



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **EXECUTIVE** will be held in David Hicks 1 -
Civic Offices, Shute End, Wokingham RG40 1BN on
THURSDAY 30 MAY 2019 AT 7.30 PM

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

Susan Parsonage
Chief Executive
Published on 21 May 2019

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: TO BE ADVISED

| ITEM NO. | WARD | SUBJECT | PAGE NO. |
|----------|---------------|--|----------|
| 1. | | <p>APOLOGIES To receive any apologies for absence</p> | |
| 2. | | <p>MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 28 March 2019</p> | 5 - 14 |
| 3. | | <p>DECLARATION OF INTEREST To receive any declarations of interest</p> | |
| 4. | | <p>PUBLIC QUESTION TIME To answer any public questions</p> <p>A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice.</p> <p>The Council welcomes questions from members of the public about the work of the Executive</p> <p>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 www.wokingham.gov.uk/publicquestions</p> | |
| 5. | | <p>MEMBER QUESTION TIME To answer any member questions</p> <p>A period of 20 minutes will be allowed for Members to ask questions submitted under Notice</p> <p>Any questions not dealt with within the allotted time will be dealt with in a written reply</p> | |
| 5.1 | None Specific | <p>Gary Cowan has asked the Executive Member for Business, Economic Development and Strategic Planning the following question:</p> <p>Question What comments has Wokingham Borough Council made to the Windsor and Maidenhead and Reading New Local Plan Public Inquiries?</p> | |

Matters for Consideration

| | | | |
|-----------|---------------|--|----------------|
| 6. | None Specific | REVENUE MONITORING 2018/19 - OUTTURN | 15 - 34 |
| 7. | None Specific | CAPITAL OUTTURN 2018-19 | 35 - 54 |
| 8. | None Specific | FUTURE HOUSING CONSULTATION | 55 - 60 |
| 9. | None Specific | PROCUREMENT BUSINESS CASE - DYNAMIC PURCHASING SYSTEM | 61 - 70 |

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.

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**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD ON 28 MARCH 2019 FROM 7.30 PM TO 7.55 PM**

Committee Members Present

Councillors: Julian McGhee-Sumner, Stuart Munro, Pauline Helliar-Symons, John Halsall, Anthony Pollock, Parry Batth, Norman Jorgensen, Simon Weeks and Philip Mirfin

Other Councillors Present

Gary Cowan
Malcolm Richards
Rachelle Shepherd-DuBey

107. APOLOGIES

An apology for absence was submitted from Councillor Pauline Jorgensen.

108. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Executive held on 21 February 2019 were confirmed as a correct record and signed by the Leader of Council.

109. DECLARATION OF INTEREST

Councillors Julian McGhee-Sumner and Stuart Munro declared personal interests in Agenda Item 110 Shareholders' Report by virtue of the fact that they were unpaid Non-Executive Directors of WBC Holdings Ltd. Councillors McGhee-Sumner and Munro remained in the meeting during discussions and voted on the matter.

Councillor Philip Mirfin declared a personal interest in Agenda Item 110 Shareholders' Report by virtue of the fact that he was an unpaid Non-Executive Director of Optalis Holdings Ltd. Councillor Mirfin remained in the meeting during discussions and voted on the matter.

Councillor Anthony Pollock declared a personal interest in Agenda Item 110 Shareholders' Report by virtue of the fact that he was a paid Non-Executive Director of Optalis Holdings Ltd. Councillor Pollock remained in the meeting during discussions and voted on the matter.

110. PUBLIC QUESTION TIME

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

110.1 Adrian Mather asked the Executive Member for Highways and Transport the following question which was answered by the Executive Member for Finance:

Question

The new Southern Distributor Road will exit at Tesco roundabout on the Finchampstead Road. The Finchampstead Road is already one of the most congested roads in Wokingham, which is regularly grid-locked. This new road will likely be used by large commercial vehicles, which will also increase the environmental impact and congestion. How many vehicles does WBC estimate will be added to this grid-locked road at peak-time?

Answer

Looking at the answer here I do not have a number for you but I am well aware, having been the Executive Member for Highways twice in my history, I do understand what you are talking about. I do understand the issues you are talking about.

You are correct that the Southern Wokingham Distributor Road will connect into the highway network at the roundabout adjacent to Tesco. The road will provide a route from the London Road, west of Coppid Beech roundabout, over the new railway bridge, through to the A321 Finchampstead Road.

The Southern Distributor Road is not intended to replace the A329 London Road through the town, but instead would supplement it, providing users with greater choice, whilst also providing resilience to our network. The Council is currently working on a road signing strategy for all new roads and therefore no decision has yet been made on routing of HGVs. However the road will be designated to a standard that will be able to cater for them. The road is a piece of infrastructure identified to mitigate growth and development alongside many other major pieces of infrastructure currently being progressed by the Council.

The road and any housing applications associated with the South Wokingham area will be submitted for planning permission along with a range of supporting documents that will cover environmental and transport matters, all of which will be publicly available on the Council's planning portal when received.

The transport work is still being progressed by the major projects team, and by the developer's consultants associated with the housing elements, and therefore until this is completed, it would not be possible to provide an estimate of traffic flows at this stage, as even the simplest of junction designs can encourage or discourage traffic movements. The full planning submission needs to be assessed as a complete package and the findings, and any recommendation made by Officers, will be set out in detail to members of the Planning Committee prior to any permission being granted.

I think also there are other roads to the other side of the railway line which traffic could divert to instead of coming up to this junction. They could divert earlier on some of the other roads that exist and then pick up the Southern Distributor Road and access the London Road through the development in order to by-pass the Town and certainly this was intended to provide a by-pass for the Town.

I think we are well aware of the congestion aspects, both at the two railway bridges, and I think there have been discussions as to how we might mitigate some of that but no further conclusions have been arrived at. But I am sure that we will keep it under consideration simply because we do understand as many Councillors here are residents of Wokingham or Wokingham Without and therefore congestion issues affect us all and concern us all and all sorts of residents as well so we will be trying our best to mitigate as much congestion as we can.

Supplementary Question

So in relation to commercial vehicles I think the roadworks will require either digging down under the bridges or something like this to increase the capacity so that large vehicles can go actually under the railways. Do you know how long these works will take because I presume this will close these bridges?

Supplementary Answer

I am aware of the principles which you are talking about and given the issues around congestion in Peach Street over the last couple of years when I held the Highways portfolio recently I was very concerned about the impact, particularly on the southern bridge onto the Finchampstead Road, and the consequences of congestion in that area.

So do I have an answer to your question, no not specifically, but again I do understand the concerns that you are raising and have expressed them to Officers with a “can we find other solutions”. I think the Northern bridge is ok but I think there are issues with the Southern bridge but again it depends on the size and the height of the vehicles. If people are accessing Molly Millar’s I think currently they would normally go over the level crossing rather than under the bridges. But I think some of the lorries have got special height reducing tyres or something I think which does enable them to get under bridges but there are a whole load of issues that we are aware of which are quite complex but watch this space.

110.2 Stephen Kitt had asked the Executive Member for Business, Economic Development and Strategic Planning the following question but as he was unable to attend the meeting the answer below was provided:

Question

The recent Shinfield Residents’ petition debated in Council shows the alarm Shinfield’s residents have. Shinfield has genuine issues around traffic congestion/gridlock, pollution, delayed doctors surgery appointments, hospital access, shortage of green open space and school places in this already over populated area and not all of the new development is completed yet.

What action if any is being taken to resolve these issues before any further development in Shinfield takes place before there is a disaster in the Shinfield area which I see would be the responsibility of Wokingham Borough Council.

Answer

The Council has a carefully managed approach to enabling the delivery of sustainable, infrastructure rich communities which includes £400m investment in 7 new primary and 1 new secondary schools; 7 new strategic roads, 6 new neighbourhood centres and 1 new district centre, 3 new sports hubs and one enhanced sports hub, parkland and improvements to public transport, as well as over 30% affordable housing.

The Shinfield area has already seen the early delivery of the Eastern Relief Road along with some junction improvements, and new / enhanced bus services, which are due to increase in frequency as the development progresses. The A327 Arborfield Cross Relief Road located to the south east of Shinfield has also commenced enabling works, with full construction commencing shortly. Highways England have also in addition to the Council’s infrastructure delivery, commenced with smart motorways through our borough which is a positive approach as a number of congestion related issues within and around Shinfield are often related to issues / accidents that take place on the major road network and impact our local network. All of these features, along with education to new residents of sustainable travel through the Council’s My Journey programme all assist in improving and managing the network and potential congestion.

The Council have no powers in respect to the provision of GP's and surgeries, health provision is the responsibility of the Clinical Commissioning Groups. The Council consult with the CCG when planning for new housing growth. Shinfield surgery was built with capacity within the building to accommodate further health facilities to accommodate the housing growth locally.

With regards to school provision, the Shinfield Meadows Primary School has been available for use for the last academic year however there is currently insufficient pupil demand to open this facility at this stage. The Council monitors school places and there is currently surplus capacity for secondary education within the catchment area.

In terms of open space, the Council has delivered improved sports facilities at Ryeish including astroturf. Further facilities have been secured with the new developments and will be delivered as part of these schemes at various stages of the developments. A significant amount of public open space has been delivered as part of the Suitable Alternative Natural Greenspace (SANG) at Langley Mead and Mays Farm SANG and further SANG will be provided at the Ridge together with the strategic greenspace. These provide significant levels of new amenity open space locally and access to the countryside than the footpath network has done in the past.

We have clear plans for delivery whilst capturing the necessary infrastructure investment. We are committed to taking this successful approach forward.

110.3 Paul Fishwick asked the Executive Member for Highways and Transport the following question which was answered by the Executive Member for Finance:

Question

The section of King Street Lane Winnersh between Sainsbury's and Allnatt Avenue has been flooded on at least 22 occasions between 26 March 2018 and 6 March 2019 and on many occasions during dry weather conditions.

This flooding causes surface water to flow into adjacent properties gardens and pedestrians and cyclists find it difficult to travel along the highway without wading through water. The flooding events normally last about 20 to 30 minutes then the water quickly drains away via the gullies and the surface water sewer system.

The Council are aware of this flooding issue but appear to have done nothing about it. What action is the Council taking to stop these regular flooding events?

Answer

Officers were made aware of this issue last year and took immediate action to check and clear, if necessary, the highways drainage system and connecting gulleys to ensure that the system is not blocked. No faults or problems were identified with our system and the source of the problem could not be identified. Following these investigations Officers have been made aware of further incidents of flooding to the highway and verge area even during dry conditions. The drainage team are currently in talks with third party landowners to see if a cause can be identified and will report back to residents as soon as possible.

Do you have any idea of the source of this flooding as it would be useful for us to know?

Supplementary Question

I certainly have some ideas. My hobby is meteorology and climatology and I have a weather station and rainfall records for the whole of this period; which are actually to Met Office and environmental standards so I can produce all that information.

Will the Executive Member agree to an onsite meeting with myself and local residents so we can go through the issues, when they occurred, and what the potential source of this third party water is?

Supplementary Answer

Yes is the answer to that question.

110.4 Keith Malvern asked the Executive Member for Environment, Leisure and Libraries the following question:

Question

I was very impressed to read the report on page 27 of the latest Wokingham Borough News about the sheer variety of what libraries are doing. '... libraries are changing, because what you want from us is changing'

Many people would be surprised and disappointed to read elsewhere that it is proposed to move the Wokingham library from its current purpose-built location to a new home. What improved facilities will be provided to justify this move?

Answer

The relocation of the Wokingham Library to the new site was agreed in 2017.

In our view it is clear that in its current location, Wokingham Library has been successful and continues to provide a range of well-used services and activities for all people of all ages. However, the current library site does have its challenges and there are areas where improvements could be made.

A key limitation to the current site is the two storey layout and the location of the library meeting rooms. This necessitates additional staffing and reduces options for utilising the library space in different ways. The floor area available on the new library site represents a similar amount of available space that is more accessible and provides greater flexibility in terms of use.

Having the library on one floor will also benefit the staffing and operation of the facility, with a clearer line of sight across all the activities taking place.

The current library site is somewhat isolated from the rest of the town centre and has limited ability to align itself directly with other activities, or to utilise any extra space for larger events. Within the new site high levels of footfall are expected along the main pedestrian route giving the library an increased presence in the heart of the development. It would also increase the opportunity for 'linked trips', with visitors to the leisure centre also combining this with a visit to the library. The proximity to substantial amounts of public parking close by the library and proximity to public transport will also improve access for visitors.

Supplementary Question

I am grateful for the words that you have said and obviously we give you notice of these questions so you know you have got time to investigate but what I would say is that amongst the things that you have listed none of those seem to actually talk about offering more facilities other than, and I hesitate to use the word, convenience of the staff.

Can I ask if you can easily identify the benefits of the scheme that you put this scheme to a form of public consultation so that existing users can at least be made aware of what you are proposing and you can at least get their views as to whether what you are proposing will improve circumstances for them?

Supplementary Answer

Before we actually set on this course we conducted a number of public consultations about the principle of relocating the library and specific proposals for Wokingham library. The responses were positive and helped to justify the recommendation to relocate Wokingham library.

111. MEMBER QUESTION TIME

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

111.1 Gary Cowan has asked the Executive Member for Business, Economic Development and Strategic Planning the following question:

Question

I asked the Executive Member for Planning and Regeneration on 26-1-2017 the following question but due to my inability to attend the meeting the following written answer was provided to me: Question. With reference to the Judgment in the case of Gladman vs WBC case number Case No: CO/1455/2014 heard in July 2014 what were the implications of the judgement for Wokingham Borough Council, both the pros and the cons?

The reply was lengthy but the final paragraph was "The only thing I can think of is that the MDD challenge has now been superseded by an Objectively Assessed Need (OAN) of our housing numbers – this was reflected in the judgement. This is a technical assessment and evidence base. The Council has not signed up to providing this estimated need. This will be a process addressed through the Local Plan review".

