowing will be funded by the company. The company has a detailed business plan and the financial impact of this is incorporated into the council's MTFP.

**Graham Ebers**

Deputy Chief Executive &  
Director of Corporate Services  
(and Chief Financial Officer)



**13. Glossary**

Abbreviation	Description
ASC	<b>Adult social care</b>
ESG	<b>Education services grant</b>
GFB	<b>General fund balances</b>
HRA	<b>Housing revenue account</b>
MTFP	<b>Medium term financial plan</b>
NDR	<b>Non-domestic (business) rates</b>
NHB	<b>New homes bonus</b>
RSG	<b>Revenue support grant</b>
SFA	<b>Settlement funding assessment</b>
SDL	<b>Strategic development locations</b>
SoBM	<b>Summary of budget movements</b>
TCR	<b>Town centre regeneration</b>
WHL	<b>Wokingham Housing Limited</b>

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Email: [graham.ebers@wokingham.gov.uk](mailto:graham.ebers@wokingham.gov.uk)

Date: 15 January 2018

My ref:

Your ref:

File ref:



**WOKINGHAM  
BOROUGH COUNCIL**

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Corporate Services

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Mr Roger Palmer  
Ministry of Housing, Communities & Local Government  
(Formerly Department for Communities & Local Government)  
2<sup>nd</sup> Floor, Fry Building  
2 Marsham Street  
LONDON  
SW1P 4DF

Dear Mr Palmer,

## **LOCAL GOVERNMENT FINANCE SETTLEMENT 2018/19 – CONSULTATION RESPONSE**

Thank you for the opportunity to contribute to the above consultation. Please see below the comments from Wokingham Borough Council.

We remain extremely concerned that Negative RSG is at present unchanged, which means we will be able to retain only £6.7m of our c£60m collected business rates in 2019/20. The cessation of transition funding in 2018/19 adds to these concerns. We are, however, encouraged by the commitment to “looking at fair and affordable options for dealing with Negative RSG”. We hope this work both recognises the base cost of service delivery, and does not penalise Council Tax payers who have been forced to pick up the funding burden of services over the years. We do not believe our Council Tax payers should effectively face double taxation by taking their income into account when making grant determinations. The high percentage of the Council’s income currently provided through by Council Tax means that, under the formula, our Council Tax payers will have to bear an even greater share of the burden. In essence, our Council Tax payers are being punished for having a Council that has been efficient and effective in the face of grant reductions.

We welcome the New Homes Bonus rewarding local authorities for their work in “fixing our broken housing market”, however we urge the Government to introduce measures to prevent housing developers sitting on significant LA granted planning permissions and thereby frustrating housing delivery. Wokingham currently has 9,573 planning permissions unimplemented.

The Housing Revenue Account (HRA) levy introduced through the Housing and Planning Act 2016, if enacted, will cost this Council approximately £3m per annum. We would strongly advise against this. It will immediately create an unviable HRA for Wokingham, impeding our ability to make our contribution towards the national and local housing supply shortfall.

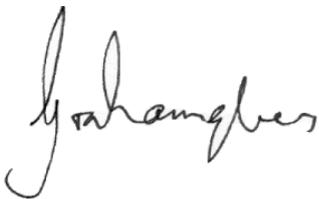
In addition to the development of “fair and affordable options” in respect of Negative RSG, we note the “review of relative needs and resources” and welcome the opportunity to inform both



these programmes of work. In this response we would like to take the opportunity to reiterate our objection to the double taxation effect on our Council Taxpayers, already referenced, when arriving at both potential options in respect of Negative RSG and the new funding methodology for 2020/21. As the lowest funded Unitary Authority we will receive just over £40 per head of population by 2019/20 compared to the average of almost £300. As a result, a staggering 84% of the cost of running local services fall on the Council Taxpayers of Wokingham, whilst a number of Unitary Authorities enjoy almost 50% grant funding. We strongly believe that this inequity must be addressed within any future funding review.

I hope the above response clearly conveys the Council's key concerns in respect of the proposed Local Government Finance Settlement. If you would like to discuss any of the points raised then please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Graham Ebers', written in a cursive style.

Graham Ebers  
Deputy Chief Executive  
& Director of Corporate Services

Cc: Cllr Charlotte Haitham Taylor, Leader of Wokingham Borough Council  
Cllr Oliver Whittle, Executive Member for Finance, Wokingham Borough Council

<b>TITLE</b>	<b>The 21<sup>st</sup> Century Council – Update</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Heather Thwaites C21 Programme Director
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The transformation of the way the Council operates will achieve the following benefits:

- Improved availability of, and access to, Council services through digital channels
- Swifter resolution of issues and queries
- Ability for residents to track the progress of their issue as it is resolved by the Council
- Greater focus on problem-solving and customer responsiveness
- A leaner, more efficient Council costing significantly less to run

## **RECOMMENDATION**

The Executive is recommended to note the progress in implementing the 21<sup>st</sup> Century Council programme.

## **SUMMARY OF REPORT**

The purpose of this report is to inform the Executive of progress over the last quarter in the implementation of the 21<sup>st</sup> Century Council programme. The Executive receives quarterly reports during the implementation period reporting on progress of implementation and revenue return on investment.

The key highlights are set out in the report. Service design in Environment, Income and Assessments and Customer Services is well advanced. The HR process in these areas commenced this month and design of the new Customer and Locality areas is well underway. However there is a delay to the implementation of the programme in most of People Services whilst the Interim Director undertakes a stock take of the Adults and Children's services and this will impact upon the planned realisation of savings in 18/19.

## Background

The C21 Change Programme forms an essential element of the savings contained within the medium term Financial Plan. The programme involves the implementation of a new model of working and organisation for the Council. It is underpinned by an extensive IT programme and will extend to all parts of the organisation over the implementation period. When complete, the programme will contribute ongoing annual savings in staff costs of c.£4.5m.

Implementation commenced following Executive approval of the business case in September 2016. The implementation was phased into two parts, to ensure transition to the new model of working is safe and effective.

Phase 1 ran from October 2016 to Spring 2017 and included:

- Establishment of the reconfigured senior leadership team (Directors and the management tiers below)
- Establishment of the reconfigured Strategy and Commissioning and Support Services
- Implementation of the key IT improvements and integration

Phase 2 is planned to be delivered in two tranches

Tranche 1:

- Environment
- Income and Assessments
- Customer Services
- Children's Social Care

Tranche 2:

- Health and Wellbeing
- Education
- Integrated Mental Health
- Housing
- Public Health

The table below details the revenue reduction targets broken down by these Tranches in order to stay consistent with the Business Case

Phase 2	18/19	19/20
Tranche 1	1.594m	2.125m
Tranche 2	0.425m	0.850m

## Member Engagement with the Programme

The dedicated 21<sup>st</sup> Century Council Member has become cross party and its IT Reference sub group disbanded and encompassed into the main group. The group has met regularly approximately every six weeks. It is making good progress particularly around discussions for active member engagement in the promotion and development of the new ways for residents and users to interact with the Council.

Member IT engagement sessions have been held to introduce Members to Office 365, Modern Gov. and the Customer Account. To date 29 Members have attended and the majority are actively utilising the new and improved systems. The availability of these 121 sessions will be ongoing through the life of the programme. Discussions are beginning on the development of a Member on line intranet to enable greater access to information.

Briefing sessions have been held with all Lead Members whose areas fall within the Tranche 1 service areas. These have enabled Lead Members to understand the design process in the service areas and are precursors to further involvement as process redesign progresses.

The design element of the programme relooks at the data that drove the business case and provokes thought to shape a future service vision and high level service offer. Then looks to produce and validate a “to-be” structure. It also tests that design assumptions are safe validating what we know looking to identify and fill any gaps.

When this is complete individual process are batched together and an intense period of redesign happens using the principles of the programme to improve the resident and customer journey.

A much more joined up and focused locality service delivery is a strong component of the new operating model. A group of Members met in December to commence the design and development of the locality offer. This work is at an early stage and it is also planned to engage the Towns and Parishes in the design process.

The Member group has also instituted a regular briefing update for members similar to that issued regularly for staff. The communication is intended to be targeted and easy to access and signpost where and how to find further information.

Audit Committee received an audit report and judgement on the governance arrangements for the programme. The opinion was that the controls were substantially in place and generally effective – being the second highest possible judgement out of 4 opinions.

A progress update was provided for Overview and Scrutiny at its meeting on 9 January 2018.

## **Highlight Report**

### Tranche 1

Good progress has been achieved in the majority of the service areas that will constitute the Customer and Localities Directorate.

Part of the lessons learnt from Phase 1 was that the Tier 4 managers needed to be appointed earlier in the design process so that they could play a more active role in design, to lead process redesign and crucially to be much better informed and able to lead and support their staff through the HR process. This has been achieved and all but one of the T4 manager posts in Customer and Localities were selected by mid-November.

Service redesign for all of Environment and Incomes and Payments has been undertaken and the HR processes for staff commenced on 9<sup>th</sup> January. This area remains on target for go live in the summer.

Following the departure of the Director of People Services the incoming Interim Director is undertaking a stock take within the Adults and Children's services. This has delayed the progress of the programme in these areas. Consequently, Children's Social Care staff are not involved in the current HR processes as previously planned. This will impact on the timing of the realisation of savings in this area in the next financial year.

#### Tranche 2

The intended programme for delivery of Tranche 2 was August 2018. However the current stock take within People Services has also impacted on progress of the programme in Health and Wellbeing, Education and Integrated Mental Health. Again this will impact on the timing of the achievement of the agreed business case savings in this area.

Significant progress has been made alongside our involved tenants in the emerging design for Housing Services. It is hoped to be able to progress this area together with Public Health including Leisure as intended to be implemented by August 2018.

As we are again in a period of HR processes and staff changes attention is being paid to staff morale although it has to be accepted that some staff will be undergoing a period of uncertainty. Again lessons learnt from phase 1 have led to a reconsideration of the some of the timings and processes involved. Attempts have been made to limit the numbers of staff who have to be placed at risk whilst retaining the paramount intention to be fair to all. Regular temperature checks are being undertaken through the use of the change readiness survey, the closer involvement of the Tier 4 managers and the widened group of Change Agents.

#### Risk Mitigation

The six key programme risks identified in the business case continue to be managed and the member group provides further oversight. Of the risks, given the stock take in People Services, attention will need to be paid to the risks of late realisation of savings and potential increased programme costs. Further consideration to these is given below. Mitigation in respect of the remaining risks: - loss of key people and organisational knowledge; less capacity available post implementation; reduced performance in key service areas and slippage in IT implementation, remains in place.

#### The next period

The next period will see the completion of the HR processes for the Tranche 1 areas (minus Children's Social Care) and the start of the change and transition work in these areas as the new Customer and Localities service areas take shape. Further engagement with Members will be undertaken together with the Towns and Parishes as highlighted above. Work will continue with our tenants and the service areas of Housing and Public Health.

Decisions concerning the programme for People Services will be required to ascertain when the programme can proceed.

## Finance

Phase 1 - Capital and revenue expenditure was within forecast. Financial benefit (from staff savings delivered through the design of more efficient processes and integrated IT systems) is predicted to be £2.1m full year effect for phase 1. This is on track to deliver what was envisaged in the business case and savings.

Phase 2 - The previous update report indicated that the financial impact of the splitting of Phase 2 into two tranches could be contained within the MTFP. The then expected three month lengthening of the programme has been contained within the existing programme budget. The slightly later final realisation of the full savings to the first quarter of 2019/20 (£500,000) has as reported been contained within the MTFP. At that time the programme remained on track to break even in year 2019/20.

However the current delay of the programme in People Services is placing at risk the timing of the full realisation of the planned savings as envisaged in the business case. The planned people services elements of the savings are 18/19 £749,250 and £1,156,000 full year effect thereafter. These figures are comprised of £1.198K Children's Services; £225K Education and £481.5K Adult and Integrated Mental Health Services.

The non-realisation of these savings in 2018/19 and the move to realisation in 2019/20 is reflected in the table below.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	£'000	2016/17	2017/18	2018/19	2019/20	Total
Business Case	Revenue	710	2,180	1,500	0	4,390
	Capital	2,752	1,577	0	0	4,329
	Saving	0	(2,250)	(2,250)	0	(4,500)
Actual/Forecast	Revenue	600	1,430	2,360	0	4,390
	Capital	900	3,329	100	0	4,329
	Saving	0	(2,250)	(1,000)	(1250)	(4,500)
Variance	Revenue	110	750	(860)	0	0

<b>Capital</b>	1,852	(1,752)	(100)	0	<b>0</b>
<b>Saving</b>	<b>0</b>	<b>0</b>	<b>(1250)</b>	<b>1250</b>	<b>0</b>

#### **Other financial information relevant to the Recommendation/Decision**

The total programme is intended to deliver an ongoing cost reduction of £4.5million savings pa.

Expenditure over all for the programme remains within budget. Financial benefits for phase 1 were set out in the business plan to be £2.250m of which £2.094 are currently on track for delivery through staffing savings.

The planned lengthening of phase 2 of the programme by approximately three months with the resultant forecast short delay in realisation of the full savings has been contained within the MTFP. Implementation costs of slightly extended programme has also been contained within the existing programme budget.

However the financial impacts of the current delay of the programme in People Services need to be considered. The table above assumes that delayed savings from 18/19 are achieved in 19/20. This will also require further funding to be provided to extend the life of the programme team (currently funded into the third quarter of 18/19). This will result in an overall budget underachievement of savings in 18/19. This will be kept under review but some alternative means of securing a balanced budget may need to be considered including the use of reserves.

#### **Cross-Council Implications**

This change programme impacts on the whole Council.

#### **List of Background Papers**

21<sup>st</sup> Century Council Business Case – see Executive papers 29 September 2016

<b>Contact</b> Heather Thwaites	<b>Service</b> C21st Programme
<b>Telephone No</b>	<b>Email</b> heather.thwaites@wokingham.gov.uk
<b>Date</b> 5 January 2018	<b>Version No.</b> 4

<b>TITLE</b>	<b>Shareholder's Report</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance, 21 <sup>st</sup> Century Council, Internal Services and Human Resources

<b>OUTCOME / BENEFITS TO THE COMMUNITY</b>
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Transparency in respect of Council Owned Companies
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<b>RECOMMENDATION</b>
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The Executive is asked to note:
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- |   |
|---|
| <ol style="list-style-type: none"> <li>1) the budget monitoring position for the month ending 30 November 2017;</li> <li>2) the operational update for the period to 30 November 2017.</li> </ol> |
|---|

<b>SUMMARY OF REPORT</b>
--------------------------

<p>The Council have established a group of housing subsidiaries to provide much needed affordable housing across the Borough and generate a financial return for the Council. This return will help towards its aspiration of becoming increasingly self-sufficient. At a high level the housing group has now become well established and will see Wokingham Housing (WHL) handing over 125 new homes in the financial year to its sister housing companies Loddon and Berry Brook Homes and will generate a profit of £1.1m. In 2018/19 WHL will hand over a further 60 new homes at a profit of just short of £1m. Year on year WHL will deliver 50-70 homes per year generating an ongoing profit of at least £1m per annum.</p>
--

<p>Optalis was established to be the provider of choice for Adult Care Services. Its key objectives were to reduce the cost of services commissioned by the Council and provide a financial return to the Council, whilst providing safe and good quality Adult Social Care Services. To date over £1m per annum costs have been reduced in the cost to the Council and the business has expanded from approximately £11m p.a. to £40m p.a. following a recent merger with RBWM. This will enable Optalis to create further financial returns through its economies of scale and place the company in a stronger position to generate additional streams of income.</p>
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<b><u>Strategy and Objectives of the Council's Subsidiary Companies</u></b>
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There has been no change to the Strategy and Objectives of the Council's Subsidiary Companies since the last report to Executive in November 2017.
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<b><u>Financial Report</u></b>
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A budget monitoring report is provided in section 1 for each of the companies for November 2017.
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## **Operational Update**

An operational update is provided in section 2 for each of the companies as at 30 November 2017. Any changes to the Directorships of the companies is provided at the end of the relevant company's operational update.

## **BACKGROUND**

### **1. Financial Report**

**WBC (Holdings) Group Consolidated** (comprising WBC (Holdings) Ltd (Holdco), Wokingham Housing Ltd, Loddon Homes Ltd and Berry Brook Homes Ltd).

<b>WBC (Holdings) Group Consolidated - Profit &amp; Loss</b>						
	<b>P8: Nov-17</b>			<b>Cumulative</b>		
	Actual	Budget	Variance	Actual	Budget	Variance
	£000	£000	£000	£000	£000	£000
Income	642	6,057	(5,415)	8,735	6,724	2,011
Expenditure	(673)	(5,519)	(4,846)	(9,186)	(6,617)	(2,569)
Operating Profit/ (Loss)	(31)	538	(569)	(451)	107	(558)

There were no major variances to budget for WBC (Holdings) Ltd. Variances to budget for the individual companies are explained under the relevant sections below. The year-end financial position is projected to break-even against budgets of £21.12m income and £20.36m expenditure.

### **Wokingham Housing Limited (WHL)**

<b>Wokingham Housing Limited - Profit &amp; Loss</b>						
	<b>P8: Nov-17</b>			<b>Cumulative</b>		
	Actual	Budget	Variance	Actual	Budget	Variance
	£000	£000	£000	£000	£000	£000
Income	505	5,908	(5,403)	7,954	5,908	2,046
Expenditure	(533)	(5,338)	4,805	(8,199)	(5,567)	(2,632)
Operating Profit/ (Loss)	(28)	570	(599)	(245)	341	(586)

**Income & Expense:** Certain accounting changes have been implemented to reflect FY16/17 audit requirements. As such, payments for assets under construction are treated as income along with the corresponding expense in the month. Prior months have been adjusted to reflect this change.

WHL recorded income of £505.5k in the month of November. This was below expectations due to budget assumptions not reflecting the accounting changes as well as delays in the completion of Fosters. Overhead costs in the month were £1.3k lower than budgeted due lower professional fees than budgeted. The year to date operating loss of £244.9k reflects a £586.2k negative variance compared to the budgeted loss.

The negative variances against the budget are primarily a result of delays in the completion of Fosters, where overhead and profit is paid upon completion. Receipt and payment of commuted sums through the system is expected to put WHL in a net profit position and reduce its negative variance.

### **Loddon Homes Limited (LHL)**

<b>Loddon Homes Limited - Profit &amp; Loss</b>						
	<b>P8: Nov-17</b>			<b>Cumulative</b>		
	Actual £000	Budget £000	Variance £000	Actual £000	Budget £000	Variance £000
Income	7	7	(0)	58	57	1
Expenditure	<u>(14)</u>	<u>(24)</u>	<u>10</u>	<u>(121)</u>	<u>(128)</u>	<u>7</u>
Operating Profit/ (Loss)	<u>(7)</u>	<u>(16)</u>	<u>10</u>	<u>(63)</u>	<u>(71)</u>	<u>8</u>

**Income & Expense:** Income of £6.7k in the month of November for LHL included rental income from the Hillside and Vauxhall Drive properties, which reflects a £0.4k negative variance. On a year-to-date basis, income of £57.4k is slightly ahead of budgeted income.

Expenditure of £13.6k was £9.8k less than budget. The delay in completion at Fosters contributed to reduced direct property costs whilst gross wages were lower than budgeted as the new service and compliance officer started later than anticipated.

The operating loss of £6.9k in the month reflects a £9.4k favourable variance compared to the budget while the year to date net loss of £63.5k is £7.8k lower than the budgeted loss.

### **Berry Brook Homes Limited (BBHL)**

<b>Berry Brook Homes Limited - Profit &amp; Loss</b>						
	<b>P8: Nov-17</b>			<b>Cumulative</b>		
	Actual £000	Budget £000	Variance £000	Actual £000	Budget £000	Variance £000
Income	27	43	(16)	114	147	(33)
Expenditure	<u>(10)</u>	<u>(18)</u>	<u>8</u>	<u>(80)</u>	<u>(108)</u>	<u>28</u>
Operating Profit/ (Loss)	<u>17</u>	<u>(25)</u>	<u>(8)</u>	<u>34</u>	<u>39</u>	<u>(5)</u>

**Income & Expense:** Income of £26.4k in the month of November for BBHL included rental income from the Phoenix development only and was £16.7k under budget due to delays in handover of the properties. On a year-to-date basis, income of £113.7k reflects a £33.4k negative variance against budget.

Expenditure in the month of £9.5k is £8.1k lower than budgeted. This was comprised of £3.8k lower than budgeted direct property costs and £4.3k lower than budgeted

overhead costs. On a year-to-date basis, expenditures are £27.9k lower than budgeted due to £10.5k lower direct property costs and £17.4k lower over heads than budgeted.

Overall, BBHL recorded a £16.9k operating profit for the month, which was £8.6k lower than budgeted, while the year to date operating profit of £34.0k is £5.5k lower than budgeted.