If the Council has not signed up to the Objectively Assessed Need than why has our housing numbers risen from just over 600 in our adopted Core Strategy, which was subject to a full public consultation and a public inquiry, to an ever increasing number nearing 900 now without any public consultation and no public inquiry?

Answer

Simply put the number of new homes we are expected to accommodate has changed because the Government has introduced new rules, and they keep changing them. I am not happy about that and I know that you are not.

The Core Strategy housing requirement, you were quite right, was 662 per year dates from the South East Plan (2009), which you will also know an awful lot about, which was revoked by the Government in 2013.

Through the introduction of the first National Planning Policy Framework (NPPF) in 2012, a new approach to calculating housing need was introduced. This was changed again, with the Government publishing a revised National Planning Policy Framework in 2018, with further amendments already in 2019. As you know we are making our feelings felt about all these changes and the things that we come across.

The Government currently requires housing need to be calculated through a standard method. It uses the national household projection for each local authority and applies an affordability adjustment based on median house prices and earnings. For Wokingham Borough, the housing need through this approach calculates as 864 dwellings per annum. This however needs to be recalculated each year so the figure will change. Again we have pointed this out through our MPs that we are not happy about this either.

We are required by Government policy to use the standard method both as the starting point for progressing our Local Plan Update, and for calculating our deliverable housing land supply. This is not a matter of choice.

I am sure you will agree that the constant changes to Government policy and guidance are not helping anyone in preparing any plans. I am sure you will also agree that the Government's driving of the planning system to increase housing requirements without regard to where the homes should be and should not be directed across the country is completely unsatisfactory and undermines efforts to plan properly for the long term. Again we are taking this up very strongly with our Government; although they are busy on something else at the moment.

Notwithstanding the difficulties, we continue to progress our local plan work, following the clear process and requirements set out in legislation and Government policy. This is the best way we can defend residents against unsustainable and unplanned developments that will harm our Borough.

Supplementary Question

Picking on that the Objectively Assessed Need housing number does throw up some issues of concern. The Memorandum of Understanding, signed by the four Councils in the western housing market area, states that between them all, including Wokingham, they would meet this OAN which is about 3,300 per year. Reading in the housing local plan examination in public, which is going on now, said that they are 1,000 houses short and they call the Memorandum of Understanding as the solution which the Inspector appears to be comfortable with. So they are looking for somewhere to put 1,000 houses.

My question therefore is does our OAN take into consideration this shortfall in Reading which occurs later in the plan period or will it be dealt with by the Grazeley Garden Settlement document, approved by the Conservative Group on 13 October 2016, which saw the Grazeley masterplan and our Local Plan to be adopted in November of this year. But as our Local Plan has been rolled back to 2021 I assume the Grazeley masterplan will also be so it's housing trajectory on page 23 shows 1,750 houses to be built by 2020-2025. Will that now be 2022-2027 and carrying out at 450 a year for evermore after that? Would this not be a better solution to help Reading out?

Supplementary Answer

Nobody is saying that we are not going to help Reading out. They do not ask us to help out as they know what the answer is; and the answer is no.

The Leader of Council responded as follows:

Gary as you know, as you have been on this Council longer than I have things change and I think you had left the Council Chamber last Thursday before I made my speech. What I said was, and I stand by this wholeheartedly, was that we are building too many. Even if we continue with what we have already approved, which is the 8,000, we know we have another 2,000 coming. We have got more than an 11 year land supply so what we are saying to the Government is we do our bit but we are not going to do more than our bit. So we are not going to do more than Reading, we are not going to do more than Bracknell. We want to do our bit. We are certainly not taking any houses from any other local authority.

We have made a statement to the Government and so far the response has been quite positive. We said that if we have to do any further development, if and it is a big if, then we will want it to be a standalone development where we can put the infrastructure in first and then build the houses as that is what gets residents frustrated. That we build the houses then we put the roads in. You should put the roads in first and get the infrastructure right. So this is the condition that we have made to the Government. They have come back to us and said right, ok, work it up; us and five or six other local authorities. Work up a feasibility study to see whether it is viable. We are not too sure whether it is viable or not but we have got Officers working on that. That is what that money is for. Now if the Government want us to work that up and pay for it we are happy to do it but it makes no compulsion on us to actually build those houses or go ahead with it.

I make it very clear that this Authority is changing the way it looks at housing. We are going to build less houses than we have built. We will still maintain our five year land supply and then we will continue to fight with the Government and we have got our local MPs to support that. After the election we will be going back to every resident in this Borough to say "do you agree with this or not" and if you agree with it then hopefully we will get 40, 50, 60,000 people to give us their thoughts and if they agree with what we are doing that gives us a very big powerful message to give back to Government to say enough is enough.

111.2 Philip Houldsworth had asked the Executive Member for Highways and Transport the following question but as he was unable to attend the meeting the answer below was provided:

Question

The people of Winnersh have waited for over 30 years for the Winnersh Relief Road, now that the land clearance is complete, can we start the construction sooner rather than later and certainly sooner than previously indicated?

Answer

The land clearance is still underway, the last few trees are being removed which will be followed by the removal of the tree stumps. Enabling works will commence by May and will roll into construction works around October, however, where possible we will always seek to improve on the programme. To date the works are running to the programme that has been agreed with the contractor and are not able to be altered at present without causing delay to other projects. The project remains on target to be completed by September 2020.

112. SHAREHOLDERS' REPORT

(Councillors Julian McGhee-Sumner, Philip Mirfin, Stuart Munro and Anthony Pollock declared personal interests in this item)

The Executive considered a report relating to proposed changes to the governance arrangements around decision making, transparency and information exchange between the Council and the Council's wholly owned companies. The report also included the budget monitoring position and operational update for the period to the end of January 2019.

In introducing the report the Executive Member for Finance highlighted the changes that were being proposed in relation to reporting lines which would see Optalis report into WBC Holdings Ltd. Councillor Pollock also drew Members' attention to the proposed changes to the structure of the Boards of the Housing Companies which would make them more efficient.

The Leader of Council stated that having Optalis report to the Holding Company would strengthen the governance of the company and provide greater oversight.

RESOLVED that:

- 1) Optalis Holdings Limited ('OHL') submits regular reports on the operational, financial and strategic performance of the companies in the Optalis group to WBC (Holdings) Limited and that a Wokingham appointed Director of OHL and the Managing Director of Optalis Limited attends the shareholder meetings of WBC (Holdings) Limited;
- 2) the Group Operating Protocol ('GOP') between Wokingham Housing Limited, Loddon Homes Limited and Berrybrook Homes Limited and the Council shall be amended so that the Assistant Director of Housing and Place is recognised by the companies, WBC (Holdings) Limited and the Council as the Officer with authority to agree and manage the financial and operational requirements in service contracts between the Council and the housing companies;
- 3) the Assistant Director of Housing and Place shall attend the shareholder meetings of WBC (Holdings) Limited to discharge his overall responsibility to Housing;
- 4) the modifications to the GOP, form and frequency of the reports and attendance by OHL and the AD shall be determined by the Board of WBC (Holdings) Limited;
- 5) the budget monitoring position for the month ending 31st January 2019 be noted;
- 6) the operational update for the period to 31 January 2019 be noted.

113. CEMETERY REGULATIONS

The Executive considered a report setting out proposed updated regulations relating to Shinfield and St Sebastian's cemeteries.

The Executive Member for Environment advised the meeting that the proposals consisted of tidying up and updating the two cemeteries' regulations in order to bring the Council into line with current regulatory requirements.

RESOLVED: That the updated regulations relating to Shinfield Cemetery and St Sebastian's Cemetery be approved.

114. PROCUREMENT BUSINESS CASE - HOME TO SCHOOL TRANSPORT - COACH SERVICES

The Executive considered a report relating to the proposed retendering and awarding of 14 home to school transport contracts for large capacity coaches.

The Executive Member for Finance introduced the report and explained that the Council had a duty to provide home to school transport, the current contracts for which would expire on 2 September 2019. The only change that was being proposed to the current provision was an increase in coach capacity which would enable those parents who chose to go to a school that was not necessarily their designated catchment school to buy relatively inexpensive travel for their children, thereby giving them more school choice.

RESOLVED: That the retender and award of 14 Home to School Transport contracts for large capacity coaches be approved.

115. RE-COMMISSIONING OF THE INTEGRATED SEXUAL AND REPRODUCTIVE HEALTH SERVICE FOR BERKSHIRE WEST

The Executive considered a report relating to the re-commissioning of the Integrated Sexual and Reproductive Health Service for West Berkshire which was a jointly commissioned service by Wokingham, West Berkshire and Reading Borough Councils. The procurement of the service was being led by the Berkshire Public Health Shared Service.

The Executive Member for Health and Wellbeing and Adult Social Care emphasised that good sexual and reproductive health and wellbeing was an important contributor to residents' wellbeing as it was central to some of the most important relationships in people's lives. Councillor Bath advised that the current contract for commissioning the Integrated Sexual and Reproductive Health Service was due to run out in April 2020 therefore the report was seeking to agree the proposed plan for re-commissioning the service.

RESOLVED that:

- 1) the proposed plan for re-commissioning the mandatory sexual and reproductive health service be agreed;
- 2) the authority to award the Integrated Sexual and reproductive Health Services be delegated to the Director of Corporate Services in consultation with the Lead Member for Health and Wellbeing and Adult Social Care.

| | |
|-----------------------------|---|
| TITLE | Revenue Monitoring 2018/19 - Outturn |
| FOR CONSIDERATION BY | The Executive on Thursday, 30 May 2019 |
| WARD | None Specific; |
| LEAD OFFICER | Deputy Chief Executive - Graham Ebers |
| LEAD MEMBER | Executive Member for Finance - tbc |

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

Report the revenue outturn position of the Council for 2018/19 financial year highlighting the effective management of the Council's finances to ensure value for money for council tax payers, housing tenants and schools.

RECOMMENDATION

The Executive is asked to:

- 1) note the 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) agree the General Fund carry forward requests of £2,043,820 as set out in Appendix B to the report;
- 3) note the significant reduction in the overspend on the general fund revenue account achieved since the last report; substantially this is a result of the continuous improvement work in the Adults Social Care and Customer and Localities directorates.

EXECUTIVE SUMMARY

This report is to allow the Executive to note and consider the financial outturn for 2018/19 for the Council's net revenue expenditure, its General Fund Balance (GFB), the Housing Revenue Account (HRA), and the Schools' Block funding. The Executive has agreed to consider Revenue Monitoring Reports on a quarterly basis.

At the end of the financial year 2018/19, the General Fund (Revenue) is reporting a total spend of £129.03 million against planned spend (budget) of £128.25 million resulting in an adverse variance of £0.78 million (0.61%); the Housing Revenue Account has an adverse variance of £30k (2.39%) against a net planned spend of £1.2 million and Schools Block an adverse variance of £1.05 million (0.81%) against a net planned spend of £130 million.

The following table shows the breakdown by directorate:

| Directorate | 2018/19 - End of Year Position | | |
|------------------------------|--------------------------------|-----------------------|---|
| | Approved Budget £,000 | Actual Spend £,000 | (Favourable) / Adverse Variance £,000 |
| Adult Social Services | 47,483 | 47,550 | 67 |
| Chief Executive | 5,763 | 5,918 | 155 |
| Children's Services | 30,795 | 32,163 | 1,368 |
| Corporate Services | 10,255 | 9,605 | (650) |
| Customer and Localities | 33,956 | 33,797 | (159) |
| Net Expenditure Total | 128,252 | 129,033 | 781 |

Although reporting an adverse variance of just over £¾million, this represents a significant improvement on the position forecast at the mid-year point (which was predicting an adverse variance of just under £2 million. The movement is due to the work of the improvement boards in both Adults' and Children's services and the re-allocation of the Customer and Localities budgets following the C21 programme Phase 2 transition. Corporate services achieved an underspend on its debt financing due to prudent treasury management and optimising the debt drawdown points.

Details of the outturn position and variances are in the main body of the report and also shown at Appendix A. Generally across the Council there is a pressure on staffing budgets due to the increased use of agency staff, be it to fill gaps where permanent recruitment has not been successful or where posts are temporarily filled pending the outcome of change programmes. Both the social services directorates are experiencing demand led pressures although it is considered the recent growth provided in the 2019/20 budgets will have addressed these issues.

Following the year-end closing process, the Council's General Fund Balance (GFB) is £6.7 million which although less than last year, still represents a prudent level above the CIPFA recommended minimum. The 2019/20 MTFP plans to restore this balance to around £10 million which is considered the appropriate level for this reserve.

Through prudent financial planning and though additional returns from the business rate pilot the Council has been able to increase its earmarked reserves to a level that will ensure the Council has sufficient capacity to cope with some of the uncertainties over future funding levels from central government.

The Council's C21 change programme has continued to deliver its mandated savings targets for Phase 2. These represent an ongoing cost reduction to the Council. Phase 3 of this programme has been subsumed in to the Continuous Improvement Programme going forward. It will be working in conjunction with the Adults' and Childrens' improvement boards to further continue the work to date in improving process and practice to allow the services to deliver the efficiency targets agreed in the February 2019 Medium Term Financial Plan (MTFP) for the next three years.

Shortfalls in the level of the Dedicated Schools Grant funding from central government will cause a pressure for both the Council and its maintained schools. Particular concern is the High Needs Block and the Home to School Transport. The Council will be carrying forward a deficit on the HNB (which is permitted) and a turnaround plan is being developed to not only prevent this from increasing annually, but will eventually reduce the ongoing deficit. Underfunding in this area by DfE is a national issue and Wokingham BC is not alone in facing a deficit.

The Council's ambitious property investment portfolio has successfully increased throughout the year, and although this is a capital programme, it is generating gross revenue income across the portfolio of over five per cent return on investment.

The Council's treasury portfolio has investment balances of just under £100 million at year-end, generating interest returns of £2.6m. This is invested (in order of priority) with consideration for the security of funds, the liquidity of the cash and to provide a return on investment. Thus security and liquidity outweigh the need to make a return.

BACKGROUND

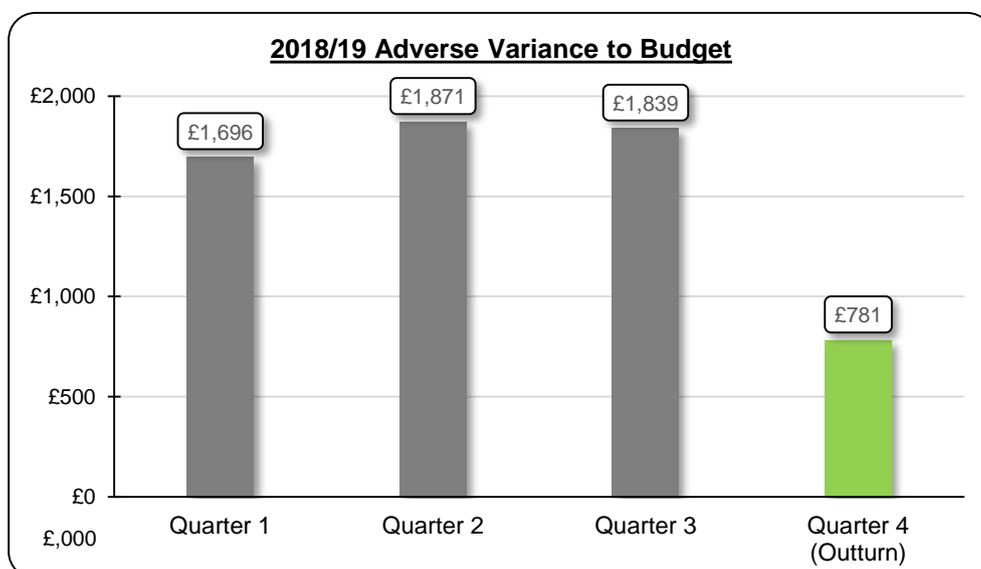
General Fund

Comparing the actual spend vs the approved budget, the table below shows the outturn position for 2018/19 by Directorate. Further details are shown in Appendix A.

| Directorate | 2018/19 - End of Year Position | | |
|------------------------------|--------------------------------|-----------------|---------------------------------|
| | Approved Budget | Actual Spend | (Favourable) / Adverse Variance |
| | £,000 | £,000 | £,000 |
| Adult Social Services | £47,483 | £47,550 | £67 |
| Chief Executive | £5,763 | £5,918 | £155 |
| Children's Services | £30,795 | £32,163 | £1,368 |
| Corporate Services | £10,255 | £9,605 | £(650) |
| Customer and Localities | £33,956 | £33,797 | £(159) |
| Net Expenditure Total | £128,252 | £129,033 | £781 |

The end of year position represents an adverse variance of £781k on the General Fund. This will be funded from the general fund reserve. A summary of the General Fund reserve for 2018/19 is shown in Appendix C.

2018/19 has been a challenging year financially, it was recognised in quarter one, Children's Services were facing demand pressures on SEN related services. Similarly, Adult Social Care also faced demand led pressures around commissioned care and support. In June 2018, improvement boards were established to bring spend in line with base budget. The work of the improvement boards have now started to make successful changes in bringing spend back in line with budget and importantly, working to minimise ongoing financial pressures from demand led services. This is highlighted below in the improved financial position for outturn compared to previous reported positions.



Material areas of favourable / adverse variances include;

Adult Social Services – net adverse variance of £67k. Significant pressure was identified earlier in the financial year, in particular around commissioned care and support for those individuals with a learning disability. While there has been significant investment in Learning Disability budgets in recent years, the number of individuals living longer, and being supported to live independently in the community, has continued to exert budget pressure.

As a result of positive progress made under the governance of the Adult Social Care Improvement Board, the initial £1,500k adverse variance reported in quarter one has been managed in year. Savings through maximising NHS funding for appropriate individuals, targeted use of equipment to reduce the need for double handed home care support, and reviews of very expensive packages of support has contributed to a vastly improved financial position for the service.

In addition, pressure anticipated at Month 11 from winter trends and provider failures has not been experienced to 31st March.

Chief Executives – net adverse variance of £155k. Unbudgeted costs due to recruitment costs for vacant Chief Executive and Director posts, severance pay and other specialist / consultancy services spend.

Children's Services – net adverse variance of £1.37m. This reflects demand led pressures in Children's social care staffing budgets (£1.7m), with significant pressures also experienced in Home to School Transport particularly in relation to children and young people with special educational needs and disabilities (£0.5m). Additional pressures across the service (£0.4m). Pressures in part offset by underspends in placement budgets (£1.2m).

The establishment of the Children's Continuous Improvement Board in the latter part of the year has brought an enhanced level of scrutiny and understanding on the complex areas of pressure experienced. This has provided for some initial stability against what was a worsening position, and ensures appropriate plans are in place going forward to bring costs in line with available resources.

Corporate Services – net favourable variance of £650k. This reflects cost pressures from increased business rates at Shute End and other corporate properties. These pressures will be offset by underspends in debt management costs as a result of delayed external borrowing, additional income from traded legal services and staffing efficiencies across the service. In addition, £0.2m of additional levy was returned by Government in January '19.

Customer and Localities – favourable variance of £159k. Having identified budget pressures earlier in the year, the management team working with their finance specialists have strengthened up the financial management arrangements and have delivered cost reductions where possible to keep within overall budget. This includes a drive on permanent recruitment to reduce expenditure on agency costs and realising efficiencies to deliver a favourable variance.

General Fund Balance

General Fund balances as at 31 March 2019 are £6.66m after including carry forwards of £2.04m.

The General Fund balance is held to provide a general contingency for unavoidable or unforeseen expenditure as well as providing some stability for longer term planning particularly in uncertain economic times. Professional guidance from the Chartered Institute of Public Finance and Accountancy recommends a minimum general fund reserve of 5% of net expenditure. This equates to a recommended level of £6.45m at 31st March 2019, in line with our current general fund balance.

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

Housing Revenue Account (HRA)

The Housing Revenue Account reports an adverse variance of £30k against a net planned spend of £1,244k. The adverse variance will be funded from HRA reserves. The HRA had additional void costs relating to properties unoccupied during the course of the year. Further cost pressures occurred on repairs and maintenance with a higher than expected demand in this area. Costs of using agency staff continued to put pressure on the HRA as recruitment into permanent staff positions took longer than expected.

The HRA reserve balance as at the 31st March 2019 is £2.78m, shown in Appendix D.

Schools Block (Dedicated Schools Grant 'DSG')

Schools are funded through a direct grant from Central Government known as Dedicated Schools Grant (DSG). This is used to fund individual schools through an agreed formula, costs associated with Early Years Services, support for children with Special Educational Needs (SEN), and to fund relevant support services. This year the Schools Block reports an in year adverse variance of £1.045 million against a net budgeted spend of £129.675 million – this represents 0.81% of the total budget. Shown in Appendix E.

The overspend on the DSG relates to ongoing pressure on the High Needs Block, in particular in relation to placements made out of borough and with independent special schools, although pressure for all services funded in this way is growing

The number of pupils with SEND within Wokingham has risen by almost 15% since 2015/16 and continues to rise, with the proportion of those with Social, Emotional and Mental Health or Autistic Spectrum Disorder increasing beyond that seen both nationally and across South East local authorities. Demand for suitable placements has outstripped that available locally, resulting in an increasing reliance on costly independent and out of borough provision. This in turn has increased pressure on Council funded home to school transport budgets.

As at 31st March 2019, the DSG balance will be a deficit of £1.572 million made up of the in year deficit of £1.045 million and the brought forward deficit of £0.527 million. An

action plan to address this deficit is referred to later in this report and involves close working with the DfE.

Investment Portfolio

The authority's cash investment portfolio shows current investments of £99.643m being invested by the Council. This is made up of £91.643m invested with approved institutions (e.g. banks, building societies, councils, etc.) and £8m invested in daily money market funds.

In total, during 2018/2019, the Council received £2.6m in interest across these investments.

Additionally, during the year, the Council acquired an investment property outside of the borough funded from internal borrowing (use of long-term cash balances). This investment totals £12.6 million and generates an annual income yield of nearly 5½%.

Council Wide Continuous Improvement Plan (CIP)

The Council wide continuous improvement plan has been established to capture the various improvement workstreams under the governance of Joint Board. CIP covers Adult Social Care improvement board, Children Services (including High Needs Block) improvement board and 21st Century Council Programme. The Executive are asked to note the following updates.

Adult Social Care Improvement Board

Targeted actions through the Improvement Board have successfully delivered in year savings against the opening financial position for the year, with the forecast overspend now reduced to £67k.

Focussed work remains ongoing to minimise the impact of rising demand on service budgets, with future delivery models and improvements being developed in conjunction with the C21 programme. The improvement board has introduced additional focus, assurance and governance on the key areas of adult social care including finance and commissioning.

Successful delivery for 2018/19 does not lessen the focus and drive of the Board for the coming financial year, as opportunities for continual improvement are taken forward. Demand for Adult Social Care services continues to rise, and a multi-year approach to financial planning is key to ensuring successful delivery within available resources.

Children's Services Continuous Improvement Board

A Children's Services Improvement Programme, across both social care and education, is working in conjunction with the wider Council Transformation Programme to take forward identified opportunities for aligning strategic priorities within available resources.

As part of this, a multi-year plan supporting action on the High Needs Block deficit is being developed and will inform the deficit recovery plan reporting required by the Department for Education by the summer.

The improvement board also follows the same principles from the adult social care improvement board, good governance, assurance and a focus on finance and commissioning.

21st Century Council Programme

The 21st Century change programme involves the implementation of a new model of working and organisation for the Council. It is underpinned by an extensive IT programme and is intended to extend to all parts of the organisation over the implementation period creating a leaner, more efficient Council. 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 the establishment of the reconfigured senior leadership team and the reconfiguration of the Council's support services together with strategy and commissioning.

Phase 2 entailed the establishment of the Council's Customer and Localities functions encompassing the following service areas: Environment, Income and Assessments, Housing and Customer Services. During 2018/19, the implementation of the new Customer and Localities Directorate has delivered the full business case saving and every effort has been made to reduce the impact on our staff.

Beyond phase 2 the methodology and principles of 21st Century Council will be applied to Adult Social Services and Children's Services, including the lessons learnt and the successes experienced. This will form part of the overall CIP during the next financial year and beyond.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £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) | £129m | Yes | Revenue |
| Next Financial Year (Year 2) | As per MTFP | Yes | Revenue |
| Following Financial Year (Year 3) | As per MTFP | Yes | Revenue |

Other Financial Information

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.

| |
|--|
| Stakeholder Considerations and Consultation |
| None |

| |
|--|
| List of Background Papers |
| Appendix A – Revenue summary Appendix B – List of carry forwards Appendix C – General Fund Balance Appendix D – HRA summary Appendix E – Schools block summary |

| | |
|-------------------------------------|--|
| Contact Mark Thompson | Service Business Services |
| Telephone Tel: 0118 974 6555 | Email mark.thompson@wokingham.gov.uk |

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REVENUE MONITORING REPORT OUTTURN 2018/2019

GENERAL FUND SUMMARY

| | End of Year Position | | | | Details of Year End Variance |
|----------------------------------|----------------------|------------------|----------------------------|-------------------|--|
| | Budget £,000 | Actuals £,000 | Carry Forwards £,000 | Variance £,000 | |
| Corporate Services | 10,255 | 8,715 | 891 | (650) | Cost pressures from increased business rates at Shute End and other corporate properties. These pressures will be offset by underspends in debt management costs as a result of delayed external borrowing, additional income from traded legal services and staffing efficiencies across the service. In addition, £0.2m of additional levy was returned by Government in January 2019. |
| Chief Executive | 5,763 | 5,194 | 724 | 155 | Unbudgeted costs due to recruitment costs for vacant Chief Executive and Director posts, severance pay and other specialist / consultancy services spend. |
| 25 Children's Services | 30,795 | 32,163 | 0 | 1,368 | Demand led pressures in Children's social care staffing budgets, with significant pressures also experienced in Home to School Transport particularly in relation to children and young people with special educational needs and disabilities. Pressures in part offset by underspends in placement budgets. |
| Adult Social Care | 47,483 | 47,250 | 300 | 67 | Significant pressures in commissioned care and support, in particular Learning Disability. Savings through maximising NHS funding for appropriate individuals, targeted use of equipment to reduce the need for double handed home care support, and reviews of very expensive packages of support has contributed to a vastly improved financial position for the service. |
| Customer and Localities Services | 33,956 | 33,668 | 129 | (159) | Increase in planning consultancy due to increase in demand of planning appeals offset from a drive on permanent recruitment to reduce expenditure on agency costs and realising other efficiencies across the directorate. |
| Total | 128,252 | 126,990 | 2,044 | 781 | |

Note

Variance = Actuals plus carry forwards less budget.