**Optalis Group** (comprising Optalis Ltd, Optalis Wokingham Ltd and Optalis Holdings Ltd.)

<b>Optalis Group Consolidated - Profit &amp; Loss</b>						
	<b>P8: Nov-17</b>			<b>Cumulative</b>		
	Actual	Budget	Variance	Actual	Budget	Variance
	£000	£000	£000	£000	£000	£000
Income	3,690	3,727	(37)	29,523	29,757	(234)
Expenditure	(3,690)	(3,726)	36	(29,470)	(29,746)	276
Operating Profit/ (Loss)	<u>0</u>	<u>1</u>	<u>(1)</u>	<u>53</u>	<u>11</u>	<u>42</u>

**November 2017 results:**

Operating profit for the month was slightly below budget but we are showing a positive year to date position as at the end of November 2017 of £53k.

Our budget planning takes into account provision against the potential financial risks to the Company.

**2. Operational Report**

**WHL Schemes In Progress/Under Development:**

**Summary:**

At present WHL has 64 homes under construction over 6 sites. To date WHL has passed over for management to Loddon Homes and Berry Brook Homes 83 units. There are approximately 140 potential units in the development pipeline.

<b>SITE:</b>	<b>PROGRESS:</b>
<b>Phoenix Avenue (68 units)</b>	<ul style="list-style-type: none"> <li>• 60 of the 68 units have now been handed over.</li> <li>• The remaining 8 units will be handed over again late on 15<sup>th</sup> January (3 units) and 22<sup>nd</sup> January (5 units).</li> <li>• Liquidated and ascertained damages (LAD) of £122k have been taken off recent invoices from Hill in recognition of the delays in delivering the project on time.</li> <li>• To date the net valuation is c.£11m against the contract sum of £11.4m – c. 96%.</li> <li>• The Christmas residents' event in December went well and was well attended by local Berry Brook Homes Phoenix residents.</li> <li>• An official opening event is being planned for around mid-March.</li> <li>•</li> </ul>

<b>Fosters (34 units)</b>	<ul style="list-style-type: none"> <li>• Formal handover to WHL/ Loddon Homes will take place on 15th January.</li> <li>• Familiarisation with the building and getting set up to be able to receive residents has been ongoing since just before Christmas and in the early New Year.</li> <li>• To date the net valuation is c.£5.5m against the contract sum of £5.9m – c. 92%.</li> </ul>
<b>Grovelands (6 units)</b>	<ul style="list-style-type: none"> <li>• Handover of plots 4-6 took place on 15th December with one tenant moved in before Christmas 2017 who would otherwise have been homeless.</li> <li>• The building of Plots 1 and 2 will start in the New Year once the high voltage cable has been re-routed which is due to take place in January 2018.</li> <li>• To date the net valuation is ££961k against the contract sum of £1.1m – c. 88%.</li> </ul>
<b>Reading Road (9 units)</b>	<ul style="list-style-type: none"> <li>• There is a small delay of 1.5 weeks which the contractor is looking to recover, although the completion date of the financial year end to enable the HCA grant to be claimed is not at risk.</li> <li>• To date the net valuation is £679k against the contract sum of £1.1m – c. 63%.</li> </ul>
<b>Anson Walk (4 units)</b>	<ul style="list-style-type: none"> <li>• Handover and scheme completion occurred just before Christmas with one homeless tenant moving in just before Christmas 2017.</li> <li>• The latest net valuation figure is £599k against a contract sum of £613k (c. 98%) and the final account position is currently being calculated.</li> </ul>
<b>Barrett Crescent (2 units)</b>	<ul style="list-style-type: none"> <li>• Barrett Crescent is progressing well and is on time and to budget.</li> <li>• To date the net valuation is £255k against the contract sum of £398k – c. 64%.</li> </ul>
<b>Elizabeth Road (2 units)</b>	<ul style="list-style-type: none"> <li>• Elizabeth Road is progressing well and is on time and to budget.</li> <li>• To date the net valuation is £386k against the contract sum of £536k – c. 72%.</li> </ul>
<b>Norton Road (9 units)</b>	<ul style="list-style-type: none"> <li>• The project is due to start on site imminently, as pre-site preparation work meant a before Christmas start was not cost effective due to a Christmas shut-down period being needed.</li> <li>• Start on site will trigger the ability to claim the HCA grant funding secured for this project.</li> </ul>
<b>Finch Road (2 units)</b>	<ul style="list-style-type: none"> <li>• Finch Road is also due to start on site imminently which will trigger the ability to claim the HCA grant funding.</li> </ul>

### **Pipeline Sites:**

Tape Lane (11 units for WBCs Housing Services): WBC Housing Services are working towards completing decanting by end January 2018. The project is currently being tendered which is due to be returned in February to enable us to let the contract.

Middlesfields (2 units): Having managed to find a more cost effective build contract sum from the additional tendering exercise undertaken, we await the Employers Agents final tender analysis to be able to seek approval of the contract award from WHL and Holdco. Loddon Homes have provisionally agreed to buy the scheme and agreed a Contract Transfer Price based on the submitted lowest tender results.

Gorrick Square (1 specialist unit for 3 high dependency need young adults): Planning permission has now been achieved. We have also secured HCA grant funding through Loddon Homes of an additional £135k to support this project. We continue to work towards tendering the project through our Small Contractors Framework.

Work to try and progress future pipeline projects is continuing through appraisal work and work on planning applications. These include Cockayne Court/ Gorse Ride (c.35-45 units), Woodley Age Concern site (c. 12-20 units), Area DD (c. 26-30 units) and Wellington Road/ Station Road (c. 16-20 units for private rent).

### **Changes to Directors:**

There have been no changes to WHL company directors since the last report, although approval to appoint a further independent Non-Executive Director has been given by Holdco to create a Board of four.

### **Loddon Homes Limited (LHL)**

#### **General update:**

In preparation for taking on the shared ownership units at Elizabeth Road and Barrett Crescent, the Loddon Homes Board approved the appointment of Housing Solutions as their partner for selling shared ownership homes. Arrangements are being finalised with Housing Solutions to enable the shared ownership homes due to be complete by April 2018 to be marketed and sold to local people.

#### **Completed Schemes:**

One of the bungalow residents has recently given notice, giving rise to the first vacancy at Hillside since the scheme was first opened in 2014. The service charge increase has been advised to residents and this will take effect from January 2018.

A vacancy at the supported housing scheme of 4 rooms at Vauxhall Drive has also arisen and is being actively allocated to in order to fill this vacancy. The service charge increase has been advised to residents and this will take effect from January 2018.

### Schemes under construction:

Loddon Homes' work has focussed on the housing management, care and catering arrangements at the new Extra Care scheme at Fosters, Woodley, as this was handed over to Loddon Homes in mid-January 2018.

The first residents should have moved in at the end of the week commencing the 15th January with a number of offers made to the just over 20 residents identified as meeting the extra care criteria for moving to Fosters. Residents moving from Cockayne Court, Finchampstead, are the first residents, along with a couple of new residents nominated from the Housing Register, to move in.

### Changes to Directors:

There have been no changes to Loddon Homes' company directors since the last report.

### **Berry Brook Homes Limited (BBHL)**

#### General update:

Work continues to ensure that the new homes taken on at Phoenix, Anson and Grovelands are let as quickly as possible to maximise rental income and, especially in the case of Phoenix Avenue, to start to pull together the community that is now being created.

#### Completed Schemes:

With Phoenix Avenue now nearly all handed over and phases 1, 2, 3 and 4 and much of the parts of phase 5 now let, we are working to make sure the housing management arrangements are regularised and working effectively. The new Service and Compliance Officer that has joined the staff of the Local Housing Companies recently will be central to us achieving this as we move forward.

The well-attended Christmas event held at Phoenix Avenue for new Berry Brook residents will hopefully have gone some way to helping bring together the community and setting the tone for the relationship between residents and us as their landlord.

The handovers of 3 houses at Grovelands and 4 flats at Anson Walk took place before Christmas and we were able to house two new tenants before Christmas, one at each scheme, who had been accepted as homeless by the Council.

#### Changes to Directors:

There have been no changes to Berry Brook Homes' company directors since the last report.

### **Optalis Limited**

#### General:

Our staff and customer engagement programme to inform our Optalis 2020 strategy planning process concluded in the month, with nearly 200 customers and staff, parents and carers taking part.

### Staff

Vacancy rates continue to be below those at the beginning of the year. Agency costs have stabilised as well as we continue to manage our organisations resources well. Our supported employment service manager, Donna Morgans, has received the 'highly commended' award in the Workplace Mental Health Awards category at the Thames Valley Business Awards. The award reflects the importance we place on increasing awareness of mental health and pro-actively creating a healthy, productive and transparent culture, in keeping with the core values of Optalis

### Quality

As part of our integration programme, we are carrying out an organisation wide quality review which will result in a new, single and unified quality and governance system across Optalis.

### Business development

We are working closely with Wokingham\_Borough Council in relation to the provision of support in the new Extracare housing schemes in Fosters and Birches.

## **2.3 Changes to Directors**

There have been no changes since the last report.

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See other financial implications below	Yes	Revenue
Next Financial Year (Year 2)	See other financial implications below	Yes	Revenue
Following Financial Year (Year 3)	See other financial implications below	Yes	Revenue

### **Other financial information relevant to the Recommendation/Decision**

The Council will benefit from reduced costs in commissioning services, the interest and management charges to WBC (Holdings) Ltd and future profits paid out as dividend. These will be factored into the Medium Term Financial Plan under the appropriate service.

### **Cross-Council Implications**

No Cross-Council Implications

### **List of Background Papers**

None

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<b>Date</b> 15 <sup>th</sup> January 2018	<b>Version No.</b> 3

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<b>TITLE</b>	<b>Bus Service 12 (Woodley and Earley)</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	Bulmershe and Whitegates, Coronation, Loddon, Maiden Erlegh, South Lake
<b>DIRECTOR</b>	Josie Wragg, Interim Director of Environment
<b>LEAD MEMBER</b>	Chris Bowring, Executive Member for Highways and Transport

## **OUTCOME / BENEFITS TO THE COMMUNITY**

To continue a cost effective transport service which meets the most critical social needs, identified by local residents, within the local communities of Woodley and Earley. The new replacement service would restore a peak time operation for commuters to work and for students to access educational establishments.

## **RECOMMENDATION**

That the Executive:

- 1) approves option 3 presented within this report to be taken forward to allow the tender process to commence;
- 2) agree in principle, the associated budget growth required for the option which the Executive selects to be taken forward for the tender process.

## **SUMMARY OF REPORT**

This report addresses the options for the retendering of the 19a&c bus services which operated between Woodley, Earley and Central Reading.

The contract for the provision of the subsidised elements of the 19a&c bus services in Woodley and Earley came to natural end in May 2017 and the contract could not be extended further. At this time Reading Buses reviewed the subsidised and peak services and adjusted them to meet its commercial needs however this resulted in reducing the service delivery.

There was an extended operating period of the 19 a/c for three months to September 2017. In July 2017, the Councils Executive agreed a revised service (known as service 12) for the interim period between September 2017 and September 2018. This revised service replaced the 19a&c bus service and the 983 service continued unchanged.

The current service does not generate enough revenue for it to be a commercially viable route. Local data indicates that the greatest use of the service is between Reading and the Royal Berkshire Hospital, where 63% of the revenue is taken and offsets the cost of service 12. Residents in Woodley make greater use of the service than in Earley.

The Council has the responsibility to provide socially necessary transport services that have not been provided commercially to ensure communities are not disadvantaged by

the lack of transport in their areas. 46% of trips on the 12 service are made by concessionary pass holders. Evidence demonstrates that the service is valuable to serve a relatively deprived areas of the borough providing transport to the Royal Berkshire Hospital, University of Reading and Reading Town Centre. In order to comply with its responsibility, the Council is responsible to ensure that this community service continues in the future.

The Council has undertaken consultation about the service. There have been consultations and joints meetings between Earley Town Council and Woodley Town Council managed through their Planning Committees. There have also been meetings and discussions with the Maiden Erlegh Residents Association and the North Earley Residents Association. In addition a public meeting for Earley and Woodley residents was held in Woodley to discuss this where over 100 people attended.

The consensus is that at present, the current service does not meet the needs of the community primarily due to it being combined with school transport provision resulting in the service being diverted in the morning peak and in the late afternoon to deliver a school transport route (983). Options have been considered for the future of the service and these are set out in Appendix 1 of the report. Option 3 has been identified as the most cost effective option that meet the community requirements identified through the consultation exercise. Option 3 would restore the peak service for commuters and for access to schools. Option 3 would also provide a service throughout the day by allowing the commissioning of a separate and dedicated school transport service (983) to be provided.

## **Introduction**

The Council has a duty under the 1985 Transport Act to secure Public Transport Services for its community that have not been provided commercially. These services normally fall into the categories covering “Social Exclusion” or “Socially Necessary” services to ensure communities are also not disadvantaged by the lack of transport in their areas.

To fulfil the Council’s duty, there are three types of bus services which the Council currently supports:

- Town and corridor services, which provide a regular service for access to school, medical facilities, shopping and recreation;
- Shopper services which operate a limited number of journeys; and
- School services, which include children with a statutory entitlement to school transport.

## **Social Need**

The current temporary service 12 has been designed to provide a “town service” for access to facilities for those parts of Woodley and Earley where there are no commercial bus services operating. Service 983 provides access to Bulmershe School and Waingels College for residents living in the Lower Earley area.

The areas served by the service are classified as deprived. The indices of multiple deprivation show that the neighbourhood which covers Drovers Way from Crockhamwell Road, south to Eastwood Road and east as far as Loddon Bridge Road is amongst the 50% most deprived in the country and is the most deprived across the Woodley and Earley area. The neighbourhood surrounding Howth Drive, south of Woodlands Avenue, and the neighbourhood along Culver Lane north and east also have high levels of deprivation. There are a number of factors affecting deprivation including limited access to education, skills and training, and barriers to housing and services. A map showing the level of deprivation across the Woodley and Earley areas is included in Annex C.

The following areas have been identified as key areas for improving transport provision to ensure they are not disadvantaged by transport in their areas:

- Drovers Way
- Culver Lane
- The southern sections of Mill Lane / Meadow Road

It should also be noted that should service 12 not exist the walking distance to alternative bus stops for residents living in the following areas would increase significantly for:

- The area surrounding the Lakeside bus stops, Silverdale Road
- The area surrounding Austin Road, Vauxhall Drive

## Current Temporary Service

The current route of the temporary service 12 is shown in Annex A. The service operates roughly hourly at non-peak times between Monday and Saturday, with some additional evening peak journeys.

An interim contract for service 12 also includes provision for a school bus service, known as 983 between Lower Earley and Bulmershe School, which operates an outward journey in the morning peak and a return journey in the mid-afternoon. No service 12 journeys are able to operate at these times.

The current service will not be able to generate enough revenue for it to be considered as a commercially viable route. Local data indicates that the greatest use of the service is between Reading and the Royal Berkshire Hospital, where 63% of the revenue is taken and offsets the majority of the current cost of service 12. It has been identified that residents in Woodley make greater use of the service than in Earley.

## Concessionary Travel

In October 2017 there were 5,272 concessionary passes registered to residents of the Woodley and Earley areas. Maps 1a and 1b in Annex B show the distribution of concessionary pass holders by postcode area in Woodley and Earley respectively. The dark red areas highlight the postcode areas with the greatest numbers of concessionary passes registered to them. The most notable areas are the residential areas surrounding Palmerstone Road and those surrounding Meadow Road and Mill Lane.

In October 2017 10,379 trips were made on service 12, therefore approximately 124,500 trips are estimated annually. Overall 46% of passenger trips on service 12 were made by concessionary passes holders. Based on October 2017 data, 4,700 trips are estimated annually on the 983 service.

### Proportion of trips, by stop, made by Concessionary Pass Holders living in Woodley and Earley.

Boarding Stop	All Services		Service 12	
	By Pass Holders in:		By Pass Holders in:	
	Woodley	Earley	Woodley	Earley
Reading Town Centre	24.2%	30%	12.4%	21.9%
Royal Berkshire Hospital	1.3%	1.4%	6.4%	14.2%
Chequers	12.1%	2.7%	22.4%	14.5%
Silverdale Road Shops	0%	0.6%	0.2%	8.2%
Woodley Piazza	2.0%	0%	8.9%	2.1%

Source: Concessionary Data, October 2017

## Consultation

The Borough Council has carried out consultation with Woodley and Earley Town Councils and run a resident's consultation over a four week period in October 2017. In addition representations were received from others, including residents' associations.

The key themes which emerged from the consultations were:

- There is a desire for morning and afternoon/evening peak travel
- Residents would like a reliable service which leaves bus stops at the same time each hour
- There is no need for a link between Woodley and Earley towns
- Local shopping areas should be served, as should local GP surgeries
- The frequency of any service should be at least hourly
- Access to the Royal Berkshire Hospital is required
- Access to the University of Reading is required
- Access to Reading Town Centre is required.

It was also noted that the idea of local bus stops acting as interchange points was put forward by Woodley Town Council. However, it was also noted that many consultees would favour direct links to facilities and amenities, as per a more traditional style bus service.

### **Options for future provisions.**

The consultation about the future of the service revealed that travel during the morning and afternoon peaks is highly desirable; however insufficient revenue is likely to be generated to cover the cost of the provision commercially. The social need for peak travel is mainly limited to trips for health and employment purposes plus statutory trips for education. However, it should be noted that there is a wider social benefit of providing peak hour trips, which includes their role in reducing congestion on local roads. Reinstating a morning peak journey is forecast to attract around 15,250 trips per year, the majority of which would be for the purpose of access to employment and education. As AM peak services are prior to 9.00 am and fall outside of this Councils concessionary fares scheme, all income would be from fare-payers which would go towards offsetting the cost of any future service provision.

The consultation will be used to obtain the outcomes of the tender for any replacement service. The tender specification will contain the key requirements that were identified as part of the consultation and these key requirements will form the basis of the tender specification which will also request multiple options and innovative solutions.

Based on the above analysis, consideration has been given to alternative options to address the social needs of the service. Forecast costs have been associated with each option criteria. Selection of a single option is required for the purpose of writing a tender brief for operators to bid against. There will be no further opportunities to amend the option criteria once the tender process has begun.

The options to be considered are:

1. Withdraw Service 12 and the 983
2. Continue with the existing services and merge the W162 with the 983
3. Continue with the existing services with the addition of the morning peak journeys and the afternoon journeys plus merge the W162 with the 983
4. A local service which terminates at the hospital, including peak journeys plus merge the W162 with the 983
5. Two Separate Services which include peak journeys plus merge the W162 and the 983

A full breakdown of each option is included in Appendix A.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	n/a	n/a
Next Financial Year (Year 2)	+£35,000 to +£175,000	Possibly save £7,000 or growth of up to £133,000	Revenue
Following Financial Year (Year 3)	£60,000 to £300,000	Possibly save £12,000 or growth of up to £228,000	Revenue

### Other financial information relevant to the Recommendation/Decision

None

### Cross-Council Implications

No

### List of Background Papers

Route Maps

Consultation Summary

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<b>Date</b> 21 <sup>st</sup> November 2017	<b>Version No.</b> 6

## Options Considered

Based on a detailed analysis of social need and the consideration of the consultation results, five alternative options have been identified for shaping a future bus service for the Woodley and Earley areas.

Just one option must be selected for taking forward to incorporate within the tender specification. There will be no further opportunities to amend the selected option once the tender process has begun. The contract will be for 5 years with an optional 3 years extension (2+1). The contract will include a clause allowing it to be terminated with 3 months' notice by either party, with no costs incurred.

It is recommended that the Executive:

- 1) Identifies one of the options presented within this Appendix to be taken forward to allow the tender process to commence.
- 2) To agree in principle, the associated budget growth required for the option which the Executive selects to be taken forward for the tender process.

### ***Option 1 – Withdraw Service 12 and the 983***

This option considers the impact of withdrawing Service 12 and the 983 service completely.

There would be no 983 school service with this option. Withdrawal of the 983 is likely to affect 4,700 trips per annum. The affected passengers will predominately be school children travelling from the Lower Earley and Earley areas to Waingels College and Bulmershe School. Students attending Bulmershe School may purchase annual passes on the Council's W162 route should there be sufficient capacity on the vehicle. There will be no alternative bus service for students travelling to Waingels College or the small proportion of adult fare paying passengers who currently use this service.

There would be no service 12 with this option. 124,500 trips will be affected, approximately 31% of which would be trips originating in Woodley or Earley. It is forecast 17,753 of the trips would be concessionary trips made from the Woodley and Earley areas.

It is forecast that a third of the concessionary passenger trips would qualify for the use of Readibus based on their age or disability. Readibus is likely to require an additional £60,000 of funding to accommodate these trips on their dial-a-ride services. There could also be an impact on social care costs, should residents not be able to access accessible transport.

For the remaining 66% of concessionaires who do not meet the Readibus membership criteria, alternative travel would be walking to an alternative bus service, travelling by private vehicle or not travelling at all.

Residents who live in the neighbourhoods surrounding Drovers Way and Culver Lane, it has been identified that the Council would have a duty to provide a basic transport provision under the 1985 Transport Act, to ensure these communities are not further disadvantaged by the lack of transport in their areas. The cost of providing a demand responsive service (e.g. community transport) for access to amenities is likely to be in the region of £120,000 per annum for a service which operates Monday to Friday, between 9am and 5pm.

Budget Growth of up to £108,000

***Option 2 – Continue with the existing services and merge the W162 with the 983***

This option provides an off-peak service only between Culver Lane, Chequers, the Hurricane Way GP Surgery, Vauxhall Drive Drovers Way, Coppice Road, Silverdale Road, the Royal Berkshire Hospital and Reading Town Centre.

The 983 school journey between Lower Earley and Bulmershe School continues to be provided with this option, but starts its route on the Shinfield Road and picks up those students with a transport entitlement. In order to try to contain costs within existing budgets, the Council could redeploy the education funding spent on the provision of the W162 (£40,000) contracted school service to reduce the 12/983 contract cost. The revenue currently received on the W162 service (WBC Contracted Schools Service) would also be transferred to the 983 service. It is forecast sufficient vehicle capacity should be available to accommodate the 4,700 trips currently made on the 983 service.

There would be **no morning peak journeys** and a gap in the afternoon timetable between 1430 and 1630 with this option. Church Road is not served with this option.

There is clear evidence from the consultation that residents in the existing Woodley and Earley areas do not favour this option. However, this option does meet the most critical social need of providing an off-peak service to the residents of the Drovers Way and Culver Lane areas. This option also provides an off-peak service to the residents of Silverdale Road and Vauxhall Drive. The estimated cost of this option is £60,000-£100,000

Budget Growth of up to £28,000 (although potential saving of up to £12,000 depending on tender submissions)

***Option 3 – Continue with the existing services with the addition of the morning peak journeys and the afternoon journeys plus merge the W162 with the 983***

This option provides an hourly service between Culver Lane, Chequers, the Hurricane Way GP Surgery, Vauxhall Drive, Drovers Way, Silverdale Road, the Royal Berkshire Hospital and Reading Town Centre. The service would operate hourly between 7am and 7pm, Monday to Saturday.

This option would retain the existing school service between Lower Earley and Bulmershe School and merge it with the W162 service (WBC Contracted Schools Service), as per Option 2.

The 983 bears little resemblance to the route served by the 12, and therefore route 12 is left with little or no service during the morning and afternoon peaks. This option allows for the 983 to be undertaken by an additional vehicle, if required.

The benefit of this option is the provision of a morning peak service and the removal of the 2 hour gap in the afternoon timetable of service 12. It is forecast that the morning peak service could carry 15,250 trips. The majority of these trips are likely to be for the purpose of education in the Reading area, with a small proportion for the purpose of employment and health. The wider benefit of the provision of morning and afternoon trips is their role in reducing congestion on local roads at peak times. On this basis, this option meets more than just the most critical social needs of the local communities.

There would be **no requirement** to provide a link between Woodley and Earley; however the most cost effective routing is likely to mean that something similar to the existing routing will result. On this basis, it is very likely that this option would not reduce the overall journey time from the Culver Lane area to Woodley nor is it likely to re-establish a link along Church Road.

The estimated cost for this option would be £100,000 – £150,000

Budget Growth of: £28,000 to £78,000

***Option 4 – A local service which terminates at the hospital, including peak journeys plus merge the W162 with the 983***

This option would retain the existing school service between Lower Earley and Bulmershe School and merge it with the W162 service (WBC Contracted Schools Service), as per Option 2.

This option would require an hourly service between 7am and 7pm which serves the residential roads of Culver Lane, Eastcourt Avenue and Church Road in North Earley and links these with Chequers, the Hurricane Way GP Surgery and the Royal Berkshire Hospital.

This option would require an hourly service between 7am and 7pm which links the residential roads of Vauxhall Drive and Drovers Way and links them with Chequers, the Hurricane Way GP Surgery and the Royal Berkshire Hospital.

In Earley this option would require an hourly between 7am and 7pm to link Silverdale Road with the Royal Berkshire Hospital.

It is assumed that this service would be operated with smaller vehicles, similar to that shown in Annex D. Smaller vehicles have a 21 seat capacity.

Current passenger numbers on the 983 exceed 21 on busy days. This option allows for the 983 to be undertaken by an additional full size bus.

There would be **no requirement** to provide a link between Woodley and Earley. There would be **no direct link to Reading Town Centre**, residents would either have to find an alternative local bus stop to catch a direct bus to Reading Town Centre from or change buses at the Royal Berkshire Hospital.

Anyone who did not hold a concessionary pass may have to purchase a second bus ticket for onward travel from the hospital or their choice of interchange stop.

The estimated cost of this option would be around £200,000 – £250,000

Note 1: a variation to this option has been considered with a peak service being provided with larger buses. It is expected that an additional £250,000 - £300,000 would be required to provide peak services.

Budget Growth of: £128,000 to £178,000

***Option 5 – Two Separate Services which include peak journeys plus merge the W162 and the 983***

This option is expected to make use of three vehicles and is therefore the most costly of the four options.

This option would provide an hourly service between 7am and 7pm for Woodley residents connecting Drovers Way, Coppice Road, Culver Lane, Church Road and Vauxhall Drive with Chequers, the Royal Berkshire Hospital and Reading Town Centre.

In Earley this option would allow for an hourly service between 7am and 7pm which connects Silverdale Road with the Brookside GP Surgery, Asda, the Royal Berkshire Hospital and Reading Town Centre.

This option would retain the existing school service between Lower Earley and Bulmershe School and merge it with the W162 service (WBC Contracted Schools Service), as per Option 2.

The benefit of this option is the provision of a morning peak service and the removal of the 2 hour gap in the afternoon timetable of service 12. It is forecast that the morning peak service could carry 15,250 trips. The wider benefit of the provision of morning and afternoon trips is their role in reducing congestion on local roads at peak times. This option would also reduce the travel time to Reading Town Centre from Woodley, whilst retaining the current journey times from Earley, through the provision of two separate routes. A link to Asda for Earley residents would also be formed.

On this basis, this option meets more than just the most critical social needs of the local communities.

The estimated cost of this option is expected to be in the region of £250,000 - £300,000.

Note 2: a sixth option was considered which was to provide two separate routes terminating at the hospital. The additional journey time required for the two separate routes would mean more than two vehicles would be required, however the revenue between Reading Town and the hospital would be lost, resulting in a higher estimated cost than Option 5, therefore it was discounted.

Note 3: To reinstate the previous 19a/c option is likely to cost around £150,000 - £200,000, assuming that the W162 and 983 are merged.

Budget Growth of: £178,000 to £228,000

## Options Summary

The table below shows the four options presented above and the impact they will have for residents in the Woodley and Lower Earley areas:

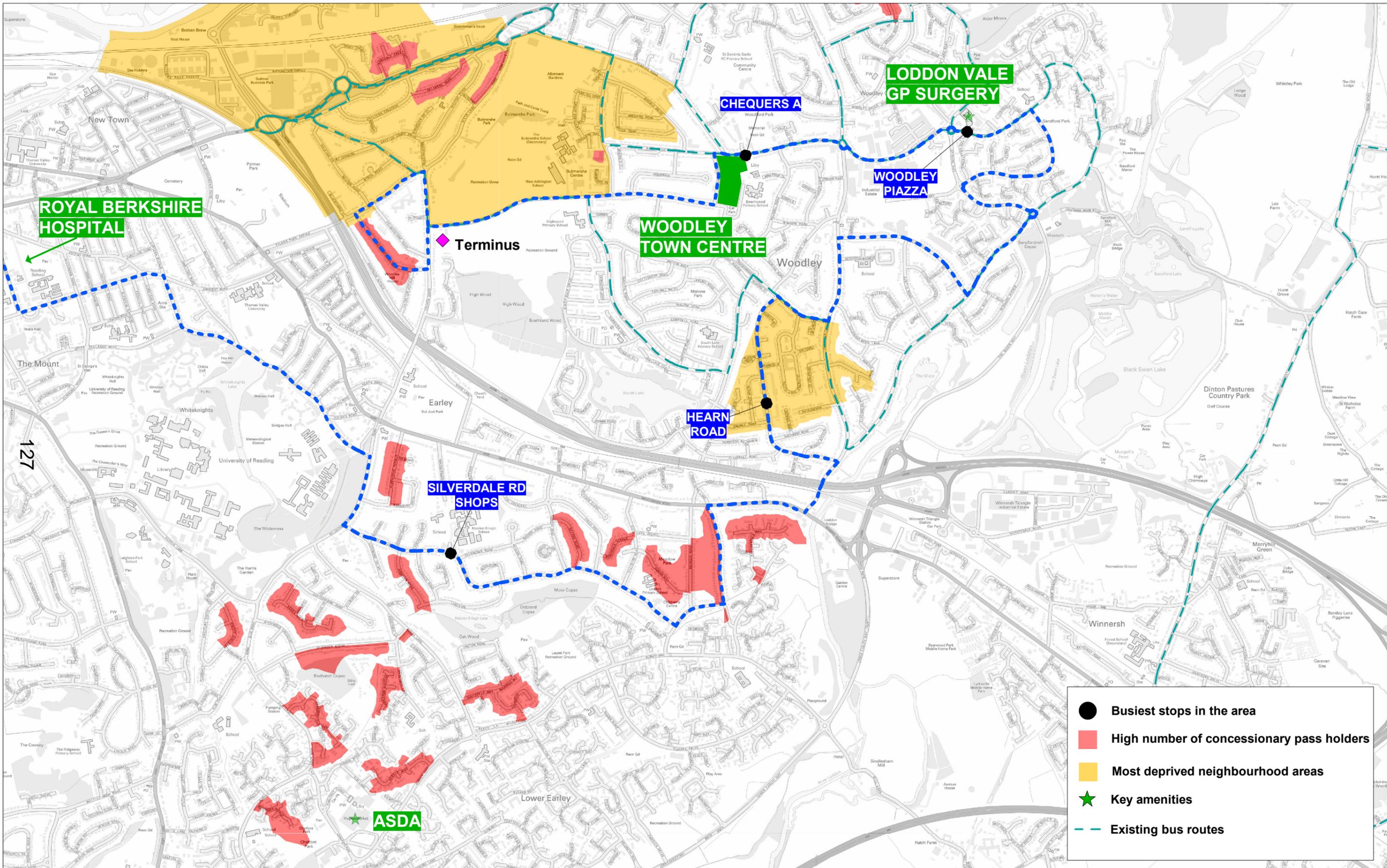
### Summary Table

<b>Supported Service Changes</b>	<b>Opt. 1</b>	<b>Opt. 2 (as is)</b>	<b>Opt. 3</b>	<b>Opt. 4</b>	<b>Opt. 5</b>
<b>Key Roads to be Served</b>					
Serves Drovers Way	x	✓	✓	✓	✓
Serves Culver Lane	x	✓	✓	✓	✓
Serves Vauxhall Drive	x	✓	✓	✓	✓
Serves Silverdale Road	x	✓	✓	✓	✓
Church Road, Earley	x	x	x	x	✓
<b>Key areas Amenities/Links</b>					
Access between Woodley and Earley	x	✓	x	x	x
Woodley Town Centre	x	✓	✓	✓	✓
Serves Hurricane Way GP Surgery	x	✓	✓	✓	✓
Serves Brookside GP Surgery	x	x	x	x	✓
Asda	x	x	x	x	✓
Direct Access to Royal Berkshire Hospital	x	✓	✓	✓	✓
Reading Town Centre	x	✓	✓	x	✓
<b>Peak Journeys</b>					
Includes Morning Peak Journeys	x	x	✓	✓	✓
Includes Evening Peak Journeys	x	✓	✓	✓	✓
Includes afternoon journeys	x	x	✓	✓	✓
<b>School Service</b>					
Includes the 983 School Service	x	✓	✓	✓	✓
<b>Estimated Cost</b> (estimated overall subsidy)	£108k	£60k to £100k	£100 to £150k	£200 to £250k	£250 to £300k
<b>Budget Growth</b>	Up to +£36k	Up to +£28k	+£28K to £78k	£128k to £178k	£178k to £228k

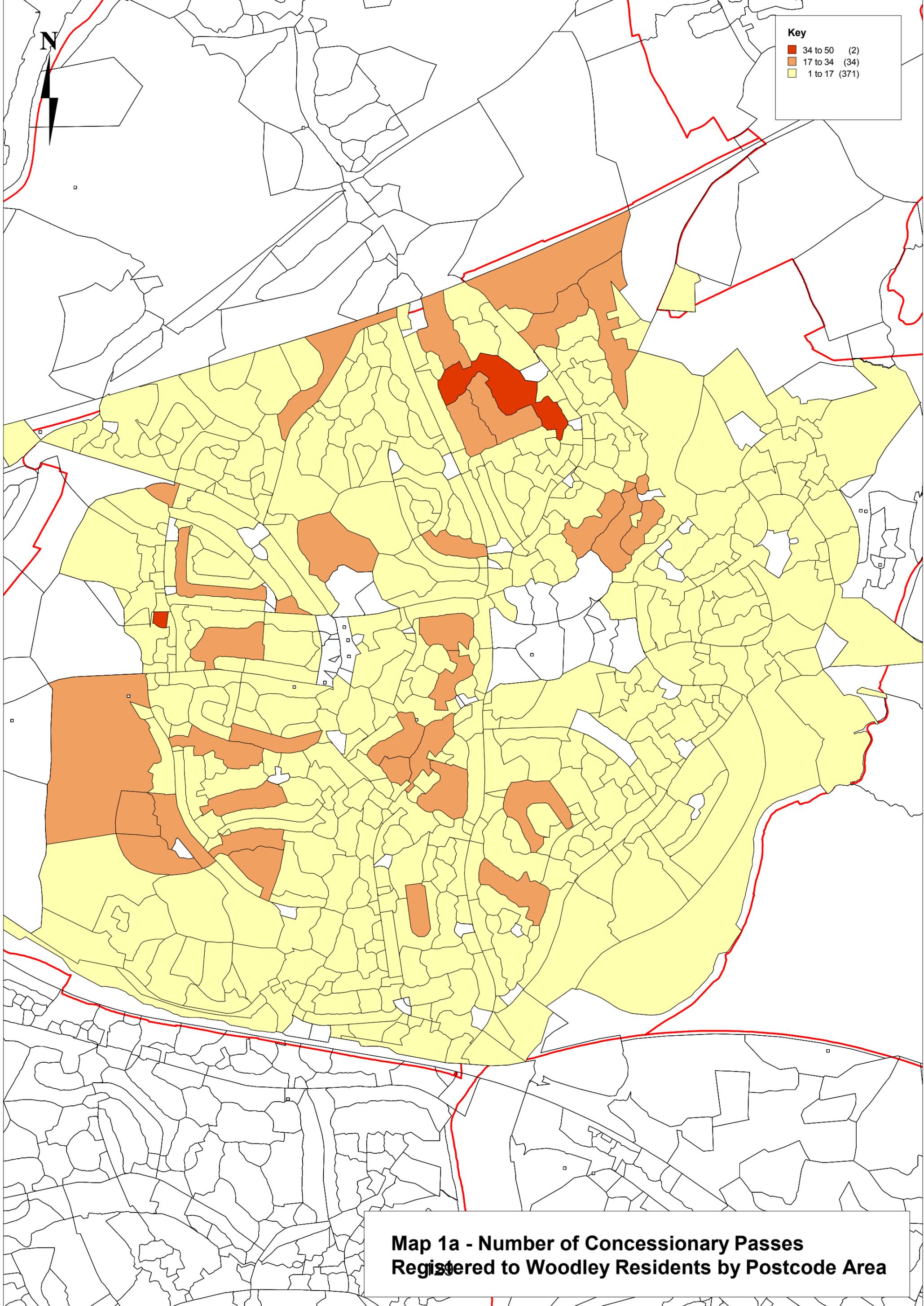
**Key:** ✓ Service provided

x This is not a requirement of this option

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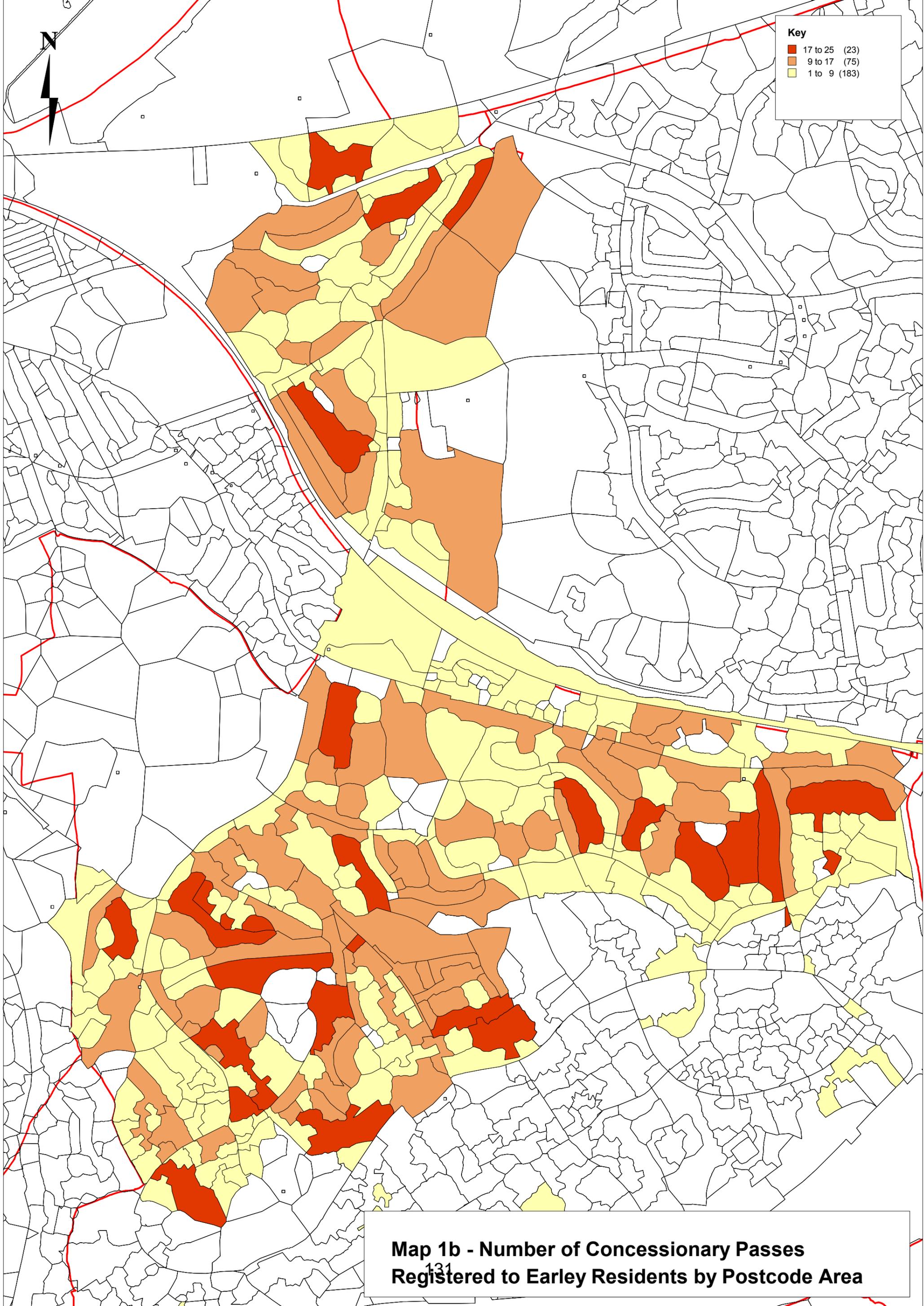


**Key**

34 to 50	(2)
17 to 34	(34)
1 to 17	(371)