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GENERAL FUND SUMMARY - 2018/19 CARRY FORWARDS

| Directorate | Budget Description | Reason for Carry Forward | Amount £ |
|---|---|--|-------------------|
| Adult Social Services | Optalis IT Business Case | Business case ongoing and will continue in 19/20. Money needed to support resources needed for this review | £100,000 |
| | Deprivation of Liberty Safeguards (DOLS) | To clear backlog of cases and introduce retraining of 'Best Interest Assessors' to work effectively on DOLS cases | £200,000 |
| Adult Social Services Total | | | £300,000 |
| Corporate Services | Local Plan | The amended process which allowed for additional public engagement, pushes back the publication of the Draft Plan stage, Proposed Submission Plan stage, and key areas of spending into later project years | £715,830 |
| | Joint Central and Eastern Berkshire Minerals and Waste Plan | The final contract incorporates an amended payment profile of consistent equal yearly payments, resulting in reduced spend in 2018/19. The carry forward will go towards meeting future year contractual costs | £174,880 |
| Corporate Services Total | | | £890,710 |
| Chief Executive | 21st Century Programme | Phase 3 implementation to continue into 2019/20, resources required to continue the programme | £724,000 |
| Chief Executive Total | | | £724,000 |
| Customer and Localities Services | Master Planning | Change in delivery model resulting in implementation going into 2019/20 | £120,070 |
| | Play Area - Equipment Improvements | Recent adverse weather conditions (rain and winds in Jan-Mar) have prevented work on surfacing and play equipment. | £9,040 |
| Customer and Localities Services Total | | | £129,110 |
| 2018/19 Carry Forward Requests Total | | | £2,043,820 |

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Estimated General Fund Balance - 31st March '19

| | £,000 | £,000 |
|---|----------|-----------------|
| General Fund Balance (as at 31/3/2018) | | (£9,124) |
| <u>Special Items</u> | | |
| 18/19 Special Items - One off expenditure | £2,738 | |
| 18/19 Special Items - One off income | (£2,898) | |
| | | (£160) |
| <u>Supplementary Estimates</u> | | |
| Children Services - Council Tax Exemption for Care Leavers (Mar '18 Exec) | £66 | |
| Chief Executive - Revised salary range for Chief Exec post (Jul '18 Exec) | £16 | |
| Adult Social Services / Children Services - Restructuring of Tier 2 in People Services (Jul '18 Exec) | £68 | |
| Adult Social Services - IT Feasibility Study (Jan '19 Exec) | £100 | |
| | | £250 |
| <u>Carry Forwards from 2017/18</u> | | |
| Adult Social Services | £163 | |
| Chief Executive | £273 | |
| Children's Services | £96 | |
| Corporate Services | £25 | |
| Customer and Localities Services | £1,042 | |
| | | £1,599 |
| <u>Service Variance (excluding 19/20 carry forwards requests)</u> | | |
| Adult Social Services | (£233) | |
| Chief Executive | (£569) | |
| Children's Services | £1,368 | |
| Corporate Services | (£1,540) | |
| Customer and Localities Services | (£288) | |
| | | (£1,263) |
| General Fund Balance 31/3/2019 - Pre Carry Forward | | (£8,699) |
| 19/20 Carry Forward requests | | £2,044 |
| General Fund Balance 31/3/2019 - After Carry Forward | | (£6,655) |

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HOUSING REVENUE ACCOUNT

Director: G Ebers

Lead Member, Housing Services: Norman Jorgensen

| Service | Year End Position | | | Details of Year End Variance | |
|--|-------------------|------------------|-------------------|------------------------------|---|
| | Budget £,000 | Actuals £,000 | Variance £,000 | | |
| Rents | Expenditure | 378 | 1 | (377) | |
| | Income | (14,847) | (14,553) | 294 | |
| | Net | (14,469) | (14,552) | (83) | |
| Fees & Charges / Capital Finance Charges | Expenditure | 97 | 111 | 14 | |
| | Income | (125) | (135) | (10) | |
| | Net | (28) | (24) | 4 | |
| Housing Repairs | Expenditure | 2,991 | 3,133 | 142 | |
| | Income | (30) | (79) | (49) | |
| | Net | 2,961 | 3,053 | 92 | |
| General Management 31 | Expenditure | 886 | 834 | (52) | Operational efficiencies across various elements (staffing, day to day running costs, etc) |
| | Income | (19) | (18) | 1 | |
| | Net | 867 | 816 | (51) | |
| Sheltered Accommodation | Expenditure | 426 | 556 | 130 | Agency cost pressures as recruitment into permanent staff positions took longer than expected |
| | Income | (409) | (456) | (47) | |
| | Net | 17 | 100 | 83 | |
| Other Special Expenses | Expenditure | 114 | 102 | (12) | |
| | Income | 0 | 0 | 0 | |
| | Net | 114 | 102 | (12) | |
| Capital Finance | Expenditure | 6,617 | 6,610 | (7) | |
| | Income | (36) | (31) | 5 | |
| | Net | 6,581 | 6,579 | (2) | |
| Subtotal Excluding Internal and Capital Charges | | (3,956) | (3,926) | 30 | |
| Internal and Capital Charges | | 4,156 | 4,156 | 0 | |
| Total | | 200 | 230 | 30 | |

| Housing Revenue Account Reserve | £,000 |
|--|----------------|
| HRA Reserves as at 1st April 2018 | (4,057) |
| 2018/2019 Planned Spend | 1,244 |
| 2018/2019 Variance | 30 |
| Estimated HRA balance as at 31st March 2019 | (2,782) |

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SCHOOLS MONITORING REPORT OUTTURN 2018/2019

| | End of Year Position | | | Details of Year End Variance |
|--|----------------------|------------------|-------------------|--|
| | Budget £,000 | Actuals £,000 | Variance £,000 | |
| Schools Block | | | | |
| Total Individual Schools Budgets, High needs & Early Years Allocations | 126,538 | 126,900 | 362 | Pressures due to the increase in the number of children now requiring more support and extra costs for placing children out of the borough. |
| Total Central Expenditure | 3,137 | 3,313 | 176 | Licence costs not funded by DFE as previously expected. |
| Total Schools Budget Expenditure | 129,675 | 130,213 | 538 | |
| Total Schools Block Funding Income ∞ ∞ | (129,675) | (129,168) | 507 | Expected reduction in income due to number of children in Early Years lower than DfE estimates at start of year, £830k. Offset by additional high needs block income announced by Government late January (£320k). |
| Total in-year (surplus) / deficit | 0 | 1,045 | 1,045 | |
| Brought Forward (surplus) / deficit balance | 0 | 527 | 527 | |
| Total Year End (Surplus) / Deficit | 0 | 1,572 | 1,572 | |

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| | |
|-----------------------------|--|
| TITLE | Capital Outturn 2018/2019 |
| FOR CONSIDERATION BY | The Executive on Thursday, 30 May 2019 |
| WARD | None Specific; |
| LEAD OFFICER | Deputy Chief Executive - Graham Ebers |
| LEAD MEMBER | Executive Member for Finance - tbc |

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

To inform members of the capital programme outturn for 2018/2019, seek approval for the relevant budget carry forwards and demonstrate effective and safe use of our resources to deliver service improvements and service continuity through capital investments

RECOMMENDATION

That the Executive is asked to:

- 1) approve the Quarter 4 adjustments to the capital programme – Appendix C;
- 2) note the 2018/2019 Capital Outturn, as set out in Appendix A to the report;
- 3) approve the re-profiling of budgets into future financial years, as set out in Appendix B to the report.

EXECUTIVE SUMMARY

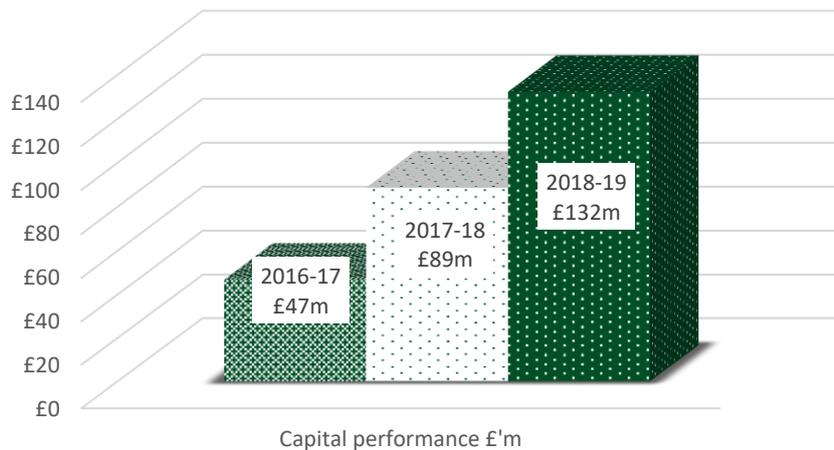
In 2018-19 the Council, against a working budget of **£146.5 million**, made a total capital investment in services of **£132.2 million** representing a spend of 90%

| | |
|------------------------------|----------------|
| Working capital budget | £146.5m |
| 2018-19 Expenditure | <u>£132.2m</u> |
| Variance | £14.3m |
| Breakdown | |
| Underspend | £6.8m* |
| Re-profiling (Carry forward) | <u>£7.5m</u> |
| | £14.3m |

‘* Please note the majority of underspend was due the re-appraisal of two schemes. Once the review has been completed a new bid/scheme will be raised, evaluated and added to programme if approved.

For the second year running the council continues to deliver more capital investment than in any other year in the Council’s history. 2018/2019 represents an increase of £43 million from 2017/2018 expenditure which is a 49.2% year-on-year increase.

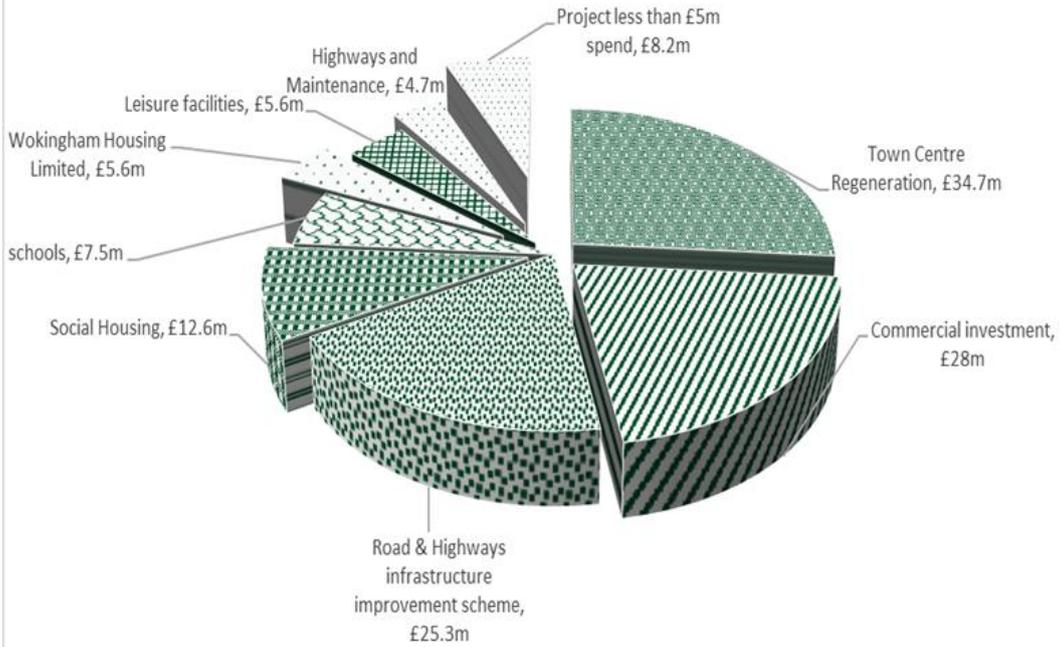
Capital performance (£'m)



During the year the main areas of capital project investment were:

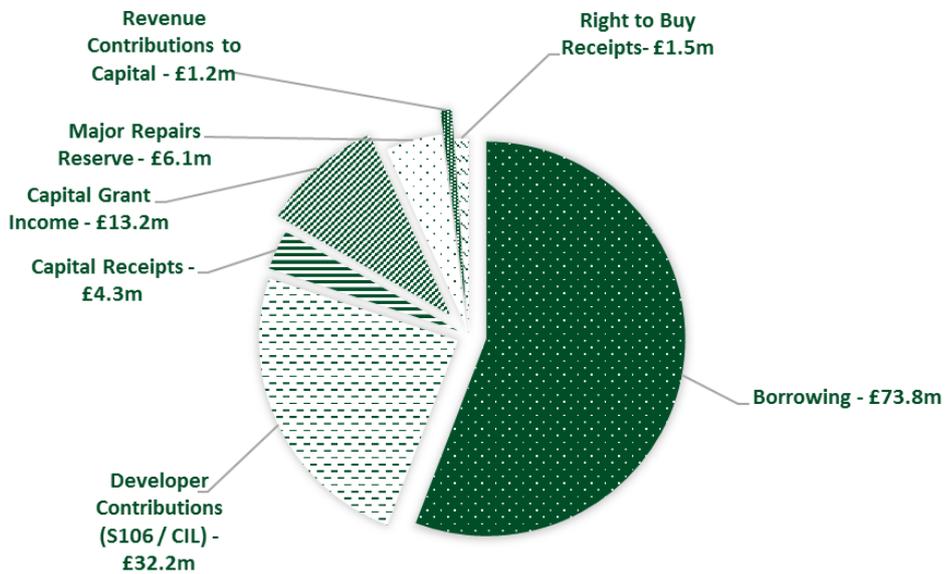
- £34.7 million on town centre regeneration projects (Peach Place, Elms Field and Carnival pool car park)
- £30.0 million on road & highways infrastructure improvements and highways maintenance
- £28.1 million on investments in commercial and regeneration properties (which delivers an gross annual revenue income of £2.8 million)
- £18.2 million investment in new and/or improved social / affordable housing
- £13.7 million on other improvement projects (where individually each scheme is under £5million)
- £7.5 million investment in local schools (new build, extensions and improvements)

Capital investments by asset type

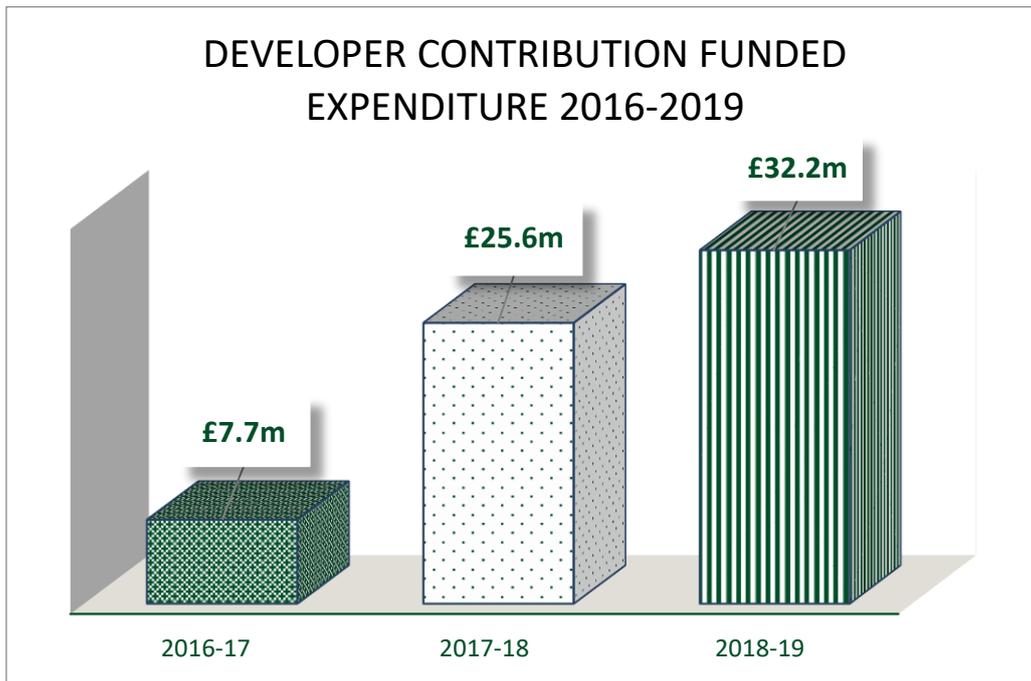


The Council funds its capital expenditure from government grants, developer contributions, capital receipts and borrowing (internal and external).