**Map 1a - Number of Concessionary Passes Registered to Woodley Residents by Postcode Area**

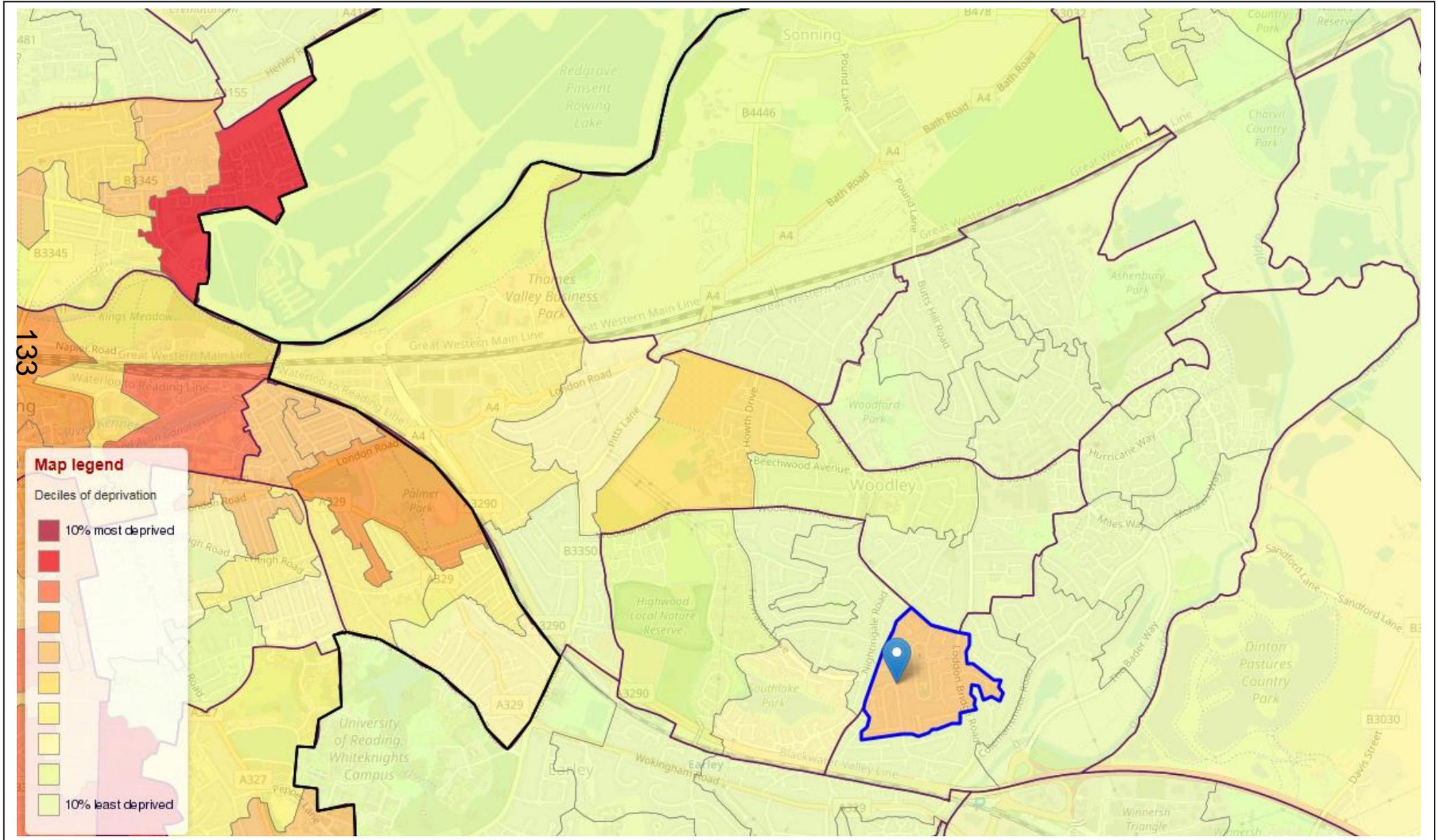
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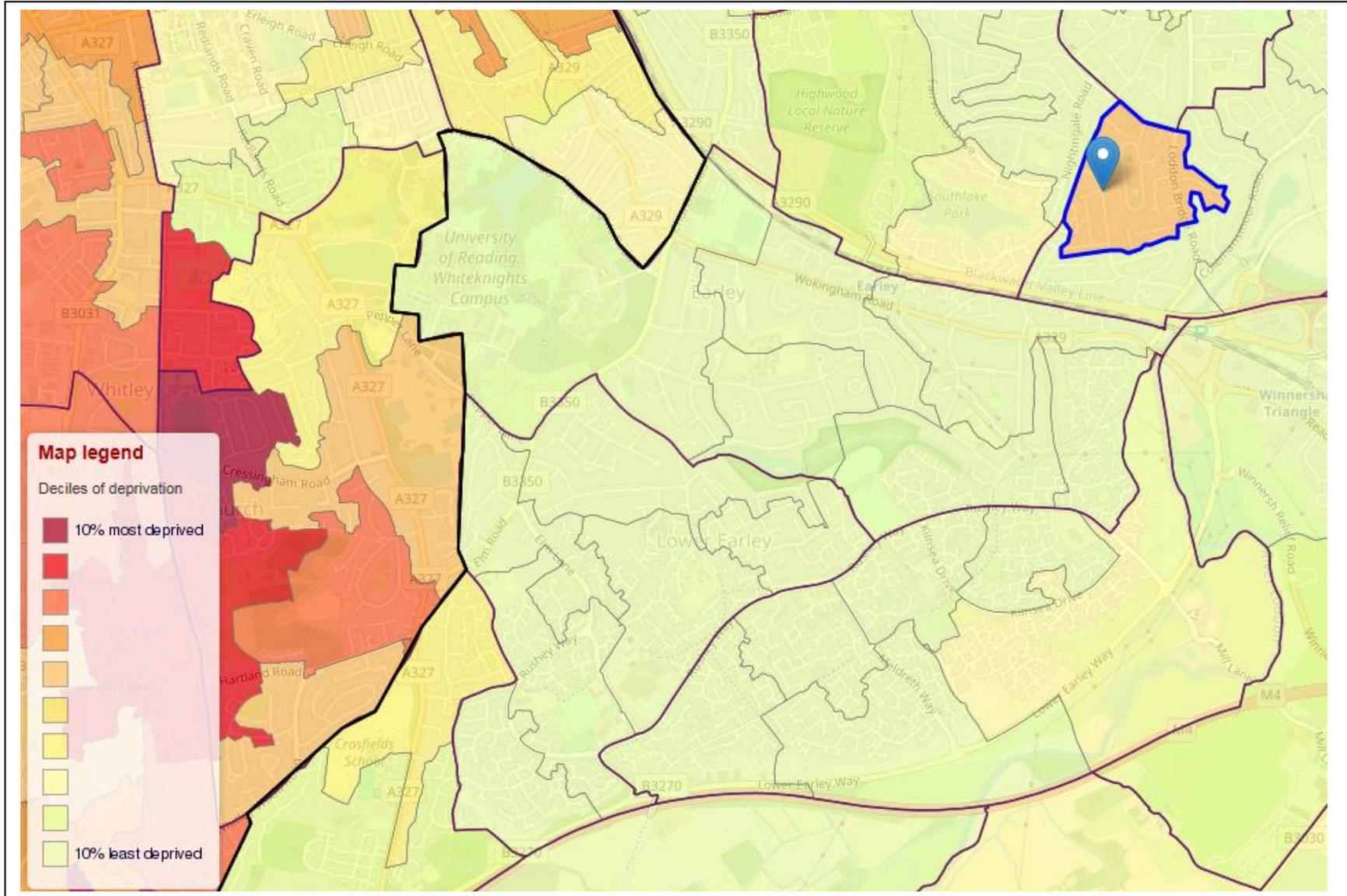
**Map 1b - Number of Concessionary Passes Registered to Earley Residents by Postcode Area**

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# Annex C – Indices of Multiple Deprivation for the Woodley Area



## Annex C – Indices of Multiple Deprivation for the Earley Area



<b>TITLE</b>	<b>Public Protection Partnership Fees and Charges</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Josie Wragg, Interim Director of Environment
<b>LEAD MEMBER</b>	Norman Jorgensen, Executive Member for Environment

**OUTCOME / BENEFITS TO THE COMMUNITY**

Sound Finances and Value for money.  
Providing services to the community on a cost recovery basis

**RECOMMENDATION**

That the Executive agree to:

- 1) apply the 2018/19 fees and charges within Wokingham Borough for Public Protection services as set out in Appendix 1;
- 2) vary the fee for Animal Boarding for 2017/18 and then in line with recommendation 1 above for 2018/19.

**SUMMARY OF REPORT**

Public Protection Partnership undertakes Environmental health, licencing and trading standards services on behalf of three partners, Bracknell Forest, West Berkshire and Wokingham Borough Councils. The fees and charges are not set by the partnership but by each individual partner authority.

The Public Protection Partnership Joint Committee recommends fees and charges to each partner authority. In line with WBC's approach to setting fees and charges. This Joint Committee agreed recommendations for fees and charges for 2018/19 at its meeting on 12 December 2017. The recommended fees are based on cost recovery and for 2018/19, on an increased average of 3% indexation.

Also proposed is a change to the fee to administer Animal Boarding licences for the current financial year 2017/18. This is recommended following a revised process being developed to reduce the officer time involved in administering the process and a full risk assessment of the impact. If approved, the varied fee would be first licence application - £265 and a renewal of £185.

## **Background**

Public Protection Partnership carries out environmental health, licencing and trading standards services on behalf of three partners, Bracknell Forest, West Berkshire and Wokingham Borough Councils and commenced in January 2017.

The new arrangement is significantly different to the previous shared service arrangement in its governance approach. A Joint Committee made up of two representatives from each partner authority sets the strategic direction, policies and financial arrangements of the shared service. This Joint Committee makes recommendations to the partner authorities about budget and fees and charges, and the Council partners then set these through the Council's budget and fee and charges setting process.

## **Fees and charges for 2018/19**

The fees and charges recommended for 2018/19 for PPP shared service are set out in Appendix 1 of this report. These recommendations were agreed by the Joint Committee on 12<sup>th</sup> December 2017. They are based on cost recovery at a cost of £53 per hour plus a 3% indexation to those fees adopted by the Council for the previous financial year.

A cost recovery mechanism is the approach adopted by other WBC services and the average indexation of 3% proposed by PPP is below the 3.6% agreed by WBC Executive in November 2017 for other services.

## **Animal Boarding Fee**

There is a statutory requirement to licence animal boarding premises and it has been checked that all local authorities in Berkshire license these premises. At its meeting in November 2016, WBC agreed the fee to administer Animal Boarding licences for 2017/18. This was a universal fee based on full cost recovery at the agreed rate of £53 per hour.

The 2017/18 fee was based on the cost of processing animal boarding licence applications including two visits per annum to each licence holder, and the wider enforcement regime. This totalled seven hours hence the fee being set out at £371. This represented an increase of £198 on the 2016/17 fee.

There has been substantial amount of concern raised by those renewing these licenses and as a result of the concerns raised, the process has been amended and agreed by the PPP Joint Committee at its meeting on 12<sup>th</sup> December 2017. The licensing regime and would proposed would make the following amendments:

- The number of visits would be reduced from two per annum to one. Should follow up visits be required as a result of none compliance these would be charged at the hourly rate. Non-compliance is rare.
- As renewals take less time than initial licensing, a reduced fee is applied to renewals.

The above proposal would reduce the time spent on the licensing function to 5.0 hours for a new licence and 3.5 hours for a renewal. This includes processing, invoicing, inspection and where necessary enforcement of the wider regime. Applying the hourly

rate the proposed licence fees would be £265 for an initial application and £185 for a renewal. This is comparable with other authorities in Berkshire and similar to the fee for 2016/17. These will be subject to the inflationary rise for 2018/19 as per Appendix C.

#### **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year 2017/18	£0k	Yes	Revenue
Next Financial Year 2018/19	£0k	Yes	Revenue
2019/20	£0k	Yes	Revenue

#### **Other financial information relevant to the Recommendation/Decision**

Fees and charges are based on cost recovery

#### **Cross-Council Implications**

None

#### **List of Background Papers**

PPP fees and charges agreed by WBC November 2016

Other Berkshire local authorities fees and charges for Animal Licences

<b>Contact</b> Clare Lawrence	<b>Service</b> Place Based Services
<b>Telephone No</b> 0118 9746444	<b>Email</b> <a href="mailto:clare.lawernce@wokingham.gov.uk">clare.lawernce@wokingham.gov.uk</a>
<b>Date</b> 18 December 2017	<b>Version No.</b> 1

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Description		2017/18		2018/19 Proposed		Notes
<b>Environmental Protection</b>						
<b>Prevention of Damage by Pests</b>						
Pest Site survey		£69.00		£71.00	3%	
Rat treatment		£69.00		£71.00	3%	
Any other Pest treatment		Visit	£69.00	£71.00	3%	
		Per additional visit	£53.00	£55.00	4%	
<b>Dog Warden Services:</b>						
Stray Dogs - Not taken to Kennel		£60.00		£62.00	3%	
Stray Dogs - Taken to Kennel		£85.00		£88.00	4%	
Kennels Cost		Recharge based on cost				
<b>Trading Standards</b>						
Weights and Measures Fees (per hour)		£59.50		£61.00	3%	
Explosives Licenses / Registrations - set by statute						Set by statute
<b>Support with Confidence:</b>						
Individual Supplier / 1-5 employees		£56.60		£58.00	2%	All disbursements charged at cost
Businesses 5-20 employees		£112.90		£116.00	3%	As above except fee reduced to £50 if registered with confidence
Businesses >20 employees		£282.30		£291.00	3%	As above except fee reduced to £50 if registered with confidence
Approved Trader Scheme Background Checks		£50.00		£52.00	4%	
Petroleum Licensing Fees - set by statute						Set by statute
<b>Food and Nutrition Training:</b>						
Level 2 Award in Nutrition		£74.00		£76.00	3%	
<b>Food Hygiene Training:</b>						
CIEH Level 1		£38.00		£39.00	3%	
CIEH Level 2		£75.00		£77.00	3%	
CIEH Level 3		£322.00		£332.00	3%	
Online Accredited Training		Full cost Recovered		Full cost Recovered		
Food Export Certificates		Full cost Recovered		Full cost Recovered		
<b>Anti-Social Behaviour Act:</b>						
High Hedges Fee (Class A – Fee Discretionary)		£1,113.00		£1,146.00	3%	
<b>Licences, Registrations and Similar Consents:</b>						

Description		2017/18	2018/19 Proposed	Notes	
<i>Licensing Act 2003:</i>					
Premises Licence – “one off” fees set by statute based upon rateable value (RV) of premises (Class B – Statutory Fee)					
Band A – RV up to 4300		£100.00	£100.00	0%	Statutory -no increase.
Band B – RV 4300 to 33000		£190.00	£190.00	0%	Statutory -no increase.
Band C – RV 33001 to 87000		£315.00	£315.00	0%	Statutory -no increase.
Band D – RV 87001 to 125000		£450.00	£450.00	0%	Statutory -no increase.
Band E – RV 125001 and above		£635.00	£635.00	0%	Statutory -no increase.
Pre-Application Advice, Hourly charge	Min 1 Hr	£53.00	£55.00	4%	New 17/18
Premises Licence – Annual Fee (Class B – Statutory Fee)					
Band A		£70.00	£70.00	0%	Statutory -no increase.
Band B		£180.00	£180.00	0%	Statutory -no increase.
Band C		£295.00	£295.00	0%	Statutory -no increase.
Band D		£320.00	£320.00	0%	Statutory -no increase.
Band E		£350.00	£350.00	0%	Statutory -no increase.
Personal Licence - (Class B – Statutory Fee)					
Temporary Event Notices (TEN's) - (Class B – Statutory Fee)		£21.00	£21.00	0%	Statutory -no increase.
Application for copy licence, change address or club rules		£10.50	£10.50	0%	Statutory -no increase.
Application to vary DPS/transfer licence/interim notice		£23.00	£23.00	0%	Statutory -no increase.
Application for making a provisional statement		£315.00	£315.00	0%	Statutory -no increase.
Minor variation		£89.00	£89.00	0%	Statutory -no increase.
Application to disapply mandatory DPS condition		£23.00	£23.00	0%	Statutory -no increase.
Pre-Application Advice, hrly charge	Min 1 Hr	£53.00	£55.00	4%	New 17/18
<b>Gambling Licenses</b>					
Separate listing for Wokingham					
Casinos (small)	New Application	£6,000.00	£6,000.00	0%	Set at 75% of Statutory Maximum -no increase.
	Provisional Statement	£6,000.00	£6,000.00	0%	Set at 75% of Statutory Maximum
	Application with Prov Statement	£2,250.00	£2,250.00	0%	Set at 75% of Statutory Maximum
	Variation	£3,000.00	£3,000.00	0%	Set at 75% of Statutory Maximum
	Transfer/Reinstatement	£1,350.00	£1,350.00	0%	Set at 75% of Statutory Maximum
	Annual Fee	£3,750.00	£3,750.00	0%	Set at 75% of Statutory Maximum -no increase.
Bingo Clubs	New Application	£2,625.00	£2,625.00	0%	Set at 75% of Statutory Maximum -no increase.
	Provisional Statement	£2,625.00	£2,625.00	0%	Set at 75% of Statutory Maximum
	Application with Prov Statement	£900.00	£900.00	0%	Set at 75% of Statutory Maximum
	Variation	£1,312.50	£1,312.50	0%	Set at 75% of Statutory Maximum
	Transfer/Reinstatement	£900.00	£900.00	0%	Set at 75% of Statutory Maximum
	Annual Fee	£750.00	£750.00	0%	Set at 75% of Statutory Maximum -no increase.
Betting Premises	New Application	£2,250.00	£2,250.00	0%	Set at 75% of Statutory Maximum -no increase.
	Provisional Statement	£2,250.00	£2,250.00	0%	Set at 75% of Statutory Maximum
	Application with Prov Statement	£900.00	£900.00	0%	Set at 75% of Statutory Maximum
	Variation	£1,125.00	£1,125.00	0%	Set at 75% of Statutory Maximum
	Transfer/Reinstatement	£900.00	£900.00	0%	Set at 75% of Statutory Maximum
	Annual Fee	£450.00	£450.00	0%	Set at 75% of Statutory Maximum -no increase.
	New Application	£1,875.00	£1,875.00	0%	Set at 75% of Statutory maximum -no increase.
	Provisional Statement	£1,875.00	£1,875.00	0%	Set at 75% of Statutory Maximum

Description		2017/18		2018/19 Proposed		Notes
Tracks	Application with Prov Statement	£712.50		£712.50	0%	Set at 75% of Statutory Maximum
	Variation	£937.50		£937.50	0%	Set at 75% of Statutory Maximum
	Transfer/Reinstatement	£712.50		£712.50	0%	Set at 75% of Statutory Maximum
	Annual Fee	£750.00		£750.00	0%	Set at 75% of Statutory Maximum -no increase.
Family Entertainment Centres	New Application	£1,500.00		£1,500.00	0%	Set at 75% of Statutory Maximum -no increase.
	Provisional Statement	£1,500.00		£1,500.00	0%	Set at 75% of Statutory Maximum
	Application with Prov Statement	£712.50		£712.50	0%	Set at 75% of Statutory Maximum
	Variation	£750.00		£750.00	0%	Set at 75% of Statutory Maximum
	Transfer/Reinstatement	£712.50		£712.50	0%	Set at 75% of Statutory Maximum
	Annual Fee	£562.00		£562.00	0%	Set at 75% of Statutory Maximum -no increase.
Adult Gaming Centres	New Application	£1,500.00		£1,500.00	0%	Set at 75% of Statutory Maximum -no increase.
	Provisional Statement	£1,500.00		£1,500.00	0%	Set at 75% of Statutory Maximum
	Application with Prov Statement	£900.00		£900.00	0%	Set at 75% of Statutory Maximum
	Variation	£750.00		£750.00	0%	Set at 75% of Statutory Maximum
	Transfer/Reinstatement	£900.00		£900.00	0%	Set at 75% of Statutory Maximum
	Annual Fee	£750.00		£750.00	0%	Set at 75% of Statutory Maximum -no increase.
Lotteries and Amusements	New Application	£40.00		£40.00	0%	Statutory -no increase.
	Annual Fee	£20.00		£20.00	0%	Statutory -no increase.
All Licences	Notification of change	£37.50		£37.50	0%	Set at 75% of Statutory Maximum
	Copy of Licence	£18.75		£18.75	0%	Set at 75% of Statutory Maximum
Pre-Application Advice, hrly charge	Min 1 Hr	£53.00		£55.00	4%	New 2017/18
Club Gaming or Machine Permit						
Club Gaming or Machine Permit	New Application	£200.00		£200.00	0%	Statutory-no increase
Club Gaming or Machine Permit	Existing holder	£100.00		£100.00	0%	Statutory-no increase
Club Gaming or Machine Permit(holds a Club Premises Certificate under Licensing Act 2003)	New Application	£100.00		£100.00	0%	Statutory-no increase
Club Gaming or Machine Permit	Renewal	£200.00		£200.00	0%	Statutory-no increase
Club Gaming or Machine Permit(holds a Club Premises Certificate under Licensing Act 2003)	Renewal	£100.00		£100.00	0%	Statutory-no increase
Club Gaming or Machine Permit	Annual Fee	£50.00		£50.00	0%	Statutory-no increase
Club Gaming or Machine Permit	Variation	£100.00		£100.00	0%	Statutory-no increase
Club Gaming or Machine Permit	Copy of Licence	£15.00		£15.00	0%	Statutory-no increase
Licensed Premises Notifications						
To make available up to 2 gaming machines on premises which hold on-premises alcohol licence	notification of intention	£50.00		£50.00	0%	Statutory-no increase
Gaming Machine Permit (more than 2 machines) on premises which hold on premises alcohol licence	Application (existing holder)	£100.00		£100.00	0%	Statutory-no increase
Gaming Machine Permit (more than 2 machines) on premises which hold on premises alcohol licence	New Application	£150.00		£150.00	0%	Statutory-no increase
Gaming Machine Permit (more than 2 machines) on premises which hold on premises alcohol licence	Annual Fee	£50.00		£50.00	0%	Statutory-no increase
Gaming Machine Permit (more than 2 machines) on premises which hold on premises alcohol licence, payable within 30 days of date permit takes effect	First Annual fee	£50.00		£50.00	0%	Statutory-no increase