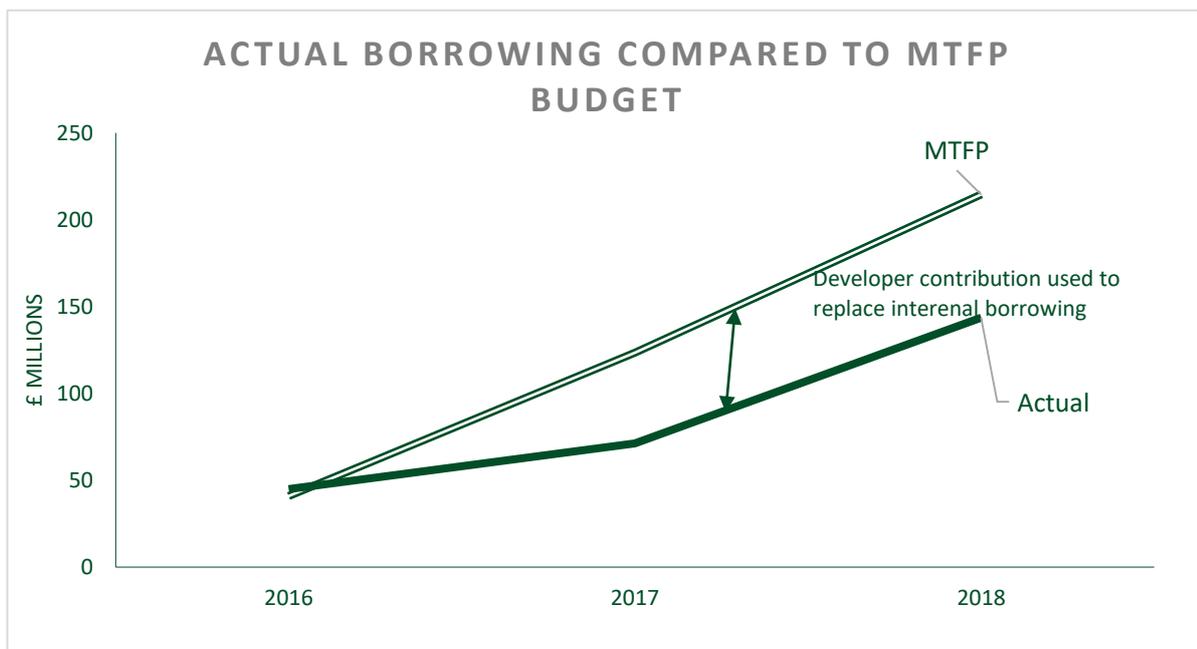
2018-19 CAPITAL EXPENDITURE BY FUNDING (£M)



The Council seeks to maximise the use of developer contributions from Community Infrastructure Levy (CIL) and 'planning gain' (s.106) arrangements to fund capital projects. The amounts applied against the programme over the last three years are shown below:



Developer contributions have been used to fund in year project and to repay forward funded schemes where internal reserves were used to bring forward infrastructure, this is demonstrated in the graph below where actual borrowing significantly less the MTFP budget.



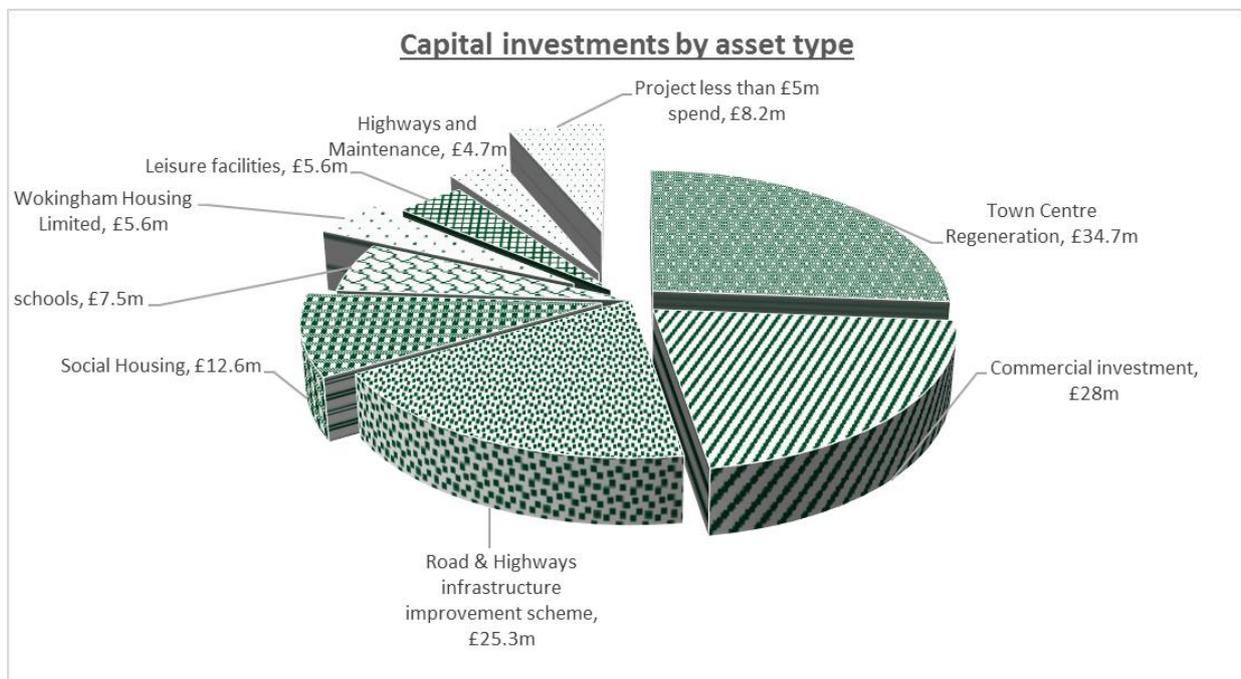
BACKGROUND

Expenditure

During 2018-19 the council has continued its ambitious capital programme, which has enabled the council to meet its key priorities.

The main areas of capital project expenditure are:

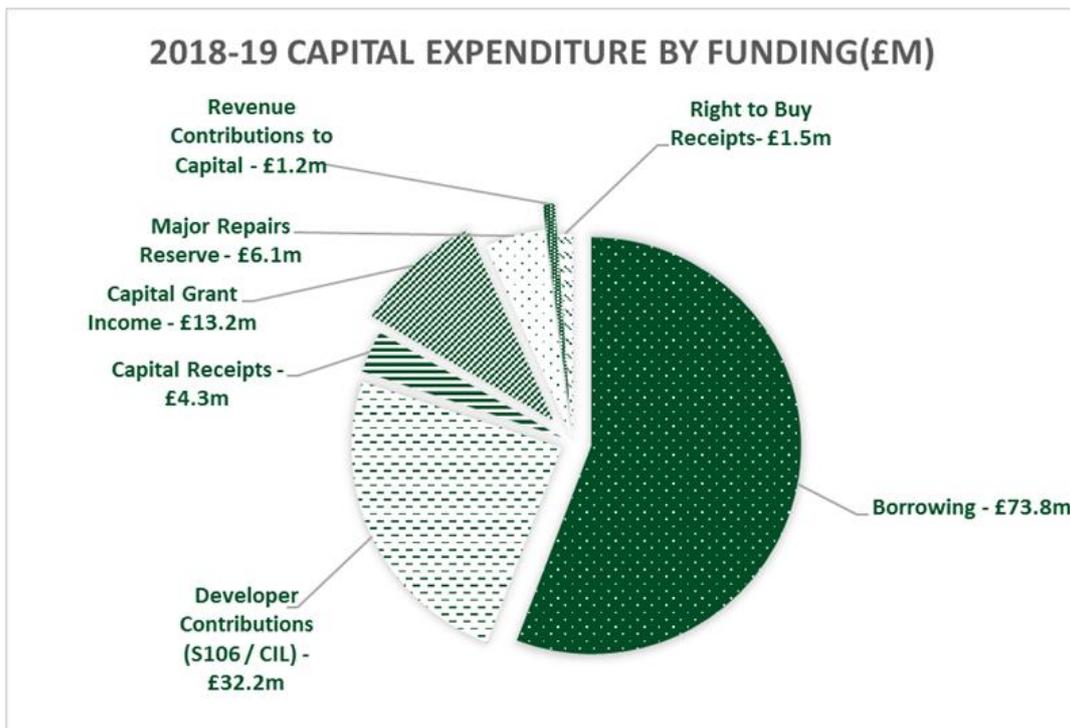
- £34.7million on town centre regeneration projects (Peach Place, Elms Field and Carnival pool car park)
- £30.0 million on road & highways infrastructure improvements and highways maintenance
- £28.1 million on investments in commercial and regeneration properties (which delivers an gross annual revenue income of £2.8 million)
- £18.2 million investment in new and/or improved social / affordable housing
- £13.7 million on other improvement projects (where individually each scheme is under £5 million)
- £7.5 million investment in local schools (new build, extensions and improvements)



. Further detail on spend can be found in appendix A sections 2.1 to 2.9

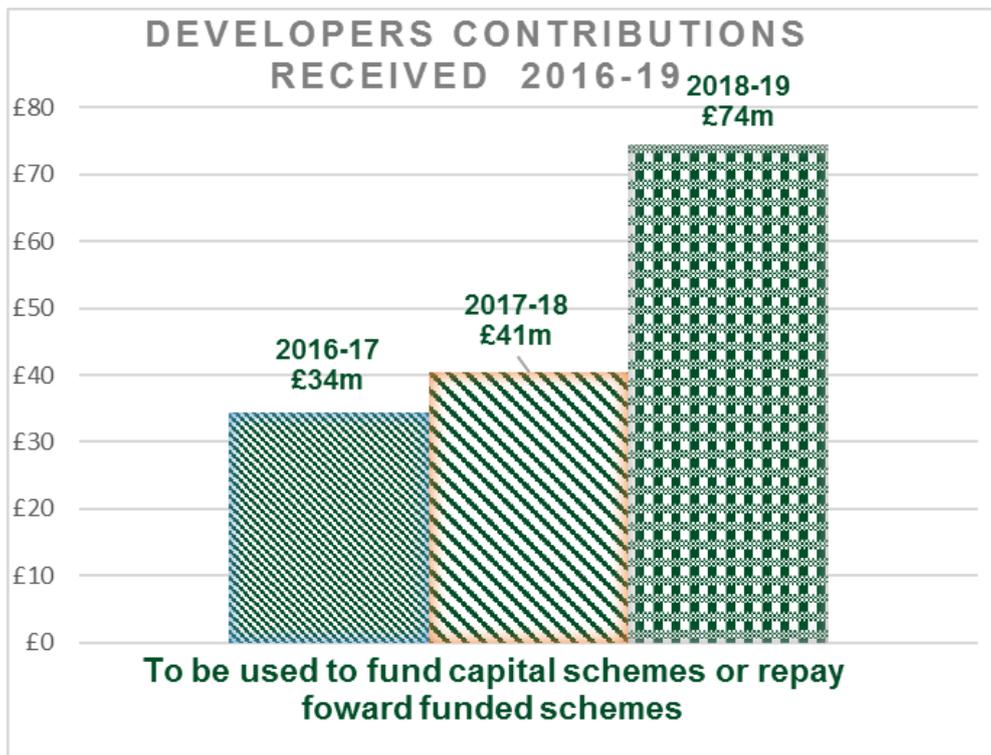
Funding

It is a key requirement that all capital expenditure needs to be funded. Availability of resources to fund this expenditure continues to be in short supply and (as with expenditure) it is essential that these resources are recorded, monitored and allocated to achieve best value for the council and its local tax payers. This includes maximising the use of developer contributions and capital grant funding to reduce the need to borrow, and thus the cost of such borrowing, which will fall upon the local taxation requirement. All borrowing is sustainable, prudent and affordable.



The council continues to deliver capital infrastructure (e.g. strategic roads, schools, etc.) to facilitate growth and development in the borough in advance of contributions to be received from developers in the form of Community Infrastructure Levy (CIL) and s.106 and s.278 agreements (agreements designed to offset 'planning gain'). This is known as 'forward funding' which will eventually be repaid by developer contributions.

These contributions are now being received and will continue for the coming years. The receipt of these contributions have been included when developing the capital vision for the next ten years, and which is updated annually through the capital strategy. The bar chart following page show developer contribution received between 2016 and 31st March 2019



The Council also maintains a prudent reserve to offset any contributions that could be delayed.

Performance

Complex capital build budgets that span a number of years can be difficult to profile accurately and in order to ensure smooth delivery of projects, profiles are generally weighted towards the fastest possible delivery timeline; in practice, these are not always achievable. Appendix C is a list of those schemes which require agreement from the Executive to be re-profiled into future years. It should be noted that the budget for these schemes has already been approved at full Council, and it is the movement of budget between years that is being agreed. Those schemes to which the Council is already contractually committed and/or those for which the majority of funding is by ring-fenced or returnable grant or contributions are automatically carried forward of £7.5million

For 2018/19, there was an under spend of £6.8 million due to:

- £4 million on a self-build project which is to be funded by developer contributions. further work is being completed on the progression of this scheme and new bid/scheme will be evaluated and added to the programme if approved
- £2 million on strategic land purchases currently no acquisitions have been identified. Once any acquisitions are identified a new bid/ scheme will be evaluated and added to the programme if approved

The unused funding resource will be returned to capital reserves and then recycled to support new projects in future years (subject to Council approval) or used to reduce the underlying need to borrow.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £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) | £132.2m | Yes | Capital |
| Next Financial Year (Year 2) | As per MTFP | Yes or No | Capital |
| Following Financial Year (Year 3) | As per MTFP | Yes or No | Capital |

Other Financial Information

Robust monitoring is carried out on a monthly basis and reported to CLT. Quarterly monitoring reports are also reported to the Executive

Stakeholder Considerations and Consultation

None

List of Background Papers

Appendix A- Capital outturn report
Appendix B- Carry forwards for approval
Appendix C- Adjustments to the capital programme

| | |
|-------------------------------------|--|
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WOKINGHAM BOROUGH COUNCIL



WOKINGHAM BOROUGH COUNCIL

CAPITAL PROGRAMME 2018/19 OUTTURN REPORT

WOKINGHAM BOROUGH COUNCIL
Capital Programme 2018/19 Outturn

INDEX

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Appendices

Appendix B Carry forwards

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1.0 Capital Budget

In February 2018, the Council approved the Capital Programme of £179.97m for 2018/19. Following the closure of accounts in April 2018, the programme was further increased by £51.01m as a result of agreed reprofiling from the previous years. During the year Executive have approved a further £15.92m of new budget (match-funded by grants/contributions).

During the year, officers profile a working (deliverable) budget. As at 31 March 2019, the **working budget was set at £146.5m**; this is the budget that the Council monitors to and records against. The surplus above the working budget is reprofiled to later years, and agreed by Executive.

2.0 Capital Investments in the borough

During 2018-19 the council has invested in the following key areas:

Table (A) investments by key priority

| key priority | Outturn (£000) |
|---|-------------------|
| Sustainable towns and parishes | 36,844 |
| Encouraging physical and mental wellbeing | 5,583 |
| Provide affordable homes; | 18,180 |
| Traffic congestion | 32,476 |
| Ensuring opportunity for all children | 7,491 |
| Economic prosperity | 29,711 |
| Clean, green and enjoyable spaces | 1,138 |
| Promoting quality of life for vulnerable adults | 763 |
| Total | 132,186 |

2.1 Investment in Sustainable towns and parishes

The impact of development affects each of Wokingham Borough communities in different ways. New communities are being formed, as a result of growth in the Borough, and existing communities are changing. To meet this challenge and ensure thriving, strong local communities. The councils has invested in the following:

- £34.7m Town Centre Regeneration
- £2.1m Strategic asset enhancement (e.g., street lighting, flood alleviation etc.)

2.2 Encouraging physical and mental wellbeing

The council has invested the following area to improve emotional and mental health, reduce self-harm and increase physical activity for adults and children.

- £5.6m Leisure facilities

2.3 Provide affordable homes

The borough has a growing population and increasing demand for affordable and appropriate need housing. To meet this challenge the council and its companies have invested in the following:

- £12.6m Social Housing
- £5.6m Affordable housing (Wokingham Housing Limited)

2.4 Traffic congestion

Nationally, traffic levels are predicted to grow by a further 55% by 2040 and Wokingham is no different. Many people consider congestion in the borough to be a serious or very serious problem to add to traffic caused by our new developments a high volume of traffic goes through the Borough to neighbouring areas or to join the motorway network. To address the situation the council has invested in the following:

- £25.3m Road & Highways infrastructure improvement scheme
- £4.7m Highways and Maintenance
- £2.0m Foot/bridle/cycle ways enhancements/new build
- £0.4m Car parking
- £0.1m Highways Footway Structural Maintenance & improvement

2.5 Ensuring opportunity for all children

The borough has a vision that all children and young people should have the opportunity to achieve their full potential. To meet this objective the council has invested in the following:

- £7.5m Schools & Enhancing Provision for Children & Young People with Disabilities

2.6 Economic prosperity

The council has ambitious plans to maximise opportunities to generate additional income to fund key services and to encourage growth in the borough at the same time attracting new businesses to Wokingham Borough. The following capital investments are key:

- £28.1m commercial investment and economic regeneration (providing an revenue return of £0.5m in 18/19 increasing to £2.8m annually)
- £1.6m IT Systems (including hardware/software)

2.7 Clean, green and enjoyable spaces

The borough objective is to maintain and enhance its local environment while providing best value for money services, the following capital investments have been provide to meet this objective:

- £1.0m Country parks / play areas and
- £0.1m Waste Schemes

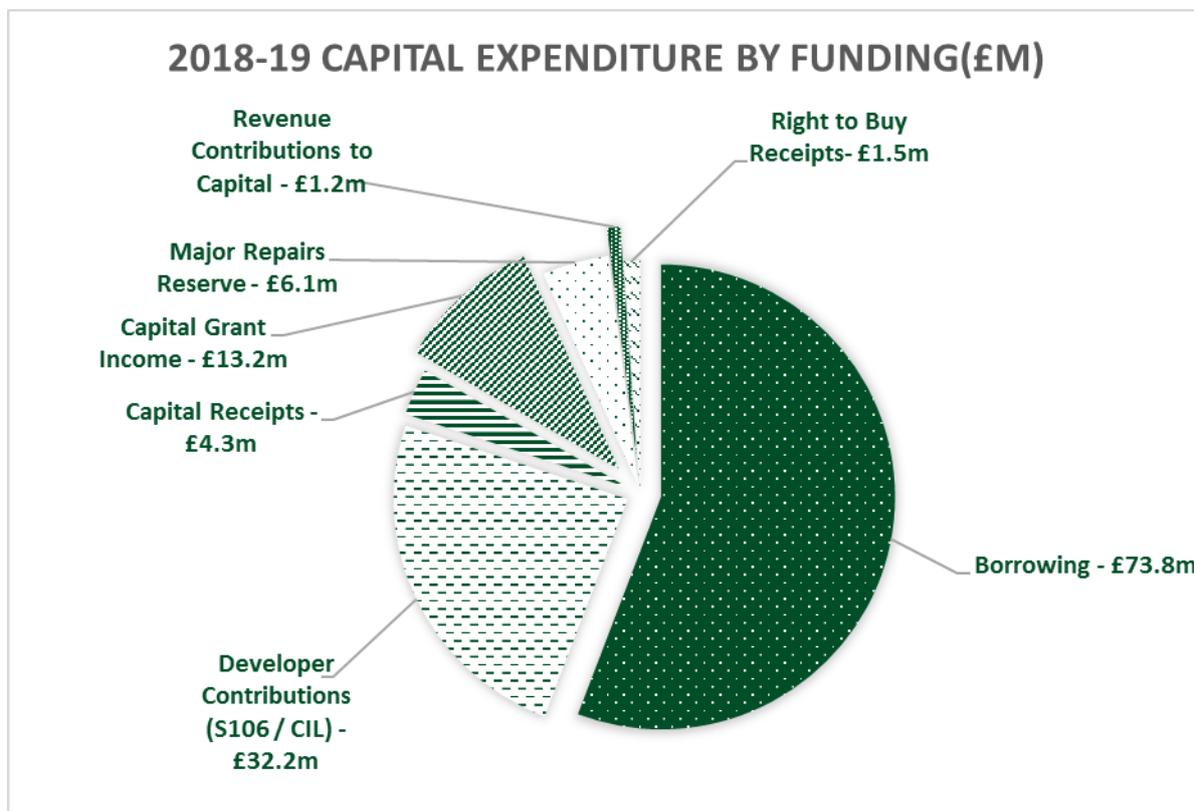
2.8 Promoting quality of life for vulnerable adults

In accordance with national trends people in the borough are living longer which creates greater demand for Social Care services. To meet this challenge the council has invested in the following:

- £0.6m Disabled Facility Grants
- £0.2m Adult social care asset enhancement/new build

3.0 Financial summary

As mention in section 2 the Council has invested £132m in capital projects. The Council has financed this expenditure through a number of different sources outlined in the charts below:



£16m grants received in 18/19

£13.2m utilised in 18/19

The Council has been successful in securing total grants of £16m

£60.9m S106 received in 18/19

£22m utilised in 18/19

The council has utilised over £22m of s106 contributions received from developers to fund improvements in various projects.

£13.5 CIL received 18/19

£10.2m utilised in 18/19

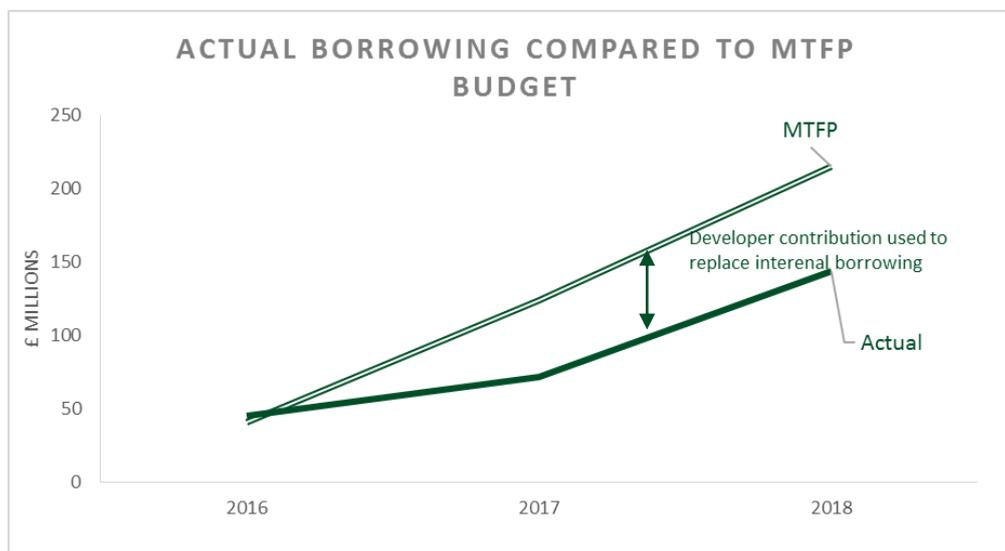
The council has utilised over £10.2 in community infrastructure levies (CIL)

£73.8 Prudential
Borrowing in 2018/19

The Council used £73.8m of prudential borrowing to fund capital expenditure in 2017/18. The £30.0m of this funding is from internal borrowing. Forward funded internal borrowing will be replaced by developer contributions when the council receives them.

3.1 Forward funding

Over the last three years the council planned to fund several large infrastructure scheme with borrowing as the following graph shows how the actual borrowing was less than originally forecast this is due in to developer contributions once received being used instead of borrowing.



4.0 Performance

Complex capital build budgets that span a number of years can be difficult to profile accurately and in order to ensure smooth delivery of projects, profiles are generally weighted towards the fastest possible delivery timeline; in practice, these are not always achievable. This budget is then re-profiled into future years, and often later expenditure also slips back to match the expected project delivery timescales.

2018/19 Capital investments has increased by 49.2% to £132.2M from 2017/18 outturn

Creation of the working budget is broken down below:

Budget time line

- £179.9m February 2018 MTFP approved budget.
- £99.7m 17-18 approved carry forwards
- (£48.7m) 17-18 carry forwards moved into future years.
- (£98.2m) re-phasing of capital budgets
- £13.8m additional budgets added during 18-19

Total working budget for 18-19 of **£146.5m**

Table (A) Performance by key priority

| key priority | Working Budget | Forecast Outturn | Carry Forward | Current Year (Under)/Overspend | Performance |
|---|----------------|------------------|---------------|--------------------------------|-------------|
| Sustainable towns and parishes | 34,391 | 36,844 | (4,659)* | (2,206) | 107% |
| Traffic congestion | 39,527 | 32,476 | 6,913 | (138) | 82% |
| Economic prosperity | 23,511 | 29,711 | (5,498)* | 702 | 126% |
| Provide affordable homes; | 26,957 | 18,180 | 4,877 | (3,900) | 67% |
| Ensuring opportunity for all children | 12,732 | 7,491 | 5,179 | (62) | 59% |
| Encouraging physical and mental wellbeing | 5,254 | 5,583 | (1,436)* | (1,107) | 106% |
| Clean, green and enjoyable spaces | 3,055 | 1,138 | 1,915 | (2) | 37% |
| Promoting quality of life for vulnerable adults | 1,082 | 763 | 233 | (86) | 70% |
| Total | 146,509 | 132,186 | 7,524 | (6,799) | 90% |

*Please note these schemes expenditure have accelerated from the working budget but still within the approved MTFP budget including carry forwards.

The performance (actual compared with the budget) by key priority is shown in table (B) As expected and explained above, spend lags behind budget across all areas, although forecast outturn is within 0.76% of the forecast outturn of £132.2m reported to executive at the end of quarter three.