Description		2017/18		2018/19 Proposed		Notes
Gaming Machine Permit (more than 2 machines) on premises which hold on premises alcohol licence	Variation	£100.00		£100.00	0%	Statutory-no increase
Gaming Machine Permit (more than 2 machines) on premises which hold on premises alcohol licence	Transfer	£25.00		£25.00	0%	Statutory-no increase
Gaming Machine Permit (more than 2 machines) on premises which hold on premises alcohol licence	Change of Name	£25.00		£25.00	0%	Statutory-no increase
Gaming Machine Permit (more than 2 machines) on premises which hold on premises alcohol licence	Copy of Permit	£15.00		£15.00	0%	Statutory-no increase
Pre-Application Advice, hrly charge	Min 1Hr	£53.00		£55.00	4%	New 2017/18
<b>Sex Establishments – (Class A – Fee Discretionary)</b>						
	Cinema	min £3,000 to max £5000		min £3,100 to max £5150		No change
	Shop	min £3,000 to max £5000		min £3,100 to max £5150		No change
	Entertainment Venue	£3,000 to max £5000		min £3,100 to max £5150		No change
Pre-Application Advice, hrly charge	Min 1 Hr	£53.00		£55.00	4%	
<b>Street Trading Consents – (Class A – Fee Discretionary)</b>						
	Annual Fee	£1,272.00		£1,310.00	3%	Reviewed to cost recovery model
	6 month	£742.00		£765.00	3%	Reviewed to cost recovery model
	Monthly Rate	£212.00		£218.00	3%	1/12th annual fee based on cost recovery model
Refund for Street Traders	If application withdrawn	£106.00		£110.00	4%	
Pre-Application Advice, hrly charge	Min 1 Hr	£53.00		£55.00	4%	
<b>Skin Piercing Registrations (one off registration) – (Class A – Fee Discretionary)</b>						
Individual		£170.00		£175.00	3%	Cost recovery
Premises		£265.00		£273.00	3%	Cost recovery
Joint Application		£424.00		£437.00	3%	Cost recovery
Pre-Application Advice, hrly charge	Min 1 Hr	£53.00		£55.00	4%	New cost recovery model - refer to office guidance
<b>Animal Licences – (Class A – Fee Discretionary) * +vet fee where applicable</b>						
Dog Breeding Establishments *		£371.00		£382.00	3%	Cost recovery
Animal Boarding Establishments*		£424.00		£437.00	3%	Cost recovery
Home Boarding - New*		£371.00		£275.00	-26%	New revised fee
Home Boarding - Renewal *				£192.00		New revised fee
Pet Shops*		£424.00		£437.00	3%	
Dangerous Wild Animal Consent - 2 yr licence*	West Berks	£424.00		£437.00	3%	Based on cost recovery
Zoo Licenses (new abd renewals)	Up to 6 Years	£1,908.00		£1,965.00	3%	
Riding Establishments *	1 to 5 Horses	£530.00		£546.00	3%	
	Each additional 10 horses	£132.50		£136.00	3%	Based on cost recovery
Performing Animals Registration		£106.00		£109.00	3%	
<b>Scrap Metal Site New</b>						
Scrap Metal Mobile Collector	3 Years	£169.60		£476.00	181%	New
Scrap Metal -Variation of Licence	3 Years	£169.60		£254.00	50%	previously only scrap metal dealer - mirror Bracknell fees?
Scrap Metal -Variation of Licence				£350.00		

Description		2017/18		2018/19 Proposed		Notes
Scrap Metal-Change of Site Manager				£65.00		
Scrap Metal- copy of licence				£11.00		
Scrap Matal- Change of Name				£34.00		
Pre-Application Advice, hrly charge		£53.00		£55.00	4%	
<b>Private Water Supplies (Statutory Maximums stated) Hrly Rate £34</b>						
Risk Assessment		£500.00		£515.00	3%	Minimum charge 1 Hr, simple risk assessment and report typically 5 hours
Sampling		£100.00		£103.00	3%	Charge for a visit, taking a sample and delivering it to the laboratory. Typically 2.5 hours of officer time
Investigation		£100.00		£103.00	3%	Carried out in the event of a test failure, can be substituted by the risk assessment - this does not include any required analysis costs.
Analysis - Regulation 10		£25.00		£26.00	4%	Where a supply provides <10m <sup>3</sup> /day or serves <50 people and is used for domestic purposes - hrly rate applies
Check Monitoring - Commercial and Public Supplies		£100.00		£103.00	3%	Check monitoring is carried out to ensure the water complies with the standards - hrly rate applies
Audit Monitoring - Commercial and Public		£500.00		£515.00	3%	Additional parameters sampled less often to ensure the water complies with all safety standards - Hrly rate applies
Environmental Protection Act 1991b						Statutory - no increase
Scheduled Processes - (Class B – Statutory Fee)						Statutory - no increase
<b>Private Sector Housing</b>						
Inspection of Housing Premises for Immigration purposes (Class A – Fee Discretionary)		£371.00		£382.00	3%	Hourly rate applies to both LAs
Enforcement Notices served under Housing Act 2004		£106.00		£110.00	4%	NEW cost recovery model - refer to officer guidance
HMO Licence NEW - assisted application		£1,113.00		£1,145.00	3%	
HMO Licence RENEWAL		£742.00		£765.00	3%	
Caravan Site Licence annual Licence (Option 2 of DCLG Guide for Charging)	1-5 Pitches	£225.00		£233.00	4%	
	6-24 Pitches	£225.00		£230.00	2%	
	25-99 Pitches	£318.00		£330.00	4%	

Description		2017/18		2018/19 Proposed		Notes
	100-199 Pitches	£371.00		£380.00	2%	
	200+	£477.00		£490.00	3%	
Variation or Transfer		£106.00		£110.00	4%	
<b>Other Fees for Information</b>						Hourly rate applies for both LAs minimum two charge (Class A - Fee Discretionary)
Environmental Info Individual, Non Commercial		£106.00		£110.00	4%	Cost recovery model
Commercial and Government		£106.00		£110.00	4%	Cost recovery model
Civil Actions (Class A – Fee Discretionary)		£106.00		£110.00	4%	Cost recovery model
Safety Certification and administration		£106.00		£110.00	4%	Cost recovery model
<b>Resident and Business Advice</b>						Hourly rate applies for both LAs minimum two charge (Class A - Fee Discretionary)
General Business Advice (non-primary authority)	free for first 30 minutes			£55per hour		New cost recovery model - refer to officer guidance
Request for Advice				£55 per hour		New cost recovery model - refer to officer guidance
Primary Authority Advice				£55 per hour		New cost recovery model - refer to officer guidance
<b>Taxi Licenses – (Class A – Fee Discretionary)</b>						
Vehicle – New		£157.00		£161.00	3%	cost recovery plus backing plate fee as appropriate
Vehicle – Renewal of Licence		£157.00		£161.00	3%	cost recovery
Replacement Plate		£38.00		£39.00	3%	cost recovery
Backing Plate		£23.00		£24.00	4%	cost recovery
Transfer of Ownership		£105.00		£108.00	3%	cost recovery
Temporary Vehicle		£157.00		£162.00	3%	cost recovery
Driver – 3 year Licence		£251.00		£258.00	3%	cost recovery
Replacement Badge		£38.00		£39.00	3%	cost recovery
Replacement Licence		£38.00		£39.00	3%	cost recovery
HC Knowledge Test (per test)		£69.00		£71.00	3%	cost recovery
Missed Appointments		£34.00		£35.00	3%	cost recovery
Disclosure and Barring Service Check (DBS)		£60.00		£65.00	8%	statutory fee/cost recovery
Change of Address (PH & HC)		£13.00		£14.00	8%	cost recovery
Pre-Application Advice, hourly charge	Min 1 Hr	£53.00		£55.00	4%	New. Refer to officer guidance
<b>Private Hire Vehicles including School and Community Services for Wokingham – (Class A – Fee Discretionary)</b>						
Operator – New and renewal	1-4 Vehicles (New 5 Yr)	£528.00		£545.00	3%	cost recovery
	5-9 vehicles (New 5 Yr)	£846.00		£870.00	3%	cost recovery
	9+ vehicles (New 5 Yr)	£1,317.00		£1,356.00	3%	cost recovery
Vehicle – New		£148.00		£152.00	3%	cost recovery plus backing plate fee as appropriate
Temporary Vehicle monthly issue up to 3 months maximum		£148.00		£152.00	3%	cost recovery
Vehicle – Renewal		£148.00		£152.00	3%	cost recovery
Vehicle with Dispensation				£207.00		new- cost recovery process of checking records add 1hr time
Replacement Plate		£38.00		£39.00	3%	cost recovery
Transfer of Ownership		£105.00		£108.00	3%	cost recovery
Driver – 3 year Licence		£251.00		£258.00	3%	cost recovery

Description		2017/18		2018/19 Proposed		Notes
Replacement Badge		£38.00		£39.00	3%	cost recovery
Replacement Licence		£38.00		£39.00	3%	cost recovery
Replacement Vehicle Plate		£38.00		£39.00	3%	cost recovery
Replacement Licence		£38.00		£39.00	3%	cost recovery
PH Knowledge Test (per test)		£69.00		£71.00	3%	cost recovery
Missed Appointments		£34.00		£35.00	3%	cost recovery
Disclosure and Barring Service (DBS)		£60.00		£65.00	8%	statutory fee/cost recovery
Advertising on a Hackney Carriage (Wokingham)		£50.00		£52.00	4%	cost recovery
Disability Awareness Training Course		£30.00		£31.00	3%	consider new external provider fee applied
Safeguarding Training				£30.00		new for 2018 charge to be confirmed external provider fee applied
Pre-Application Advice, hourly charge	Min 1 Hr	£53.00		£55.00	4%	New for all. Policy to follow

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<b>TITLE</b>	<b>Woodley Car Parking Trial</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Josie Wragg. Interim Director of Environment
<b>LEAD MEMBER</b>	Chris Bowring Executive Member for Highways and Transport

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Woodley Town Centre Management Initiative (WTCMI) proposed an alternative charging regime to the borough wide Evening and Sunday Charges regime proposed during the public consultation of 2016. At the time WTCMI expressed their concerns over the viability of Woodley town centre during the hours of operation for the proposed Evening and Sunday Charges regime. The trial was aimed to see if their alternative proposal met their wider objectives and was financially viable in comparison to the Evening and Sunday charging regime that was introduced elsewhere across the borough. The trial has been previously extended to allow longer periods for car parking data to be collected and analysed to inform a permanent decision relating to Woodley.

## **RECOMMENDATION**

In place of the borough wide Evening and Sunday Charges regime operating elsewhere to make permanent the Woodley Car Parking Trial including the increase of the 1 hour parking charge increase in the Woodley car parks of Crockhamwell Road, Headley Road, Lytham Road East and Lytham Road West from 70p to 80p.

## **SUMMARY OF REPORT**

Analysis of parking data has demonstrated the trial operating from September 2016 has met the wider objectives originally proposed by WTCMI and met financial requirements of the Evening and Sunday Charges regime operating elsewhere borough wide.

## **Background**

On the 17<sup>th</sup> May 2016 Executive approved the introduction and implementation of the borough wide Evening and Sunday Charges regime. In line with the Traffic Regulation Order (TRO) legal process, which established the ability for the council to implement charging in car parks and enforce the compliance with these charges, the council followed consultation on the proposed new charging regime. During the consultation, some groups expressed concern about the impact of these proposals on their communities. These concerns were addressed within the original report to the Executive and were fully considered at the time of the decision.

At the time one group being the WTCMI proposed an alternative to the Evening and Sunday Charges regime in Woodley, which was assessed and considered financially viable. The alternative proposal was to increase the 1 hour parking charge in the Woodley car parks of Crockhamwell Road, Headley Road, Lytham Road East and Lytham Road West from 70p to 80p in place of implementing Evening and Sunday Charges regime in these car parks.

Although other alternative parking and charging regimes were proposed elsewhere in 2016, these were assessed but not progressed further as they were not considered likely to meet the financial requirement of the Evening and Sunday Charges regime.

Whilst the WTCMI proposal had merit and wider benefits in Woodley, there was a risk that the proposal may not deliver its wider nor financial expectations. Due to this Executive approved a trial of the proposal on 28 July 2016 with a requirement to report the results back to the Executive in March 2017 in order to measure the income generated in comparison with that of the borough wide Evening and Sunday Charges regime. A report was presented to Executive on 23 February 2017 as required, however it stated the parking data time period was too short to allow an informed permanent decision, therefore the decision was made to extend the trial to September 2017. A further report to Executive dated 28 September 2017 again stated that the parking data and analysis was still inconclusive and requested a further extension to the trial, which was approved until the end January 2018, when it was anticipated the data would allow a permanent decision.

### **Issues for consideration**

Woodley Car Parking trial has been operating since September 2016 and without a further Executive decision will expire at the end January 2018, when parking in Woodley would revert to the Sunday and Evening Charging regime that operates elsewhere across the borough.

### **Wider benefits from Woodley Car Parking trial**

Having liaised with local Councillors and a representative for the WTCMI it is considered that the Woodley Car Parking trial is meeting the wider objectives proposed during the original consultation in 2016 with the following information having been recently submitted.

*Woodley's night time economy is in a fledgling state with the mix including some established retail units moving towards food & drink oriented outlets. Such a fledgling*

*economy is welcome and needs to be nurtured at this early stage. WTCMI consider the Sunday and Evening charging regime if implemented would significantly restrain this opportunity for economic growth. Furthermore the potential extra income from this use would be limited in contrast to the many car parks on Wokingham Town where the night time economy is extensive and well established.*

*Woodley's existing retailers including independents and national chains, who are also key members of the WTCMI, are enthusiastic supporters of the Woodley Car Parking trial even though the effect of Evening and Sunday Charges regime would have limited effect on their operations. They, and others on the WTCMI including the Town Council and residents, realised that Woodley Town is a complete package and implementing Evening and Sunday Charges regime in place would reduce the attractiveness of Woodley Town Centre overall. They stated the extra 10p charge was a small amount when put into context of a total spend of a visitor or shopper, that it would have minimal impact. Anecdotal evidence suggests that they were correct with sales and town centre visitors holding up well over the trial period since August 2016.*

*One of the key objectives of WTCMI is to create an appropriate environment to enable the town centre to thrive not just from an economic perspective, but also from making it a hub of social activities. This is achieved through the creation of a number of events during the year. These range from regular markets, car boot sales and big events like the "Winter Extravaganza". It is these events that build on and enhance the community spirit and makes it a "go to" location for both local residents and visitors from afar. Many of these are held on a Sunday and some are overnight. Imposing the Evening and Sunday Charges regime would severely impact the attractiveness and success of these events, and would discourage residents and visitors from attending.*

*These points are significant in their own right, however when considered cumulatively their impact would be far greater. Anything that discourages individuals to come to Woodley Town Centre has a serious knock on effect of the attractiveness of the centre with the potential to reduce the economic viability of Woodley Town Centre.*

## **Financial analysis**

Making a direct parking data comparison of the 10p increase in Woodley against the Evening and Sunday Charges regime operating elsewhere has proved problematic for reasons including the inability to breakdown individual tariff on some machines, difficulties to separate the evening and weekend tariffs from daytime daily tariffs, occasional car park traveller encampments over the trial period and the temporary distortion of data from the ongoing town centre regeneration works.

Due to these complexities parking income has been assessed on a broader base for the car parks in Woodley subject to the car parking trial, against the other car parks operating elsewhere across the borough with the figures for a year before the trial plotted against a year during the trial for both scenarios. The results are summarised in the table below.

Woodley	From	To	Income	Difference
Pre Car Parking trial	Sept 15	Aug 16	£571,580	
During Car Parking trial	Sept 16	Sept 17	£662,221	
				+£90,641
				+15.9%
Borough Wide (excluding Woodley)	From	To	Income	Difference
Pre Sunday and Evening regime	Sept 15	Aug 16	£882,945	
During Sunday and Evening regime	Sept 16	Sept 17	£982,846	
				+£99,901
				+11.3%

The data and analysis available for comparison demonstrates that the borough wide Evening and Sunday Charges regime, along with other factors and general growth has returned an increase of 11.3%, while an increase of 15.9% has been achieved the Woodley Car trial over the same period. This additional return of 4.6% provides adequate assurance to state that the Woodley Car Parking trial has met its financial objectives.

### Summary

Analysis of parking data available has demonstrated the trial operating from September 2016 has met the wider objectives originally proposed by WTCMI and met financial requirements of the Evening and Sunday Charges regime operating elsewhere borough wide.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year from 1 <sup>st</sup> September 2016 to 31 <sup>st</sup> March 2017	£0k	Yes	Revenue
Next Financial Year (Year 2)- is trial period is extended into 2017/18	£0k	Yes	Revenue
Following Financial Year (Year 3)- if trial period extended and continued into 2018/19	£0k	Yes	Revenue

**Other financial information relevant to the Recommendation/Decision**

If the trial is not extended nor made permanent then the Evening and Sunday Charges regime would be brought into operation in Woodley from the 1<sup>st</sup> January 2018, which operates elsewhere across the borough. However it has been demonstrated that the Woodley Car Parking trial would not reduce the level of income to the council, therefore there are no financial implications associated with this decision.

**Cross-Council Implications**

None

**List of Background Papers**

31 March 2016 Executive Report - Introduction of Sunday and Evening Charging  
28 July 2016 Executive Report – Woodley Car Parking Trial Proposal  
23 February 2017 Executive Report – Woodley Car Parking Trial Extension  
28 September 2017 Executive Report- Woodley Car Parking Trial Extension

<b>Contact</b> Alex Deans	<b>Service</b> Highways & Transport
<b>Telephone No</b> 0118 974 3727	<b>Email</b> <a href="mailto:alex.deans@wokingham.gov.uk">alex.deans@wokingham.gov.uk</a>
<b>Date</b> 1 December 2017	<b>Version No.</b> 3

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<b>TITLE</b>	<b>Berkshire Pension Fund Pooling</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Effective and safe use of our resources to deliver service improvements and service continuity through the management of the council's pension fund resources.

## **RECOMMENDATION**

That the Executive note the Berkshire Pension Fund Panel's expected decision to pool 100% of Berkshire's pension fund assets with Local Pensions Partnership.

## **SUMMARY OF REPORT**

It is the Government's requirement for Local Government Funds to have joined an investment pool and to have started pooling its investments by 1 April 2018. Berkshire Pension Fund Panel as the administering authority has the power to commit to a pooling solution. On 13 November 2017 the Berkshire Pension Fund Panel (BFPF) agreed to enter into a memorandum of understanding with Local Pension Partnership (LPP), and on 18 December 2018, the BFPF (Berkshire Pension Fund Panel), will consider the formal approval of pooling 100% of assets with LPP (Local Pension Partnership).

Throughout December 2017 and ongoing communication is taking place with stakeholders, and detailed work on assets classification is taking place. From January 2018 a TUPE consultation is planned to take place with affected staff and legal agreements drawn up, with the commencement of pooling from April 2018.

The aim is achieving economies of scale and efficiencies for the benefit of their members, employers, partner funds and customers, rather than profits for shareholders, without compromising on service quality.

## Background

In the summer budget 2015, the Chancellor announced the government's intention for local government pension schemes to pool investments in order to deliver significantly reduced costs while maintaining overall investment performance. The Berkshire Pension Fund explored opportunities for pooling with a range of other pension funds and pools across the country. It subsequently agreed a memorandum of understanding with LPP, and is now progressing to the later stages of the agreement.

## Analysis of Issues

The report outlines the detail of the proposals in Appendix A, which is the paper being considered by the Berkshire Pension Fund Panel on 18 December 2018. Some parts of the appendices referred to in the report are not available, as these are Part II for members of the Berkshire Pension Fund Panel.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See below	Yes	Revenue / capital
Next Financial Year (Year 2)	See below	Yes	Revenue / capital
Following Financial Year (Year 3)	See below	Yes	Revenue / capital

#### Other financial information relevant to the Recommendation/Decision

Although pension pooling is a Government requirement, the financial modelling detailed in the Business Case demonstrates that there are saving opportunities in the region of £25m over 10 years for the Berkshire Pension Fund in entering into the Local Pensions Partnership. The impact on Wokingham Borough Council directly will be realised through the contribution rates into the Berkshire pension fund.

#### Cross-Council Implications

None

#### List of Background Papers

Some parts of the appendices referred to in the report are not available, as these are part II for members of the Berkshire Pension Fund Panel.