Table (B) Performance by service

| | Working Budget | Outturn | Carry Forward | Current Year (Under)/Overspend | Performance |
|------------------------------|----------------|----------------|---------------|--------------------------------|-------------|
| | £'000 | £'000 | £'000 | £'000 | % |
| Children's Services | 12,455 | 7,449 | 4,949 | (57) | 60% |
| Corporate Services | 10,159 | 8,835 | 918 | (406) | 87% |
| Chief Executive | 52,847 | 63,418 | (10,571) | 0 | 120% |
| Locality & Customer Services | 70,073 | 51,933 | 11,899 | (6,241) | 74% |
| Adult Services | 975 | 551 | 329 | (95) | 57% |
| | 146,509 | 132,186 | 7,524 | (6,799) | 90% |

*Please note these schemes expenditure have accelerated from the working budget but still within the approved MTFP budget including carry forwards.

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The executive are asked to approve the uncommitted carry forwards below:

| Un-Committed re-profiling (carry forwards) | | Carry Forward Budget from 18/19 £'000 |
|--|---|---------------------------------------|
| C2008-100 | Legionella Management | 42 |
| C2223-100 | Ambleside Centre - Replace Soakaway at Front and Side of School | 10 |
| C2231-203 | Highways Carriageways Structural Maintenance | 50 |
| C2231-231 | Highways Carriageways Structural Maintenance | 50 |
| C2277-100 | Create additional burial space | 43 |
| C2358-100 | Transition of WBC's ICT service / infrastructure to a mixed economy model | 48 |
| C2497-100 | Property Maintenance and Compliance | 34 |
| C2508-101 | Traffic Signal Schemes | 70 |
| C2527-103 | Highwood Primary Expansion | 7 |
| C2537-100 | Ambleside Centre - New Air Conditioning System | 10 |
| C2538-100 | Schools Asbestos Surveys | 27 |
| C2559-100 | Replacement for Day services for adults | 3 |
| C2633-100 | (SUM) Westende Junior - Drainage works | 6 |
| C2662-100 | School Fencing Upgrades - Various locations | 11 |
| C2679-100 | Asbestos Management Surveys | 19 |
| C2720-100 | Colleton Primary-Lighting and roof works | 9 |
| C2738-100 | Woodford Park Play Area Improvements | 6 |
| C2739-102 | Dilapidation works | 25 |
| C2745-100 | Emmbrook Jnr Rollalong upgrade | 7 |
| C2746-100 | Willow Bank Inf/Jnr Hall Windows Upgrade | 60 |
| C2747-100 | Emmbrook Jnr Electrical supply upgrade | 20 |
| C2748-100 | Lambs Lane - Roof Upstands Improvements | 10 |
| C2759-100 | Gorse Ride Affordable Housing phase 2 | 35 |
| C2781-100 | Kentwood PROW Footpath Improvements | 18 |
| C2786-100 | California Country Park Destination Play Area Project | 12 |
| C2797-100 | Enhanced accommodation for the Foundry PRU | 47 |
| C2810-100 | Maintaining an enhanced level of IT infrastructure | 9 |
| C2811-100 | IT Network capability & resilience improvement | 5 |
| C2827-100 | Peach Place Key Worker Housing | 201 |
| C2834-100 | Shute End Accommodation Moves & Refurbishment | 35 |
| C2874-100 | Emmbrook Comprehensive School (SUM) Underground heating mains Upgrade | 47 |
| P1503-100 | Extra care/Enhanced sheltered housing | 8 |
| P1504-100 | Day service provision for the physically disabled | 9 |
| P1600-100 | Commercial Portfolio - Improvement to WBC commercial properties | 7 |
| P1603-100 | Schools Access | 5 |
| P1604-100 | Basic Needs Primary Programme | 74 |
| P1618-100 | Highways Carriageways Structural Maintenance | 13 |
| P1629-100 | Safety / Crash Barriers | 5 |
| P1695-100 | Public Rights of Way Network | 4 |
| P1732-100 | Town Centre Regeneration - Strategic Acquisition Sites | 141 |
| P1757-100 | Southlake Dam Crest Reparation | 18 |
| P1786-100 | Library Offer | 0 |
| P1790-100 | Denmark Street Environmental Improvements | 24 |
| P1798-100 | Byways | 14 |
| P1803-100 | Borough Wide Non SDL Play Area Enhancement Project | 5 |
| P1804-100 | Cantley Park Destination Play Area Project | 45 |
| P1814-100 | Gorse Ride Regeneration (Phase 1) | 33 |
| P1817-100 | Self-Build Project | 17 |
| P1819-100 | Payment of Commuted sums | 71 |
| P1864-100 | Micro-asphalt fund | 11 |

| | |
|----------------------------------|--------|
| Total uncommitted carry forwards | £1,478 |
| Total Committed carry forwards | £6,046 |
| Total carry forwards | £7,524 |

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The council are asked to retrospectively approve and note the budget adjustments in the capital programme for 2018/19 since the quarter 3 capital monitoring.

- £4,027,164 - Elms Field increase - funded by CIL receipt payable to by the council for the elms field development
- £4,000,000 - Elms Field release 2019/20 budget in advance due to increase level of construction in year to plan
- £535,823 - Devolved Formula grant received in early 2019 – is ring fenced and allocated corrected to schools (approx. £500k – I can check this one)
- £4,421,561 - Shinfield Eastern Relief Road – need to bring forward £4m from 2019/20 budget as we were required to passport S106 receipts received in year on to Reading University (for construction of the road)
- £250,000 - Ryeish Green Leisure Centre – funded by developer contributions

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Agenda Item 8.

| | |
|-----------------------------|------------------------------------|
| TITLE | Future Housing Consultation |
| FOR CONSIDERATION BY | The Executive on 30 May 2019 |
| WARD | None Specific; |
| LEAD MEMBER | Leader of the Council |

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

To approve a public consultation on future housing in Wokingham Borough.

RECOMMENDATION

That Executive:

- 1) approve the future housing consultation, in the form set out in paragraph 3.1;
- 2) authorise a supplementary estimate of £45,000 - £80,000 to fund the consultation;
- 3) authorise the Director of Corporate Services and Director Locality and Customer Services, in consultation with the Leader of the Council, to agree minor amendments, if necessary, prior to consultation.

EXECUTIVE SUMMARY

This report seeks approval from Executive to commence a consultation seeking residents' opinion on the Government's housing requirement for Wokingham Borough.

Through our engagement with residents, residents have expressed concern regarding the housing development Wokingham Borough is being asked to accommodate by Government.

The Government's National Planning Policy Framework (NPPF) requires local authorities to prepare Local Plans informed by a local housing needs assessment, calculated using a standard method. The housing need figure for Wokingham Borough has varied from 752 dwellings per annum (dpa) to 876 dwellings per annum, and some planning inspectors have suggested higher figures are appropriate. Local housing need currently calculates as 804 dwellings per annum.

This scale of requirement exceeds what Wokingham Borough has been required to accommodate previously. It is also 40-50% higher than the average growth in the number of households projected by the Office for National Statistics.

The Core Strategy sets out the council's current approach to growth, which is fully meeting the defined housing needs of Wokingham Borough. This approach enables sustainable, infrastructure rich new development, including new roads, schools and significant affordable housing provision. Despite this delivery, planning appeals have been allowed for developments outside the areas where development is planned. This fundamentally undermines the plan-led system established by the Core Strategy Local

Plan, and forces communities to accept additional development that has not been planned for.

This report recommends a consultation to gauge residents' opinion on the Government's housing requirement by asking:

Do you support the government imposed housing numbers?

In order to provide a robust evidence base to support WBC's case to Government, the consultation will:

- Be easy to complete and well-publicised in order to encourage a high response rate
- Safeguard against abuse of the process through measures to reduce risk of multiple responses from individuals

It is recommended to achieve this by:

- An advanced publicity campaign to increase awareness of the consultation and to notify residents that they will receive a consultation post card in the post.
- Postcards or letter with freepost response provided to be sent directly to all households in the borough with a short explanation of the issue and the question being asked. The post card would include the web address with more information and an online survey for residents to submit their response. If a freepost option is included, this would be included in the letter sent to all households.
- Each postcard or letter would a unique reference code (URC) that residents can use when submitting responses online.
- The online survey will require respondents to input either the URC or their postal address. This will allow more than one residents from a household to take part in the consultation while allowing WBC the opportunity to investigate incidents of potential multiple responses from individuals.
- Due to timing and the additional cost implications, responses will be submitted through an online survey. However, residents will also be able to contact the council by phone in order for a hard copy of the form to be sent out.

BACKGROUND

1.1 Through our engagement with residents, residents have expressed concern regarding the housing development Wokingham Borough is being asked to accommodate by Government.

1.2 Our residents' concern can be split into two primary issues:

1. The overall amount of housing being required; and
2. The allowing of developments which are contrary to our planning strategy by Government Planning Inspectors.

Analysis of Issues

2.1 As a matter of statute, local authorities must prepare a Local Plan which sets out planning policies for the management of development. Amongst a wide range of issues, the Local Plan must set out the approach to housing.

2.2 Local Plans must be review and updated so they remain up to date. Where Local Plans are older, planning inspectors may give little or no weight to its policies. Our Core Strategy Local Plan was adopted in 2010 with additional policies adopted in 2014. Being more than five years since its adoption, some policies have been regarded by some (but not all) planning inspectors as out of date; a position which we are challenging.

Overall amount of housing

2.3 The Government's planning policy is set out in the National Planning Policy Framework (NPPF). This requires a Local Plan to be informed by a local housing needs assessment. This was previously prepared using an Objectively Assessed Need (OAN) assessment but more recently the Government has introduced a simple 'standard methodology'. Prior to these approaches, local plans were prepared to accord with a regional planning strategy which set housing requirements for each local authority.

2.4 Using the standard method, the local housing need for Wokingham Borough calculates at 804 dwellings per annum. This figure is recalculated each year meaning there is a high degree of uncertainty as to how much housing should be planned for. Over the last few years, the local housing need for Wokingham Borough has varied between 752 and 876 dwellings per annum; and some planning inspectors have suggested higher figures are appropriate. The housing requirement set out in our Core Strategy Local Plan s 662 dwellings per annum on average however under the NPPF regard must currently be had to the standard method.

2.5 The outcome of the standard method is substantially higher than the projected growth households. National projections of household growth prepared by the Office for National Statistics predict an average of around 550 new households forming each year in Wokingham Borough. The standard method thereby requires an uplift over the demographic starting point of 40-50%; currently arriving at the 804 figure.

2.6 Government policy on housebuilding is to deliver 300,000 homes a year by the mid-2020s. The standard method is designed to drive this level, however in doing so it takes no account of local context or the strategic impacts of doing so.

2.7 The Government have indicated they will make further changes to how housing need should be calculated. Currently no details are available.

Unplanned developments

2.8 As an organisation, Wokingham Borough Council understands and supports the need to provide homes and the Government's desire to speed up delivery. That is why we are a proactive planning authority, seeking to shape future development through a carefully managed approach.

2.9 Our approach is enabling the delivery of sustainable, infrastructure rich new communities including £500m+ investments in new primary and secondary schools; new strategic roads, new neighbourhood and district centres, new and enhanced sports hubs, parkland and improvements to public transport, as well as over 30% affordable housing (valued at almost £500m also).

2.10 The strategy established by our Core Strategy Local Plan is working to fully meet the defined housing needs of Wokingham Borough. There should be no doubt that we have made tough choices regarding development and have placed resources towards doing our part in delivering new homes. Our last assessment found the deliverable housing land supply to be 6.83 years (5 years is required by Government policy) and performance against the new Housing Delivery Test was 157%.

2.11 Notwithstanding this record in delivery, planning appeals have been allowed for developments in locations which are outside areas where development is planned. In effect, communities are having to accept additional development coming forward in an unplanned manner. It is not acceptable for the plan-led system to be undermined in this way.

2.12 Given that the strategy established by our Core Strategy Local Plan is meeting the past and future requirements set out in the Government's NPPF, including the level of housing need calculated by the standard method, our planning policies should be found up-to-date and given full weight in decisions. Public interest is clearly engaged here, as residents are being asked to accommodate very large amounts of new housing and the plans to which they have contributed should be given a great deal of respect.

Recommended consultation

3.1 To fully gauge the opinion of residents, this report recommends a dedicated consultation on future housing delivery. The proposed question is:

Do you support the government imposed housing numbers?

Consultation process

3.2 A postcard or letter with freepost response included will be sent to every household in the borough setting out the background and purpose of the consultation. This would provide a link to a website with the online survey that asks the above question, alongside a unique identifying number that will need to be entered when completing the survey. This will allow a more detailed understanding of responses from each part of the borough. The freepost option would provide an opportunity for residents to provide a hard copy response.

3.3 The consultation will take place in summer 2019, with exact dates to be confirmed.

3.4 . The views expressed through the consultation will help us engage with the Government to get them to be more reasonable regarding expected development levels going forward.

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) | £45-80k | No. £45-80k | Revenue |
| Next Financial Year (Year 2) | £0 | n/a | n/a |
| Following Financial Year (Year 3) | £0 | n/a | n/a |

Other Financial Information

None

Stakeholder Considerations and Consultation

Consultation will be undertaken in summer 2019, with exact dates to be confirmed. A postcard or letter will be sent to each household in the borough setting out the background to the consultation, including a website address where the survey can be completed.

Resourcing and Timeline for Next Steps

The consultation will be undertaken in summer 2019, with the exact dates to be confirmed. There is anticipated to be sufficient resource to prepare the consultation.

Timeline for Review and Evaluation

Once the consultation has closed responses will be reviewed in order to inform the future approach with government.