<b>Contact</b> Graham Ebers	<b>Service</b> Corporate services
<b>Telephone No</b> 0118 974 6560	<b>Email</b> <a href="mailto:Graham.Ebers@wokingham.gov.uk">Graham.Ebers@wokingham.gov.uk</a>
<b>Date</b> 18 December 2017	<b>Version No.</b> 1

Report Title:	<b>Pension Investments Pooling</b>
Contains Confidential or Exempt Information?	NO - Part I covering report YES - Part II Appendices 1 and 2. 'Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.'
Member reporting:	Councillor Lenton, Chairman Pension Fund Panel
Meeting and Date:	Pension Fund Panel - 18 December 2017
Responsible Officer(s):	Alison Alexander, Managing Director & Rob Stubbs, Deputy Director and Head of Service
Wards affected:	All

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## REPORT SUMMARY

- 1 Local Government Pension Scheme Asset Pooling is a government requirement under the LGPS (Management and Investment of Funds) Regulations 2016. The regulations provide for Secretary of State intervention if pooling is not embraced sufficiently by pension funds, which could include a direction to join a pool.
- 2 It is proposed that the Royal County of Berkshire Pension Fund join the Local Pensions Partnership (LPP) an FCA regulated Company, which is the collaboration of the Lancashire County Council and London Pension Fund Authority funds. LPP 'drive to achieve economies of scale and efficiencies for the benefit of their new members, focusing on managing assets and liabilities (risk) together in order to improve long term fund performance, stabilise contributions and reduced deficits'.
- 3 Governance will be provided through the Berkshire Pension Fund Panel and associated panels. Under pooling, the investment strategy will remain the responsibility of the Berkshire Pension Fund, with LPP being responsible for the appointment of fund managers and the management of the investments of the pension funds in the pool to deliver on the Berkshire Pension Fund's investment strategy.
- 4 At its meeting on 13th November 2017, the Pension Fund Panel agreed to enter into a memorandum of understanding with LPP with a view to joining as a full service client initially.

## 1 DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That the Pension Fund Panel notes the report and:

- i) Approves the pooling of 100% of Berkshire's assets with Local Pensions Partnership including the management of legacy assets until such times as they mature and become poolable.
- ii) Agrees the LPP cost for the delivery of Asset and Liability management (ALM) services.

- iii) **Agrees the ALM risk management services annual charge detailed in part II Appendix 1.**
- iv) **Approve implementation costs as detailed in part II Appendix 1.**
- v) **Authorises the Deputy Director and Head of Finance in conjunction with the Chairman of the Pension Panel to undertake work to secure the most appropriate governance model and report back with options for approval.**

## **2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED**

- 2.1 In 2015 the Government announced that they wanted the 89 Local Government Pension Scheme funds to pool their investments into larger pools in order to achieve savings in investment management costs. The LGPS (Management and Investment of Funds) Regulations 2016 were laid in September 2016, and came into effect on 1<sup>st</sup> November 2016, with Regulation 8 providing for Secretary of State intervention if it is deemed the regulations and guidance have not been implemented properly by a pension fund.
- 2.2 The objective of pooling the assets is to achieve savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool will look to deliver the savings based upon the collective buying power the pool provides. Local accountability will be maintained as the Berkshire Pension Fund Panel will remain responsible for strategic decisions including asset allocation. The pooling of assets will only affect the implementation of the investment strategy in terms of manager appointments.
- 2.3 The government expectation is that all LGPS Pension Funds will join a pool, with the LGPS (Management and Investment of Funds) Regulations 2016 providing for Secretary of State intervention if they do not. Therefore if the Berkshire Pension Fund decided not to join the Local Pensions Partnership, it would have to find an alternative pool to join or risk being directed to do so by the Secretary of State.
- 2.4 There have been eight pools established for the 89 LGPS funds and the Pension Fund looked at joining other pools with the final decision to pool with the Local Pensions Partnership being chosen.

**Table 1: Options**

<b>Option</b>	<b>Comments</b>
Join LPP as a full service client from April 2018 and seek to conclude the issue of shareholding within 18 months. Recommended option.	This would ensure the government requirement for commencement of pooling of assets by April 2018 is achieved.
Do not join LPP but seek an alternative pool to join.  Not recommended.	Review of, and discussions with, the potential pools found that LPP was the most suitable pool for the Berkshire Pension Fund to join.
Do not agree to join any pool. Not recommended.	This will likely result in Secretary of State intervention.

**3 KEY IMPLICATIONS**

- 3.1 The estimated costs of transitioning assets will be covered by the pension fund to ensure that no individual employer is disadvantaged by additional costs. Other costs include the legal and administrative costs involved in transitioning assets into LPP.
- 3.2 Whilst estimated costs are detailed within the Business Case – Pensions Pooling, Appendix 1, and were taken from the LPP Proposal, Appendix 2, the actual asset transition costs will not be known until the transitions happen. They will be dependent on the market conditions at the time of transition. The transition of assets is expected to begin in April 2018 and take up to 18 months to complete, although illiquid alternative assets such as private equity may need a longer transition timetable.
- 3.3 Table 2 details the key implications of Pensions Investment Pooling.

**Table 2: Key implications**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
Pooling of assets commence	All assets remain un-pooled	Processes are in place for assets to commence pooling in April 2018	Assets begin pooling from 1 April 2018		April 2018

**4 FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1 Although pension pooling is a Government requirement, the financial modelling detailed in the Business Case demonstrates that there are saving opportunities in the region of £25m over 10 years for the Berkshire Pension Fund in entering into the Local Pensions Partnership.

**5 LEGAL IMPLICATIONS**

- 5.1 The Royal Borough will engage appropriate legal advice when entering in to the Advisory and Management Agreement.
- 5.2 The Monitoring Officer for the Royal Borough has written to the other Berkshire Monitoring Officers confirming the decision on pension pooling lies with the Berkshire Pension Fund Panel.

**6 RISK MANAGEMENT**

- 6.1 A full risk log has been created and is monitored. Any new risks will be added as appropriate.

**Table 3: Impact of risk and mitigation**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
Staff retention	Staff members may decide to leave as result of the changes	Ensure constant engagement through regular communications, staff sessions.	Staff retention is achieved.
Failure to meet DCLG imposed deadline of April 2018.	Secretary of State could use powers of intervention.	Provide appropriate detail for BPPF to approve options in December meeting.	April 2018 commencement of pooling of assets is achieved.

## 7 POTENTIAL IMPACTS

- 7.1 At this time it is not believed an EQIA needs to be completed, however if that situation changes once the legal due diligence continues, one will be completed at that time. The outcome of which will be reported to the BPPF.

## 8 CONSULTATION

- 8.1 This is a government requirement, however the Berkshire Pension Fund Panel and Advisory Panel have been kept up to date with the development of the project at each meeting. Both the Pension Fund Panel and the Pension Fund Advisory Panel have reviewed the memorandum of understanding at its meeting on 13th November 2017.
- 8.2 Consultation will be carried out with staff affected under Transfer of Undertakings (Protection of Employment) Regulations 2016.

## 9 TIMETABLE FOR IMPLEMENTATION

- 9.1 To show the stages and deadlines for implementing the recommendations.

**Table 4: Implementation timetable**

<b>Date</b>	<b>Details</b>
13 November 2017	Memorandum of Understanding agreed.
18 December 2017	Business Case approved by BPPF.
December 2017 and ongoing	Detailed work on asset classification and mapping.
December 2017 and ongoing.	Communication with all stakeholders.
January 2018	TUPE Consultation with affected staff.
January 2018 onwards	Legal agreements drawn up.
April 2018	Commencement of pooling of assets.

- 9.2 Implementation date if not called in: April 2018

## 10 APPENDICES

10.1 Appendices attached to the report are:

- Appendix 1 – Business Case – Pensions Pooling (Part II)
- Appendix 2 – Local Pensions Partnership Proposal for ALM services (Part II)
- Appendix 3 – Letter from Marcus Jones MP to Cllr Lenton

## 11 BACKGROUND DOCUMENTS

11.1 The following background documents have been sent to panel members:

- Memorandum of Understanding
- Berkshire Pension Advisory Panel chronology

## 12 CONSULTATION (MANDATORY)

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent</b>	<b>Commented &amp; returned</b>
Cllr John Lenton	Chairman, Berkshire Pension Fund Panel and Berkshire Advisory Panel.	13/12/17	
Alison Alexander	Managing Director	13/12/17	13/12/17

## REPORT HISTORY

<b>Decision type:</b> Key decision	<b>Urgency item?</b> No
Report Author: Rob Stubbs, Deputy Director and Head of Finance	



**Department for  
Communities and  
Local Government**

**Marcus Jones MP**  
*Minister for Local Government*

**Department for Communities and Local  
Government**

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Our Ref: 3527594

01 DEC 2017

*Dear Councillor Lenton,*

Thank you for your letter of 20 October. I am sorry to hear that you did not receive my previous letters.

I am delighted to hear that The Royal County of Berkshire Pension Fund will be joining the Local Pensions Partnership.

I hope you will pass on my personal appreciation and thanks for all the hard work and dedication by elected members and officers across the funds who have been involved.

*Yours sincerely,*

*Marcus Jones*

**MARCUS JONES MP**

<b>TITLE</b>	<b>Appropriation of Land within the Approved Alignment of the Northern Distributor Road for Planning Purposes</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	Norreys, Winnersh and Emmbrook
<b>DIRECTOR</b>	Josie Wragg, Interim Director of Environment
<b>LEAD MEMBER</b>	David Lee, Executive Member for Strategic Highways and Planning

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The provision of the Northern Distributor Road and other associated Strategic Development Location Infrastructure supports the Council's vision to invest in our towns and villages which aims to help sustain and improve the lives of the community and would enable development within the North Wokingham Strategic Development Location.

## **RECOMMENDATION**

The Executive is recommended to delegate to the Assistant Director Delivery and Infrastructure in consultation with the Executive Member for Strategic Highways and Planning authority to:

- 1) carry out the process of appropriation for part of the land at Cantley Recreation Grounds for the planning purposes of open space or other land within the Council's ownership to that required to deliver the Northern Distributor Road (NDR) pursuant to Sections 122(1) and (2A) of the Local Government Act 1972 (the Act), Section 233 of the Town and Country Planning Act 1990 (as amended) and;
- 2) to consider representations, if any, received and determine whether or not to appropriate for planning purposes open space or other land required to deliver the NDR until such time as such powers are formally delegated under the relevant provisions of the Council's Constitution.

## **SUMMARY OF REPORT**

All Council owned land is held for a particular purpose as the Council has the power to acquire and hold land for various statutory purposes to perform its functions. In order to hold land for a purpose other than one at the time it was acquired the land must be appropriated for a different purpose. Appropriation is a statutory process that allows the Council, following consultation and subject to the relevant statutory provisions to change the purpose for which it holds property in its ownership from one purpose to another.

The Council owns land within the approved alignment of the NDR. The approved alignment is shown in plan at Appendix 1 of this report, including but not limited to the freehold interest in Cantley Recreation Grounds as open space, defined under section

336(1) of the Town and Country Planning Act 1990 as “any land laid out as a public garden or used for the purposes of public recreation...”. Where a Council proposes to appropriate open space it must advertise its intention to appropriate for two consecutive weeks in a newspaper circulating in the area in which the land is situated and consider any objections which may be made to them.

The Council is authorised to appropriate land that it owns for planning purposes under Sections 122(1) and (2A) of the Act and Section 233 of the Town and Country Planning Act 1990 (as amended) which, subject to a number of provisions, allows “a principal Council to appropriate land which belongs to the Council and is no longer required for the purpose for which it was held immediately before the appropriation....”

One of the areas of land in Council ownership along the alignment of the NDR is a small area of open space at the edge of the Cantley Recreation Grounds and is not part of the open recreation area or formal playing-fields.

On 24 September 2015 the Council’s Executive approved the alignment of the NDR and planning permission has subsequently been granted for a section of the NDR at Bell Foundry Lane which includes within its application site a small area of open space. A further narrow section of open space adjacent to Bell Foundry is subject to deemed planning consent by virtue of being permitted development. Further planning applications will come forward in relation to other sections of the NDR. The Council’s Core Strategy Policy CP20 identifies a requirement to improve transport capacity to enable the development of the North Wokingham Strategic Development Location (SDL). The NDR is necessary to enabling development within the SDL that will promote and improve economic, social or environmental wellbeing within its area.

The Council should only propose to appropriate land for planning purpose if it has an intention to see the land used for development which promotes or improves the economic, social or environmental wellbeing of its area and believes that the appropriation is needed in order to facilitate or achieve any of these aims. Part of land proposed for appropriation has the benefit of planning permission and further planning applications will come forward in relation to the NDR. The Council has demonstrated its intention to use the land for such development, which promotes or improves the economic, social or environmental wellbeing of its area.

This report seeks authority to commence the statutory process required under Section 122 of the Local Government Act 1972.

## Background

The Council's Core Strategy Policy CP20 identifies a requirement to improve transport capacity to enable the development of the North Wokingham Strategic Development Location (SDL). The Council's Executive on 24 September 2015 agreed the delivery route option to provide the alignment for the Northern Distributor Road (NDR) and to progress it through detailed design and planning applications. The alignment options were subject to extensive public consultation. The Council also undertook a number of liaison meetings with local councillors and with landowners.

In terms of one area of open space in council ownership along the alignment of the NDR on 12 October 2016 Planning Committee granted planning permission for a hybrid application under reference 161839. That hybrid permission comprises a detailed consent for residential and an outline consent for a section of the NDR and associated infrastructure, including a cycle and footway at Bell Foundry Lane, Wokingham.

The Council is the owner of Cantley Recreation Grounds which it holds as open space and playing-fields. A small parcel of that land shaded red and shown on the drawing at Appendix 2, falls in part within planning permission reference 161839. The balance of the parcel of land proposed for appropriation has deemed planning consent by virtue of being permitted development pursuant to Part 9, Class A paragraph (b) of The Town and Country Planning (General Permitted Development) (England) Order 2015. Paragraph (b) grants deemed consent to the carrying out development (by a highway authority) on land outside but adjoining the boundary of an existing highway of works required for or incidental to the maintenance or improvement of the highway. The legal background and process of appropriation for planning purposes of open space is set out in Appendix 3 of this report.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

#### **Other financial information relevant to the Recommendation/Decision**

Appropriation is an administrative process and the immediate financial implications relate to the costs of publishing two notices in a local newspaper.

#### **Cross-Council Implications**

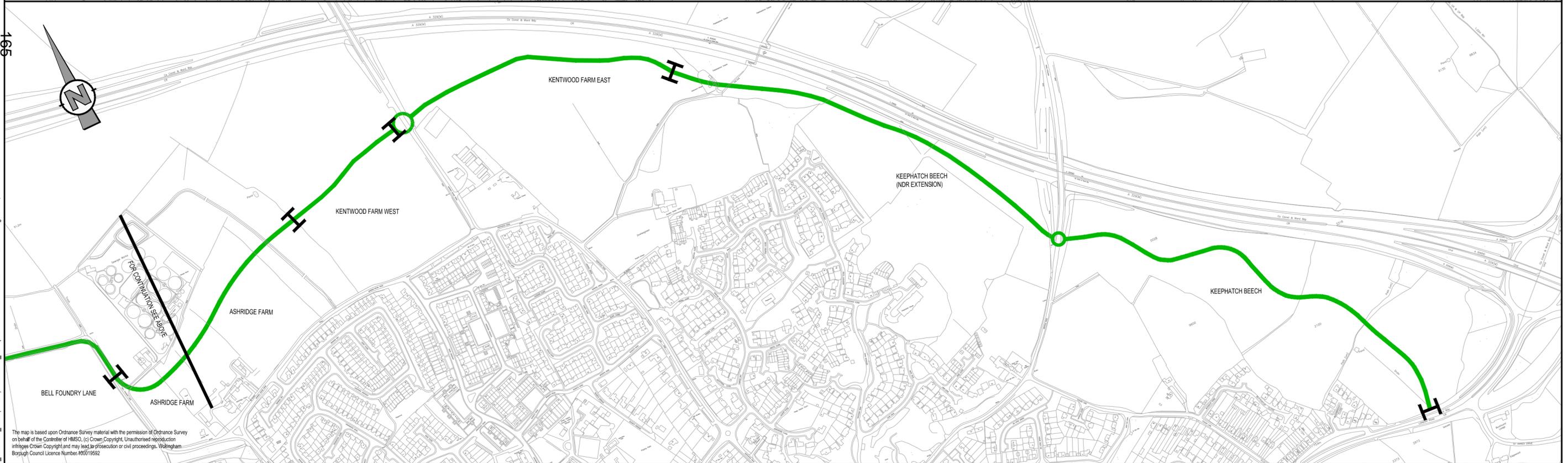
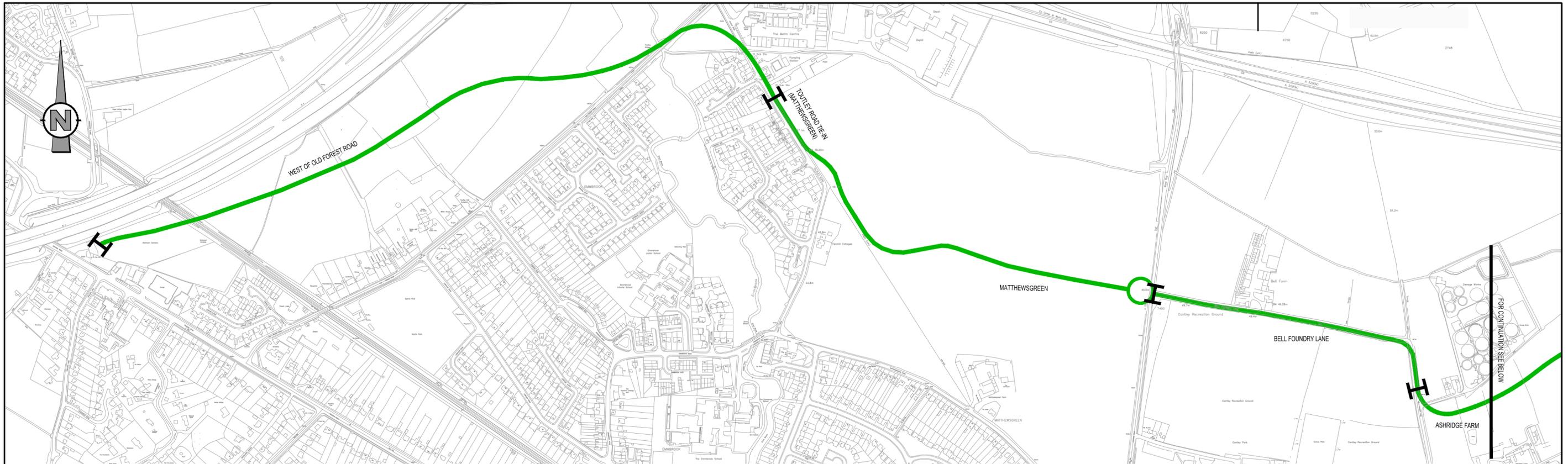
Delivery of residential and commercial development and the strategic infrastructure including the NDR on which it depends is subject to the prior appropriation of Council

land for planning purposes. The delivery of strategic development within the SDL is a cross-Council objective.

**List of Background Papers**

'Land Appropriation Plan P01' and Drawing SK002A

<b>Contact</b> Paul Miller	<b>Service</b> Highways and Transport
<b>Telephone No</b> 0118 974 8078	<b>Email</b> paul.miller@wokingham.gov.uk
<b>Date</b> 18 December 2017	<b>Version No.</b> 01



A	08-11-17	AR	AMENDED WESTERN EXTENT	PM	PM
REV	DATE	BY	DESCRIPTION	CHK	APD
DRAWING STATUS: FOR INFORMATION ONLY					



**WOKINGHAM  
BOROUGH COUNCIL**

Shute End, Wokingham, Berkshire RG40 1BN  
Tel: (0118) 974 6000 Web: www.wokingham.gov.uk

CLIENT:	
ARCHITECT:	

PROJECT:	NORTH WOKINGHAM DISTRIBUTOR ROAD ALL SECTIONS
TITLE:	SIMPLIFIED ALIGNMENT PLAN

SCALE @ A2:	1:5000	CHECKED:	SJG	APPROVED:	VH
CAD FILE:	NWDR-SK002A	DESIGN-DRAWN:	AR	DATE:	November 2017
PROJECT No:	NWDR	DRAWING No:	SK002	REV:	A

I:\WDC\p2\daa8\EN\Major Schemes\North\_Wokingham\_Distributor\_Road (NWDR)\All Sections\_non-specific\19\_CAD\Schemes\NWDR-SK002A.dwg 08 Nov, 2017 - 11:00am

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DO NOT SCALE



Drain

Track

48.8m

49.7m

52.1m

BELL FOUNDRY LANE

EXTENT OF LAND TO BE APPROPRIATED FOR PLANNING PURPOSES (4091m<sup>2</sup>)

EXISTING HIGHWAY BOUNDARY

PROPOSED HIGHWAY BOUNDARY

L Twr

Track

Tennis Courts

Games Pitch

Cantley Recreation Ground

Pond

Pond

Sluice

Drain

Tennis Courts

Tennis Courts

Pond

Ashridge

50

37

29

28

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**WOKINGHAM**  
**BOROUGH COUNCIL**

Shute End, Wokingham, Berkshire RG40 1BN  
Tel: (0118) 974 6000 Web: www.wokingham.gov.uk

PROJECT:  
NORTH WOKINGHAM DISTRIBUTOR ROAD  
BELL FOUNDRY LANE

TITLE:  
LAND APPROPRIATION PLAN

REV	DATE	BY	DESCRIPTION	CHK	APD

CAD FILE: NWDR-BFL-SK010	DESIGN-DRAWN: AR	DATE: October 2017
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DRAWING STATUS:  
**FOR INFORMATION ONLY**

CLIENT:

SCALE @ A3: 1:1250	CHECKED: PM	APPROVED: PM
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ARCHITECT:  
**167**

PROJECT No: NWDR-BFL	DRAWING No: SK010	REV: -
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\\WDC-FP2\Data\$ENG\Major\_Schemes\North\_Wokingham\_Distributor\_Road (NWDR)\Bell\_Foundry\_Lane (BFL)\19 - CAD\SK\NWDR-BFL-SK010.dwg 01/11/2017 11:41:52 Alexander Reed

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### **Appendix 3 - Legal Process**

The land includes but is not limited to the freehold interest in Cantley Recreation Grounds as open space. defined under section 336(1) of the Town and Country Planning Act 1990 as “any land laid out as a public garden or used for the purposes of public recreation...”. Where a Council proposes to appropriate open space it must advertise its intention to appropriate for two consecutive weeks in a newspaper circulating in the area in which the land is situated and consider any objections which may be made to them.

The Council is authorised to appropriate land that it owns for planning purposes under Sections 122(1) and (2A) of the Act and Section 233 of the Town and Country Planning Act 1990 (as amended) which, subject to a number of provisions, allows “a principal Council to appropriate land which belongs to the Council and is no longer required for the purpose for which it was held immediately before the appropriation....”

#### **Analysis of Issues**

Appropriation of land is an Executive function under Section 9D of the Local Government Act 2000.

Section 122 of the Act enables the Council to ‘appropriate’ to another purpose/use any land owned by the Council which the Council no longer needs for the purpose the land was originally held or acquired by the Council. Section 233 of the Town and Country Planning Act 1990 (as amended) provides for appropriation for planning purposes.

The land must no longer be required for the purpose for which it is held immediately before appropriation. Once the appropriation is effected, the appropriated land will be held for planning purposes.

Section 122(1) of the Act entitles a Council to appropriate, for any purpose for which it is authorised, land which belongs to it and which is no longer required for the purpose for which it was held immediately before appropriation.

Section 122(2A) of the Act requires a Council to advertise its intention to dispose of land designated as public open space in a local paper for two consecutive weeks and to consider any objections to the proposal. The small area of land proposed for appropriation forms the edge of Cantley Recreation Grounds.

The proposed construction of the NDR is supported by the Council and part of Core Strategy Policy CP20 of the development plan identifies a requirement to improve transport capacity to enable the development of the North Wokingham Strategic Development Location (SDL). The development plan has been adopted by the Council and was subject to extensive consultation. Improved transport infrastructure and in particular the construction of the NDR is required to enable residential, community and commercial development within the North Wokingham Strategic Development Location (SDL). Planning permission has been granted under planning reference 161839 for the detailed alignment of a section of the NDR at Bell

Foundry Lane and further planning applications are imminent. The provision of new homes for local residents will improve the economic, social and environmental well-being of the local area within the SDL. Further the provision of new mixed tenure homes and the redevelopment of land within the SDL for community and commercial uses are likely to bring substantial benefits for economic, social and environmental conditions within the SDL.

The Council when appropriating land for planning purposes needs to be satisfied that it will facilitate the carrying out of development, redevelopment or improvement on or in relation to land and that it is likely to contribute to the achievement of namely the promotion or improvement of the economic, social or environmental well-being of the whole or part of its area and that there is a compelling case in the public interest for doing so. In this case the alignment of the NDR has been approved and detailed planning permissions will determine the precise details. A section of the NDR at Bell Foundry Lane has the benefit of planning permission (planning reference 161839) and deemed consent and that section is likely to come forward for appropriation first.

In terms of the substantive requirements, the Council has to resolve that a particular piece of land is no longer required for the purposes for which it was used immediately prior to the appropriation. In reaching this decision the Council must consider the public need within the locality for the existing use. However provided that the resolution is not made in bad faith, considers fully the representations made and it is not a decision that no reasonable authority could possibly take, then this is up to the local authority to determine. (See *Dowty Boulton Paul Ltd v Wolverhampton Corporation* (no2) [1973] 2 All ER 491).

<b>TITLE</b>	Ruscombe Neighbourhood Plan Area Designation
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	Remenham, Wargrave and Ruscombe
<b>DIRECTOR</b>	Interim Director of Environment, Josie Wragg Director of Corporate Services, Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Strategic Planning and Highways, Councillor David Lee

**OUTCOME / BENEFITS TO THE COMMUNITY**

The designation as a neighbourhood area will enable Ruscombe Parish Council to lead on the preparation of a Neighbourhood Development Plan that will help to influence development decisions across the parish.

**RECOMMENDATION**

It is recommended that the Executive agree that Ruscombe Parish is designated as a Neighbourhood Area

**SUMMARY OF REPORT**

Ruscombe Parish Council wishes to prepare a neighbourhood plan. The neighbourhood plan would outline locally produced planning policies which would influence planning decisions alongside Wokingham Borough Council's planning policies.

Ruscombe Parish Council submitted an application to be designated a Neighbourhood Plan Area, the first step in the process. Consultation on the proposal was undertaken between Monday 11<sup>th</sup> December 2017 and Friday 12<sup>th</sup> January 2018 with a total of 8 responses received. None of the representations received objected to the designation or raise substantive issues. It is therefore recommended that Ruscombe Parish is designated as a Neighbourhood Plan Area.

**Background**

Neighbourhood planning gives communities the power to develop a shared vision for their area and shape its development and growth. Through a Neighbourhood Plan, communities are able to write planning policies to influence where new homes, shops and offices should be built, have their say on what those new buildings should look like and what infrastructure should be provided. A draft Neighbourhood Plan must be in general conformity with the strategic policies of the Council's development plan (the Core Strategy 2010 and the Managing Development Delivery Document 2014). Once a Neighbourhood Plan has been through an independent examination and a successful referendum, it can be adopted by the Council and forms part of its development plan. The Neighbourhood Plan can then be used to make decisions on planning applications.

Where communities wish to take up the opportunities offered by Neighbourhood Plans, they must first apply to the local authority to be designated as a Neighbourhood Planning Area. In areas with parish or town councils the application can be made by

these organisations although in the preparation of the plan they are expected to work with the wider community.

### **Ruscombe Parish Council**

Ruscombe Parish Council wish to prepare a neighbourhood plan covering the entirety of their administrative area and have submitted the necessary application to be designated as a neighbourhood plan area. In line with the Neighbourhood Planning (General) Regulations (as amended 2015), Wokingham Borough Council published the application for a 5 week period between Monday 11<sup>th</sup> December 2017 and Friday 12<sup>th</sup> January 2018.

### **Representations received**

A total of 8 representations were received. A table summarising the consultation responses can be found in Appendix 1 of this report.

None of the representations received objected to the designation or raise substantive issues. A number directed Ruscombe Parish Council to guidance that will be helping in future stages of plan preparation.

### **Recommendation**

It is considered that the application from Ruscombe Parish Council satisfies the requirements of the Localism Act (2011) and Neighbourhood Plan Regulations 2012 (as amended). The area proposed for designation, being the entire parish of Ruscombe, is considered to form a logical neighbourhood plan area. When considering the above and the nature of the representations received, it is recommended that the Neighbourhood Planning Area designation be approved.

If Wokingham Borough Council decides to designate the Neighbourhood Planning Area then WBC must publish on the website (as a minimum) the following:

- the name of the neighbourhood area;
- a map identifying the area; and
- the name of the relevant body (Ruscombe Parish Council) who applied for the designation

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Zero	Yes	Revenue
Next Financial Year (Year 2)	£5,000 grant from the DCLG once designation made (can be claimed in June 2018).	Yes	Revenue

Following Financial Year (Year 3)	Zero	Yes	Revenue
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**Other financial information relevant to the Recommendation/Decision**

There is currently funding made available by DCLG to support the first 5 designated areas, at £5,000 per plan. Shinfield, Arborfield & Barkham and Remenham have already been designated and Ruscombe will be the fourth area to be designated if the recommendation is agreed.

In addition, the government currently provides a grant of £20,000 for each plan that reaches referendum stage. However, it is unclear whether this will be available in subsequent years. This is to cover officer time and the cost of running a referendum.

Whilst we are currently meeting the demands on officer time through existing resources, we will have to find the cost of any referendum, should this funding no longer be available.

The budget is based on what we know at this point of time. Further issues, including any arising from new legislation, could have financial implications.

**Cross-Council Implications**

Continued support of the Neighbourhood Development Plan that Ruscombe Parish Council are progressing.

**Reasons for considering the report in Part 2**

N/a

**List of Background Papers**

Ruscombe Parish Council application for the designation of a Neighbourhood Plan Area  
 Ruscombe Parish Neighbourhood Plan Area Map  
 Appendix 1: Ruscombe Neighbourhood Plan Area designation – Table of consultation responses

<b>Contact</b> Heather Read	<b>Service</b> Strategy & Commissioning - Place
<b>Telephone No</b> 0118 974 6453	<b>Email</b> heather.read@wokingham.gov.uk
<b>Date</b> 17/11/2017	<b>Version No.</b> 5

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**Appendix 1: Ruscombe Neighbourhood Plan Area designation – Table of consultation responses**

Organisation/individual	Supports/does not support the designation	Summary of comments received
Network Rail	Supports	<p>Network Rail is a statutory undertaker responsible for maintaining and operating the country’s railway infrastructure and associated estate.</p> <p>We note that Network Rail’s land is included within the plan area.</p> <p>Wokingham Borough Council, Ruscombe Parish Council and potential developers should be aware of and consider Network Rail’s standard guidelines and requirements when considering the development of any sites located adjacent or in close proximity to Network Rail’s land, assets and railway infrastructure.</p>
National Grid	Supports	<p>To help ensure the continued safe operation of existing sites and equipment and to facilitate future infrastructure investment, National Grid wishes to be involved in the preparation, alteration and review of plans and strategies which may affect our assets.</p> <p>An assessment has been carried out with respect to National Grid’s electricity and gas transmission apparatus. National Grid has identified that it has no record of</p>

		such apparatus within the Neighbourhood Plan area.
Office for Nuclear Regulation	No comment	ONR makes no comment, as the area does not lie within a consultation zone around a nuclear site.
Transport for London	No comment	TfL has no comments to make on the application
Historic England	Supports	Historic England raises no objection to the designation. Historic England has a statutory role in the development plan process and there is a duty on the Local Planning Authority or the Neighbourhood Planning Forum to consult Historic England on any Neighbourhood Plan where our interests are considered to be affected.
Berkshire, Buckinghamshire and Oxfordshire Wildlife Trust	Supports	We welcome the intention for Ruscombe Parish to prepare a Neighbourhood Plan. Neighbourhood Plans provide an opportunity for Parishes to identify, protect and enhance their local natural assets.

Natural England	Supports	Provided various information sources that could be used when developing the Neighbourhood Plan.
Woodley Town Council	No comment	The Woodley Town Council Planning Committee have considered the documents submitted for the Ruscombe Parish Neighbourhood Area Designation application and have no comments to make on the application.

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# RUSCOMBE PARISH COUNCIL

## **Application for the Designation of a Neighbourhood Plan Area for Ruscombe Parish**

The Neighbourhood Planning (General) Regulations 2012 require Parish Councils which intend to prepare a Neighbourhood Development Plan to submit an application for designation of a neighbourhood area.

### **Area to be designated**

The map attached identifies the area to which this application relates.

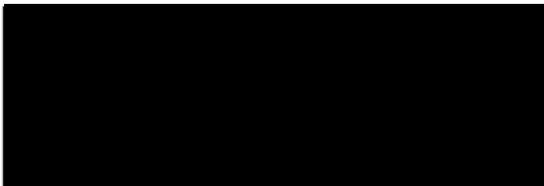
### **Statement**

The boundary of the proposed Neighbourhood Plan for Ruscombe coincides with the civil parish boundary for Ruscombe Parish Council. This boundary represents the full extent of the Council's area of responsibility in terms of both statutory obligations and discretionary powers to provide services to the people of Ruscombe, and is therefore considered appropriate for designation as a neighbourhood area.

The Parish Council recognises that a Neighbourhood Plan must have regard to the National Planning Policy framework, be compatible with EU obligations and human rights requirements, and be in general conformity with the strategic policies in the local authority's Local Plan, and will not apply to planning applications which have already been approved.

In making this application Ruscombe Parish Council is a relevant body for the purposes of Section 61G of the 1990 Act.

Chairman



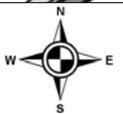
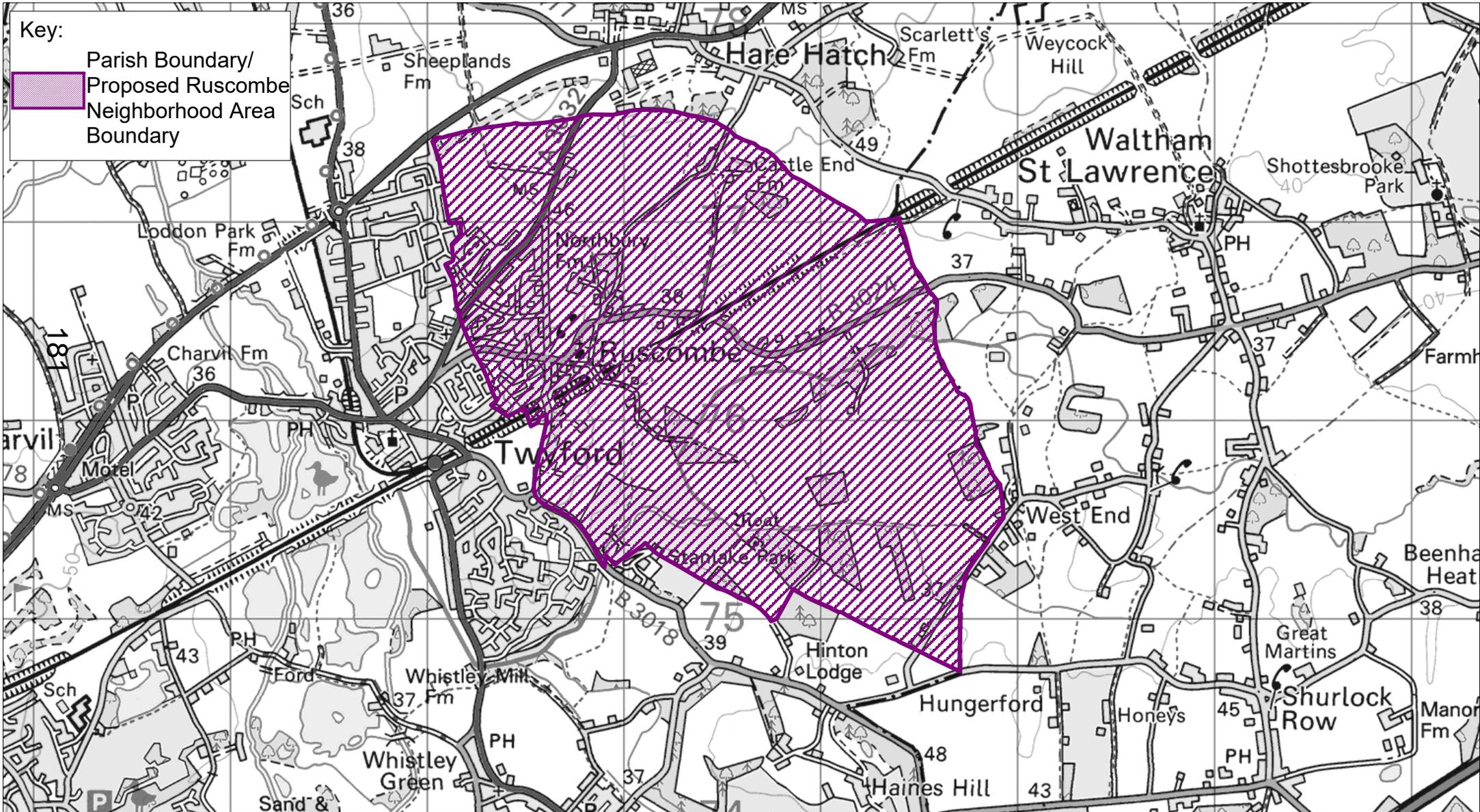
Parish Clerk



Ruscombe Parish Council

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# Proposed Ruscombe Neighbourhood Area Boundary



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<b>TITLE</b>	<b>Local Discretionary Rate Relief Scheme</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None Specific
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance

## **OUTCOME / BENEFITS TO THE COMMUNITY**

To approve a Localised National Non Domestic Rates Discretionary Rate Relief Scheme as announced in the Chancellor's Spring 2017 Budget that is designed to spend the money allocated to Wokingham Borough by DCLG. This relief will support businesses within the Borough who have been affected by the impact of the 2017 revaluation and have faced large increases in their rate bills.

## **RECOMMENDATION**

The Executive is asked to:

- 1) agree the proposed Localised Discretionary Relief Scheme set out below for 2017/2018;
- 2) to delegate authority for approval for allocation of grant for subsequent years to Director of Corporate Services and Executive Member for Finance on the same equal pro-rata basis as 2017/2018.

## **SUMMARY OF REPORT**

Local authorities are required to design a Localised National Non Domestic Rates Discretionary Relief Scheme for those businesses facing a large a large increase in their business rates bill following the 2017 Revaluation.

The Government has confirmed the allocations of funds to Wokingham Borough Council as follows:

2017/2018 - £399,000  
2018/2019 - £194,000  
2019/2020 - £80,000  
2020/2021 - £11,000

The Government's principles were that relief should be awarded where properties have a rateable value below £200,000 and the ratepayer is facing an increase in their rates bill of more than 12.5%. There was also a requirement to consult with relevant major precepting authorities, the Fire Authority, which has been undertaken. The distribution of the allocated funds is at the discretion of the Council.

Properties that would not be eligible, for varying reasons, would include those affected by State Aid, Wokingham Borough Council properties and those of precepting authorities.

## Background

The Chancellor in his Spring Budget 2017 made funds available to local authorities to help those affected by the 2017 revaluation by designing a discretionary rate relief scheme. The amount awarded to Wokingham Borough Council must be spent in the current year. There is no end of year flexibility for any underspent funds to be carried forward to the following year.

## Analysis of Issues

We analysed the data of those organisations where the rateable value for the property was below £200,000 and their increase in rates payable between 31 March 2017 and 1 April 2017 is more than 12.5%.

The awarding of the relief is State Aid compliant and therefore will not be awarded to:

- a) large multi-national businesses or large chains
- b) banks, building societies or other major financial institutions
- c) NHS.

Relief will not be awarded to precepting bodies, ie Parish Councils

Relief will not be awarded to those receiving mandatory charity relief (as they will be receiving 80% relief)

We have identified 540 properties that meet the criteria. In order that the relief can be awarded as soon as possible, we will make awards to all those identified, and write to them with the bill, explaining that the relief has been awarded and that they should contact us if they have received any state aid over the current or two previous financial years.

The grant of £399,000 is to be allocated equally between those eligible (540 properties) and we will be initially allocating £700 to each eligible property. Any residual money will be allocated to all those eligible before the end of the financial year on an equal basis. We have undertaken some benchmarking with other local authorities, and there are variations on how the money is to be allocated, some on a lump sum basis, and some on a percentage based on the increase. This lump sum allocation is in line with the Pub Relief Scheme announced in the Spring Budget where £1,000 relief was granted to each eligible property. The method based on a lump sum basis will be administratively easier to manage and will allow for the money to be allocated to the ratepayers promptly. We have consulted with our major preceptor, Royal Berkshire Fire and Rescue, and they appreciate the administrative burden and the delays in the scheme becoming operational if a percentage based on the increase was used and they understand the logic for using the lump sum allocation.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£200,000		Revenue
Next Financial Year (Year 2)	£97,000		Revenue
Following Financial Year (Year 3)	£40,000		Revenue

<b>Other financial information relevant to the Recommendation/Decision</b>
There is no financial impact to the Council as the relief is fully funded by DCLG through S31 grants

<b>Cross-Council Implications</b>
There will be no impact on other Council services by approving this proposal.

<b>List of Background Papers</b>
None

<b>Contact</b> Sharon Pearce	<b>Service</b> Business Services
<b>Telephone No</b> Tel: 0118 908 8423	<b>Email</b> sharon.pearce@wokingham.gov.uk

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<b>TITLE</b>	<b>Waste and Recycling Service</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None specific
<b>DIRECTORS</b>	Josie Wragg, Interim Director of Environment
<b>LEAD MEMBER</b>	Simon Weeks, Executive Member for Planning and Enforcement

**OUTCOME / BENEFITS TO THE COMMUNITY**

By agreeing to implement a food waste collection from April 2019 and extending the current waste collection contract with Veolia, this decision will contribute towards meeting waste and recycling targets and help to maintain good customer service standards. As part of the contract extension negotiations, there would be further explorations about improving the customer experience.

Implementing a food waste collection service will improve the Council's recycling performance. This will not only help the environment, by reusing valuable resources, it will also reduce costs as the average cost of recycling per tonne is approx. £100 per tonne less than landfill/energy from waste.

**RECOMMENDATION**

That the Executive approve:

- 1) the introduction of a weekly separate food waste collection from April 2019 based on the business case provided within this report. (Please note that approval was given by Executive 28 September 2017 on the provision that a food waste collection service is demonstrated to be operationally and financially viable).
- 2) the extension of the current waste collection contract with Veolia for a further 7 years from April 2019 as allowed for in the contract.
- 3) the delegation of any further related and subsidiary decisions to conclude the contract negotiations with Veolia to the Director of Localities and Customer Service in consultation with the relevant Executive Member.
- 4) the establishment of a Member/Officer working group to oversee the introduction and rollout of the new food waste service.

**SUMMARY OF REPORT**

In September 2017, Executive approved the introduction of a food waste recycling scheme subject to the service being shown to be operationally and financially viable. This report outlines how this service will operate.

There would effectively be a "cost neutral" situation of both implementing a new food waste collections service and extending the contract with Veolia. Veolia have an

excellent service record and continuing to use this provider would ensure that good service is maintained. Whilst this could miss potential savings by not going through a competitive tender process, the process of re-procurement can be costly and resource intensive.

Veolia is already set up with MS Dynamics which the Council will be implementing as part of the 21<sup>st</sup> Century Council transformation rollout. The contract extension will also ensure that service changes in April 2019 would be minimised with the introduction of separate food waste collection only. Maintaining the current service provider would also minimise risks during a period when finances and resources are stretched during the 21<sup>st</sup> Century Council change programme.

## **Background**

In September 2017, Executive approved the introduction of a food waste recycling scheme subject to the service being shown to be operationally and financially viable. This was based on:

- The Council's recent market research from residents to understand their waste collection views and preferences. The results highlighted that 77% of residents were broadly happy with the current system of kerbside waste collection.
- Blue bags contain approx. 30% of food waste which equates to approx. 10,000 tonnes. Research suggests that 50% of this could be captured through the introduction of a separate food waste collection, allowing us to divert approx. 5,000 tonnes of food waste from the most expensive disposal costs.
- The recycling of an additional 5,000 tonnes of waste would increase recycling rates by 7%, bringing our overall recycling rate close to 50%. The cost of recycled waste is around £60 per tonne, whereas general waste disposal costs around £170 per tonne.
- From 2020, it is likely that Councils not achieving the 50% recycling target will face fines of up to £500k per annum. The introduction of separate food waste collection will be a crucial component of the Council achieving this target and avoiding any fines.

The current waste collection contract with Veolia expires on 31<sup>st</sup> March 2019, but there is an option to extend for a further 7 years, subject to satisfactory performance and mutual agreement.

## **Analysis of Issues**

### Financial

A growth item of £527,000 is in the Medium Term Financial Plan from April 2019. This was based on an expected cost growth due to inflation and additional property numbers. This budget growth is expected to be necessary with either a contract extension or re-tender.

Veolia have submitted in writing a contract extension price for the next 7 years, which includes inflationary growth, the increase in household numbers and the new food waste collection service. The net cost of the new service (taking into account food waste disposal savings) falls within the budget in the Medium Term Financial Plan.

Further details on the contract price and arrangements are included in the Part 2 Schedule.

### Operational

The food waste collection service will have a food waste pod fitted at the front of each collection vehicle which will allow the same vehicle to collect; mixed dry recycling, residual (blue bag) waste and food waste across the borough via a “one pass” system. The contract extension with Veolia will deliver this service through approx. 16 new waste vehicles provided by Veolia which has been priced into the new annual cost detailed in Part 2 and shown in Appendix 1.

For residents the food waste collection could be achieved through the introduction of 23 litre sealed food waste containers, smaller kitchen caddies and a supply of biodegradable bags to maintain a hygienic collection service from each home. These containers are much smaller and less intrusive than wheelie bins. The new containers would be funded by the Council but delivered by Veolia. The new food waste collection service would require an initial capital investment of in year one of £500,000 to cover the cost of the food waste containers, kitchen caddies and biodegradable bags.

The proposal to extend the Veolia contract would ensure that an “as is” service was maintained, with the addition of the weekly food waste collection. The service would operate out of a depot within the Borough with disposal via re3 facilities in Reading and Bracknell. Staff terms and conditions would remain unchanged. A Communications Plan as outlined in Appendix 3 would be put in place from January 2018 to ensure that all residents are made aware of the impending implementation of food waste collections.

### Supporting the Business Case

The chart below shows the kgs per property per week collected in the respective areas giving an average of 1.49kgs per property per week and showing that the Wokingham estimate is on the cautious side.

<b>Authority</b>	<b>Kgs / property / week</b>	<b>Frequency of food waste collection</b>	<b>Frequency of residual waste collection</b>
St Albans	1.5	WEEKLY	FORTNIGHTLY
Chiltern & Wycombe	1.33	WEEKLY	FORTNIGHTLY
South Bucks	1.34	WEEKLY	FORTNIGHTLY
Wokingham ( e )	1.46	WEEKLY	WEEKLY
Three Rivers	1.62	WEEKLY	FORTNIGHTLY
Dacorum	1.26	WEEKLY	FORTNIGHTLY
Central Bedfordshire	1.46	WEEKLY	FORTNIGHTLY
Isle of White	1.9	WEEKLY	FORTNIGHTLY
North Somerset	1.3	WEEKLY	FORTNIGHTLY

### Veolia as Service Provider

Veolia have an excellent service record as detailed overleaf and continuing to use Veolia would ensure that good service is maintained. Veolia is already set up with MS Dynamics which the Council will be implementing as part of the 21<sup>st</sup> Century Council

transformation rollout. The contract extension will also ensure that service changes in April 2019 would be minimised with the introduction of separate food waste collection only.

As part of the contract extension negotiations there will be further explorations as to how the customer experience could be improved. For example, this could include capitalising on “in cab” capabilities which would result in improved electronic communication, creating a new online system for bulk waste or moving to electronically chipped bins rather than the sticker system currently in place. Softer targets which are measured through MS Dynamics and not currently captured in the service level agreement, would also be included in contract monitoring. Some of these improvements could be implemented prior to the contract extension date of April 2019.

### Missed collections

The following chart shows an average per annum comparison of missed bins per 100,000 collections:

Year	Contract	Average missed bins per 100,000 collections per annum
2012/13	* Veolia benchmark	51
	Veolia Wokingham	37
2013/14	* Veolia benchmark	22
	Veolia Wokingham	13
2014/15	* Veolia benchmark	18
	Veolia Wokingham	8
2015/16	* Veolia benchmark	19
	Veolia Wokingham	7
2016/17	* Veolia benchmark	25
	Veolia Wokingham	7

\* It should be noted that the Veolia benchmarks detailed above all have fortnightly collections which are inherently higher than weekly collections as residents are more likely to report them as do not want to wait for two weeks.

### Health & Safety Performance

There have been two planned health and safety interventions by the Health & Safety Executive, one in 2012 and a follow up in 2016. Veolia and the Council fared very well in both interventions with the partnership work on health & safety proving successful over the Contract period so far. The following chart highlights the health & safety performance since the start of the Contract in 2012.

Incident	WBC
Accident	4
Incident	8
Motor Incident	7
RIDDOR	0
Near Miss	7
Hazard/Safety Concern	8
*Work Safety Observation	33

\*Please note that a high figure for this is good.

By agreeing to continue with Veolia this would remove the need to carry out a new tender process for the waste service. Whilst it may be possible to make some savings through a competitive tender process, the process of re-procurement can be costly and resource intensive. The process would take 9 – 12 months for contract award and probably another six months if a new contractor was awarded, because of lead in times on vehicle assets and transfer arrangements. If a decision was made to re-procure, then this process would need to start as soon as possible. Benchmarking information suggests that the price offered by Veolia represents good value for money compared with similar contracts elsewhere in the country.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Not Applicable
Next Financial Year (Year 2)	£0	Yes	Not Applicable
Following Financial Year (Year 3)	£500,000 Part 2 Report	Yes	Capital Revenue

### Other financial information relevant to the Recommendation/Decision

#### Revenue:

1. Regardless of the decision on food waste collection, the Council is expecting additional costs of around £527,000 per annum from 2019/20 in carrying out its waste service due to growth in property numbers (£127k) and inflation (£400k) which is included in the Medium Term Financial Plan in 2019/20.
2. As detailed in Part 2 of this report it is expected to cost approx. £500,000 per annum to separately collect food waste
3. It is anticipated that a separate food waste collection would save up to £500,000 per annum in waste disposal compared to continuing the current service, which would offset the cost of introducing the new food waste service as detailed in 2 above.
4. Introducing the separate food waste collection will be crucial to helping us avoid new fines for non-achievement of the 50% recycling target from 2020, which could amount to £500,000 per annum on top of the service increase detailed in 1 above.

**Capital** – this service would require an initial capital investment of in year one (2019/20) of £500,000 to cover the cost of the food waste containers, kitchen caddies and biodegradable bags. There is a current bid into the capital programme to cover this initial investment.

**Cross-Council Implications**

Increasing recycling materials like food will encourage residents to recycle more and further enhance Wokingham reputation as a great place to live.

**Reasons for considering the report in Part 2**

Commercially sensitive information, relating to the contract extension with Veolia, is included on the Agenda as a separate Part 2 Report.

**List of Background Papers**

None

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<b>Date</b> 10 November 2017	<b>Version No.</b> 0.2

Appendix 1 One pass vehicle/system with approx. 16 to be provided

- Two compartments at the rear of the vehicle and a pod behind the cab.



## Appendix 2 - Weekly Food Recycling Collection Q&A

### Q 1. Why are you doing this?

A. There are advantages for all residents and the environment of introducing weekly food recycling. These are:

- The food recycling bins are solid and lockable meaning birds and animals will not be able to get to them as they can sometimes with the Blue Bags.
- By recycling food waste we could save up to £500,000 per year, which will help WBC protect other vital services
- Recycling food waste will also help us reach the national target of 50% recycling rate by 2020 by adding approximately 7% to our overall recycling rate which currently stands at 40%. This could save a further £500,000 in fines for not reaching the 50% target
- Recycling food waste – and generally reducing all landfill – will help us maintain a weekly collection service despite the financial pressures to change
- Reducing landfill is good for the environment

### Q 2. How often will my food waste be collected?

A. It will be collected once a week on the same day and time as your blue bags and black boxes and in the same vehicle as detailed in the Summary of this Report and in Appendix 1.

### Q 3. How will the system work?

A. You will be given a 23litre food recycling box with a lockable lid, a 7 litre food recycling caddy and a supply of biodegradable bags that fit inside the caddy in the same way a black bin bag fits inside a rubbish bin.

You will be able to put day-to-day food waste into the bags in the caddy and, when the bags are full, place them in the lockable food recycling box.

### Q 4. Will we have to pay for the recycling boxes, caddies or bags?

A. No. Everything you need to recycle your food waste under this scheme will be provided free of charge. The bags that will be provided are biodegradable to go into food recycling waste and so we would ask people do not use other types of bag.

### Q 5. Will I get the same number of Blue Bags when food recycling is introduced?

A. Yes you will continue to receive 80 bags per annum.

B. Here's how the scheme works:

- Before the start of the service every household will be given on top of their blue bags and black boxes, food waste recycling equipment along with information on how the scheme works
- The black recycling boxes and the Garden Waste Scheme remain unchanged.
- Extra blue bags for larger properties remain unchanged (an extra 20 Blue Bags per year for a family of five and an extra 40 Blue Bags for a family of six).
- Those eligible for additional bags for clinical waste will continue to do so

### Q 6. What can go in the food recycling?

A. Pretty much any kitchen food waste. We'd ask people not to add fats or oils but other than that any food waste – peeling, trimmings, leftovers, bones etc. can all be recycled. If you home compost at the moment, please carry on doing so.

### Q 7. Will I leave my food recycling caddy and food recycling box out for collection?

A. No. The smaller 7 litre caddy is for you to use in your kitchen and compostable / biodegradable bags with food should be put in the 23 litres bin for collection.

Q 8. Will this mean another collection vehicle has to come round every week?

A. No. All the food waste, black box recycling and blue bag waste will be collected in the same day, at the same time and in the same vehicle..

Q 9. Do we have to recycle our food waste – can't we still put it in general waste?

A. You don't have to recycle food waste: it can be put in general waste and will be collected. But food recycling brings significant advantages to you and the community. These are:

- The food recycling bins are solid and lockable meaning birds and animals will not be able to get to them as they can sometimes with bin bags or Blue Bags.
- By recycling or reducing food waste we could save up to £500,000 per year, which will help WBC protect other vital services
- Reducing food waste will also help us reach the national recycling target of 50% by 2020 which could save a further £500,000 per annum
- Recycling food waste – and generally reducing all landfill – will help us maintain a weekly collection service despite the financial pressures to change

Q 10. What will happen to the food recycled?

A. It will be taken to a processing factory (known as an anaerobic digestion plant) where about 80% of it will be turned into fertiliser for crops and the rest used for energy creation.

Q 11. Is this a first step towards bring a fortnightly collection of general waste?

A. The Council recently committed to retaining a weekly waste collection so there are no plans to move to fortnightly collection of general waste and that will not be part of the waste any waste & recycling collection contract.

## Appendix 3 – Food Waste Communications Plan

### **Introduction**

In September 2017, Executive approved the introduction of a food waste recycling scheme subject to the service being shown to be operationally and financially viable. Food waste collections are due to be introduced across the borough from April 2019 subject to further approval by Executive. A communications strategy is required from the agreement of the contract (due to be January 2018) until at least two months following the commencement of collections (at least June 2019).

### **Objectives of the Communications Strategy**

- Ensure that all residents are made aware and kept fully up to date with the implementation of food waste collections in the borough.
- Make sure that all audiences are fully versed and educated on how best to utilise the service, and also ensuring that they continue to use the service following initial introduction.
- Provide the opportunity for dialogue between residents so that they have the opportunity to raise any concerns or queries prior to implementation.

### **Audiences**

- It's important to take into account the need to ensure that the messages reach all members of communities – and so various approaches may be required.

#### **PRIMARY**

##### **Internal**

- Staff within the waste and recycling team and more general environment directorate.
- Executive members

##### **External (in the borough)**

- All residents
- Local business owners
- Schools

#### **SECONDARY**

##### **Internal**

- WBC elected members
- WBC staff
- WBC Customer Services

#### **External (in the borough)**

- Media
- Thames Valley Police
- Emergency Services
- Town and Parish Councils
- Neighbourhood Action Groups
- Residents' Associations
- Wokingham Area Access Group
- Neighbouring authorities
- Chamber of Commerce
- Business Link Berkshire
- The Regeneration Company
- Local MPs
- Wokingham Society
- Disability/ access groups

#### **Key Messages**

- Blue bags contain approx. 30% of food waste which equates to approx. 10,000 tonnes. Research suggests that 50% of this could be captured through the introduction of a separate food waste collection, allowing us to divert approx. 5,000 tonnes of food waste from the most expensive disposal costs.
- Introduction of food waste collections is a crucial step towards the council reaching its 50% recycling target by 2020, and avoiding any fines.
- Once agreed, we can include a key message on the inclusion of boxes and bags: the plan is for 23 litre sealed food containers, small kitchen caddies and a supply of biodegradable bags to line the caddies. It is easy to recycle food waste.
- Demand for food waste collections is there, and it has proven to be successful in other local authorities as a means to reducing waste going to landfill.
- Veolia will be supplying new fleet to cope with the inevitable increased demand for this new service.

- General waste collections will remain weekly.
- Contract with Veolia has been extended for another 7 years, they will cover the food waste collection. They have an excellent service record, and this will ensure good service is maintained.
- Encouraging recycling of materials like food will only encourage residents to recycle more items and make the borough a greener place.

### **Monitoring and Evaluation**

The success of each communication activity activity/ channel highlighted in the communications action plan below will be monitored and evaluated. This will allow for activities to be changed if they are not as effective as planned.

#### **Qualitative**

- Media measurement (traditional and digital) – tone and treatment
- Customer Services measurement of public feedback – tone

#### **Quantitative**

- Number of posts on social media relating to food waste
- Actual number of users of the service when introduced
- WBC Customer Services measurement of public feedback – amount
- Website data for visits
- Tonnes of food waste collected

The communication plan itself will be reviewed and amended on a regular basis and updated accordingly. This is a live communications plan.

#### **Timeline**

January 2018	New contract with Veolia to be agreed
TBC 2018	Leaflets/posters distributed
January 2019	Bins begin to be distributed to houses
April 2019	Collections begin
June 2019	Reflection on the success of the scheme

## **Appendix 1 – Communications action plan**

### **Glossary**

WBC – Wokingham Borough Council

PB – Peter Baveystock

IG – Irum Gulzar

RD – Rachel Dennis

LS – Louise Strongitharm

FH – Frances Haywood

CS – Customer Services

All communications activities to be signed off by PB and EXEC MEMBER

<b>Objective</b>	<b>Date</b>	<b>Activity/channel</b>	<b>Message</b>	<b>Audience</b>	<b>Who</b>	<b>Cost</b>	<b>Progress</b>
To ensure that residents and all members are briefed on the contract decision and subsequent launch of the scheme	January 2018	<b>Press release to go out</b>	<ul style="list-style-type: none"> <li>• Benefits of the scheme – key messages</li> <li>• Update on project so far</li> </ul>	All audiences	RD with input from PB and FH	Met in-house	Contract currently under negotiation
To increase involvement with communities and improve interest in scheme	Prep in March for April 2018 launch	<b>Start of schools competition – design poster</b>	<ul style="list-style-type: none"> <li>• Benefits of the scheme – key messages</li> <li>• Educate residents about food waste recycling.</li> </ul>	All audiences	RD/PB/LS	Met in-house	
To continue maintain interest in the scheme and inform and	July 2018	<b>Announce winner of the schools project via photo op</b>	<ul style="list-style-type: none"> <li>• Winning school and pupil announced.</li> </ul>	All audiences	RD	Met in-house	

<b>Objective</b>	<b>Date</b>	<b>Activity/channel and social media</b>	<b>Message</b>	<b>Audience</b>	<b>Who</b>	<b>Cost</b>	<b>Progress</b>
prepare audiences.							
To inform and prepare audiences for the introduction of collections in the new year	Winter 2018	<b>Wokingham Borough News – Winter 2018</b>  <b>Poster</b>	<ul style="list-style-type: none"> <li>• Details about food waste collection</li> </ul>	All audiences	RD with input from PB	Met in-house	
To inform and prepare audiences for the delivery of new boxes in the new year	December 2018	<b>Media release</b> <b>Social Media</b> <b>Sharepoint</b>	<ul style="list-style-type: none"> <li>• Details about what to expect and when different areas can expect their boxes.</li> <li>• Include more information about what to put in the boxes and where to put them</li> </ul>	All audiences	RD with input from IG/PB	Met in-house	
To inform and prepare audiences for the delivery of new collection boxes	January 2019	<b>Social Media</b> <b>Intranet</b>	<ul style="list-style-type: none"> <li>• Details about what to expect and when different areas can expect their boxes.</li> <li>• Include more information about what to put in the boxes and where to put them</li> </ul>	All audiences	RD with input from IG/PB	Met in-house	
To prepare all audiences for the start of new collections	Late January 2019 ongoing	<b>Media release</b> <b>Posters/Leaflets</b> <b>Social Media</b>	<ul style="list-style-type: none"> <li>• Advise of how to find collection dates and when the collections will start</li> </ul>	All audiences	RD with input from PB/IG	Met in-house	
To prepare audiences and ensure	April 2019	<b>Media release</b> <b>Social media</b> <b>Intranet</b>	<ul style="list-style-type: none"> <li>• Advise that collections have now begun</li> <li>• Reiterate what can and cannot go in the boxes</li> </ul>	All audience	RD with input from PB/IG	Met in-house	

<b>Objective</b>	<b>Date</b>	<b>Activity/channel</b>	<b>Message</b>	<b>Audience</b>	<b>Who</b>	<b>Cost</b>	<b>Progress</b>
participation in the scheme							
To continue to ensure participation	June 2019	<b>Media release Social media Briefing for all members</b>	<ul style="list-style-type: none"> <li>• Success of the scheme</li> </ul>	All audiences	RD with input from PB/IG	Met in-house	

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