List of Background Papers

None

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Agenda Item 9.

| | |
|-----------------------------|--|
| TITLE | Procurement Business Case - Dynamic Purchasing System - Passenger Transport |
| FOR CONSIDERATION BY | The Executive on 30 May 2019 |
| WARD | None Specific; |
| LEAD OFFICER | Director of Locality and Customer Services - Sarah Hollamby |
| LEAD MEMBER | Executive Member for Highways and Transport - tbc |

OUTCOME BENEFITS TO THE COMMUNITY

A Dynamic Purchasing System will make it easier for suppliers to do business with Wokingham Borough Council, providing increased access for harder to reach suppliers including small medium enterprises. The system is an automated and transparent process allowing for enhanced supplier engagement.

RECOMMENDATION

The Executive is recommended to:

- 1) agree to the commencement of the implementation of a dynamic purchasing system (DPS) for the recommissioning and award all of the Councils Passenger Transport Contracts;
- 2) approve the implementation of the Proactis (Procontract) Dynamic Purchasing System;
- 3) approve that for future transport contract award decisions over £500k made through the DPS would be delegated to the Director for Localities and Customer Service (in consultation with the Lead Member for Transport);
- 4) agree that any real savings derived from the implementation of a DPS be referred to Overview and Scrutiny Committee once ascertained.

EXECUTIVE SUMMARY

1. This report is to consider whether to activate a package in the Councils existing Proactis e-tendering software (at no cost to the Council) to enable the functionality of its Dynamic Purchasing (DPS) System for new or re-commissioning of the Councils Passenger Transport contracts over a 10 year period with a budget of £50m for the duration.

2. The 250 Passenger Transport Contracts (non OJEU) that are currently in operation are tendered individually and range between £2k and £130k per annum therefore do not exceed the £500k "Level 2" threshold as detailed in the Procurement and Contracts Rules and Procedures (PCRP) that requires Executive Approval. These contracts will now be consolidated under one OJEU procurement process, which requires the total

ascertainable value of the OJEU Contract be taken into account, which in this case is equal to around £50m over the 10 years, therefore exceeds the “Level 2” threshold, and requires Executive Approval to proceed. Should any new contracts procured through the DPS system exceed £500k then the award of these contracts will be delegated to the Director for Localities and Customer Service (in consultation with the Lead Member for Transport).

3. A Dynamic Purchasing System (DPS) is a combination of the use of an eProcurement tendering tool and the use of approved / accredited supplier lists. Providers register with the system, the Council would then review their suitability and quality systems and if deemed acceptable they are accredited. Unlike the traditional framework contracts, providers can join and leave at any time during the DPS timeframe. Tenders are issued to only accredited providers of the DPS, ensuring a level of quality; however, they are not obliged to submit a quotation.

4. Dynamic Purchasing Systems are used exclusively by public sector organisations. They save time and money by being a quick and easy way to access goods, services and works through an OJEU compliant route. This means less administration work, saving time and money in each tender process. It is also acknowledged that the use of a DPS solution is the most competitive way to tender for services in the market place. It is further reported that Councils spend on transport could be reduced by up to 13% and this could represent a savings opportunity in the region of £250k.

5. These recommendations are being made as the Corporate Transport Unit Project Board has concluded there is sufficient evidence to suggest a dynamic purchasing system could potentially lower the Council’s expenditure through efficiencies from an automated electronic tendering process and reduced administration costs.

6. The implementation of a DPS will not have any impact directly on residents or services provided by Wokingham Borough Council.

BACKGROUND

REASON FOR RECOMMENDATION

1.1 A Dynamic Purchasing System (DPS) is a combination of an eProcurement tool and the use of approved / accredited provider lists. Providers register with the system, the Council then reviews their suitability and quality systems and if deemed acceptable they are accredited. Unlike the traditional framework contracts, providers can join and leave at any time during the specified timeframe. Tenders are then issued only to accredited providers of the DPS; they are not obliged to submit quotes for the tenders.

1.2 To ensure the success of any DPS, resource is required for the following tasks:

I. Agreeing the suitability of the DPS procurement strategy for that spend area and mandating the scope of the DPS.

II. Setting up the DPS rules including building the accreditation process of each spend area, tender templates and responsibilities for the system.

III. Market warming events to launch the DPS system, which will include developing awareness, system training and understanding of the accreditation process.

IV. Encouraging provider participation in the tenders posted on the DPS.

V. Continuous maintenance of the accreditation of new providers and renewals.

VI. Support to the providers to help them to achieve accreditation quality standard.

VII. Running all mini tenders through the DPS system in accordance with the contract rules on approval to tender and award.

VIII. All requirements must be clearly documented in a specification in a language the providers understand for each DPS tender.

1.3 It is essential that the market is fully engaged in the DPS and providers have the capability not only to become accredited but also the willingness to respond to tenders via email notifications.

DPS system

1.4 Under the Public Contract Regulations 2015 all tenders are required to be electronically available. The Council uses an eTendering system with Proactis (Procontract) to meet this obligation. The eTendering licence that we hold includes a DPS system, which is not currently being used. The procurement and accreditation process would be managed internally, this web based system includes the purchase of licences to the IT DPS solution and systems support for buyers and providers. The system and support is free to all providers, purchasers pay a licence fee and implementation fee.

1.5 Using Proactis (Procontract) will allow a quick implementation process, no system integration, procurement staff within the Council are already experienced in using the etendering module, which the DPS will use when running tenders.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £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 | Revenue |
| Next Financial Year (Year 2) | £0 | Yes | Revenue |
| Following Financial Year (Year 3) | £0 | Yes | Revenue |

Other Financial Information

None

Stakeholder Considerations and Consultation

Stakeholder considerations and consultations will be carried out as part of the implementation of a dynamic purchasing system.

List of Background Papers

1. Procurement Business Case
2. <https://www.local.gov.uk/guide-dynamic-purchasing-systems-within-public-sector-it-right-you-and-your-suppliers>

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In accordance with the Procurement and Contracts Rules and Procedures (PCRP) (see section 3.1.1): a formal business case is required for any procurement with a total value above £50,000. The level of approval required for the Business Case depends on the type of procurement and total ascertainable value of the contract, as indicated in the table below:

Level of Approval

State “YES” in the applicable box at either Level 1 or Level 2:

| Type of Procurement | Level 1 | | Level 2 | |
|---------------------|-------------------------------|-------|---|-------|
| | Assistant Director & Director | “Yes” | Assistant Director, Director & Executive Approval | “Yes” |
| Goods and Services | £50k – £500k | | > £500k | Yes |
| Schedule 3 Services | £50k – £615k | | > £615k | |
| Works | £50k – £4,551k | | > £4,551k | |

1. Project Information

| | |
|---|---|
| Project / Contract Title | Dynamic Purchasing System – Passenger Transport |
| Project / Contract Description | Implementation of a DPS System |
| Expected Start Date & Duration (months) | Contract period: 01/10/2019 - 120 Months |
| Any Extension/s Allowed (months) (e.g.: 1 x 24m / 1 x 12m + 1 x 12m) | In addition to the contract period, the following extensions would be allowable: N/A |
| Total Ascertainable Value | £50,000,000 (10 Years) £5,000,000 (Per annum) |
| Procurement Procedure (Open, Restricted, other agreed procedure) | Open |
| If not an Open or Restricted procedure, has it been approved by Procurement? (state “Yes”, “No” or “Not Applicable”) | |
| Budget Available (please state the value) | £50,000,000 (10 years) (£5,000,000 p.a) 250 Contracts / range of £2k & £130k p.a |
| Source of Funding (revenue or capital or specified other) | Revenue |
| Any specific comments or notes associated with the budget | Budgeted |

2. Project Justification

3.1 A Dynamic Purchasing System (DPS) is a combination of an eProcurement tool

and the use of approved/accredited provider lists. Providers register with the system, the Council then reviews their suitability and quality systems and if deemed acceptable they are accredited. Unlike the traditional framework contracts providers can join and leave at any time during the specified timeframe. eTenders are then issued only to accredited providers of the DPS, they are not obliged to submit quotes for the tenders.

DPS system

- 3.4 Under the Public Contract Regulations 2015 all tenders are required to be electronically available. The Council uses an eTendering system with Proactis (Procontract) to meet this obligation. The eTendering licence that we hold includes a DPS system which is not currently being used. The procurement and accreditation process would be managed internally, this web based system includes the purchase of licences to the IT DPS solution and systems support for buyers and providers. The system and support is free to all providers, purchasers pay a licence fee and implementation fee.
- 3.5 Using Procontract will allow a quick implementation process, no system integration is required and procurement staff within the Council are already experienced in using the eTendering module, which the DPS will use when running tenders.

Key Benefits of a DPS

- 3.6 The key benefits of implementing any DPS over and above the Councils current procurement processes:

- i. **Potential cost savings** - Dynamic purchasing can create a level playing field where even the smallest local providers can submit bids. This high level of competition has the potential to contain the Councils spend in this area.

Dynamic Purchasing Systems are used exclusively by public sector organisations. They save time and money by being a quick and easy way to access goods, services and works through an OJEU compliant route. This means less administration work, saving time and money in each tender process.

It is also acknowledged that the use of a DPS solution is the most competitive way to tender for services in the market place. It is further reported that Councils spend on transport could be reduced by up to 13% and this could represent a savings opportunity in the region of £250k.

- ii. **Quality control and improvement**– Providers must first be ‘accredited’ against a set of quality criterion through the accreditation process by the Council before being granted entry to the DPS. This can ensure that only high quality providers are permitted to submit bids. A basic accreditation could include Care Quality Commission registration, operator licences, insurances, Disclosure and Barring Service process. A comprehensive accreditation process could review previous contract performance, agreeing terms, internal systems and processes such as health and safety, employment vetting and training. The level will need to be decided during the design phase for each spend area. The aim of the focus on quality of service will provide better

outcomes for residents.

- iii. **Transparency** - The Council would have complete visibility over the end-to-end process of procuring its services, a full transparent audit trail. The open, transparent nature of a DPS can also build trust and certainty for providers.

Application of DPS in the Passenger Transport Market

- 3.8 The current contracts are restricted to 40 providers, with 250 contracts in place. Competition is restrictive due to the tendering process that was undertaken. There are daily changes to planned routes, reconciliation is a key process in managing this spend with the providers as incorrect invoicing is common.
- 3.9 The current spend in this area is approximately £5m per annum, with overspend against the budget. There are pressures on market rates through increased costs such as increasing fuel prices and salary for drivers and passenger assistants due to National Living Wage legislation.
- 3.10 DPS systems have been widely used by other Councils in transport and home to school transport contracts. These are Buckinghamshire, West Berkshire, and Windsor and Maidenhead and Oxford.
- 3.11 Advantages of the DPS in this specific spend area are compliance, opening up the market and the ability to bring in new providers anytime during DPS timeframe.
- 3.12 The majority of the Councils transport contracts are expiring from April 2020 therefore the recommendation is to use the interim period to implement the DPS for current contracts that are due to expire and to retender them via DPS in the future. A further intention is to use the DPS to tender any existing contracts which need significant amendment e.g. for better value, smaller or larger vehicles, combining existing contracts.
- 3.13 This will then give time to bed in a DPS accreditation process and on-boarding of providers prior to tenders being conducted.
- 3.14 Market warming, training and support on accreditation process are essential for this set of providers. Mandating the DPS so all tenders go through the system is required.

Recommendations

- 3.15 It is proposed that a phased approach is undertaken:
 - That a DPS for Home to School Transport and Public Transport be implemented for providers using Proactis (Procontract).
 - (i) Market engagement on the DPS will be measured through the number of accredited providers in the DPS
 - (ii) Market responsiveness through the DPS will be measured through the volume of response to tenders posted
 - (iii) Market competitiveness through the DPS will be measured through cost savings achieved. Major factors in achieving this will be the above market responsiveness and engagement success
 - (iv) Improvements to the quality of service to Residents will be measured through customer survey

Options Summary

| Option | Comments |
|--|---|
| Implement DPS for Passenger Transport with Proactis (Procontract) Recommended | Low cost, quick implementation option to assess local provider appetite, market engagement and access benefits. |
| Do Nothing Not Recommended | Loss of opportunity on compliance, quality assurance and market competition |

4. LEGAL IMPLICATIONS

4.1 The implementation of a DPS would be under the following legislation:

- Regulation 22 of the Public Contracts Regulations 2015 (“PCR 2015”) sets out the general principles relating to the use of electronic and non-electronic means of communication.
- Regulation 59(7) of the PCR 2015 obliges contracting authorities to accept the European Standard Procurement Document (“ESPD”) exclusively in electronic format.
- Regulation 61 of the PCR 2015 mandates the use of the European online certificates repository.

5 VALUE FOR MONEY

5.1 A DPS will allow the Council to prequalify providers to a minimum qualification level or further. Encouraging competition through market engagement may mitigate budgetary pressures. Allowing providers to register their interest in working with the Council at any time may increase the number of providers and new entrants to the market as there is no time constrained tender period. Typically the packages that go out to tender via a DPS are smaller which will encourage local and smaller providers to register an interest via accreditation.

6 SUSTAINABILITY IMPACT APPRAISAL

None

7 RISK MANAGEMENT

7.1

| Risks | Uncontrolled Risk | Controls | Controlled Risk |
|--|--|---|-----------------|
| Not enough providers to join the DPS providers to | DPS would fail due to lack of competition | Early engagement with providers, training and support. Continuous promotion of the DPS. Mandated usage for all tenders. | Medium |
| Insufficient resourcing to be able to accredit providers onto the DPS and manage the tenders | DPS would fail due to lack of competition if not managed. Market would lose faith in the tool. Missed opportunity as not accredited in time. | Sufficient resource to manage the volume | High |
| The quality of providers in the market does not meet the accreditation process and are therefore excluded from the DPS | This would prevent DPS going ahead due to the lack of competition | Early engagement with providers, be clear and up front on Wokingham Borough Councils expectations. Supporting providers in improvements to meet accreditation requirements. Accreditation design needs to consider market conditions. | Medium |
| Expectations of cost savings are over estimated due to DPS being implemented | Financial forecasting is exceeded because of expectations to significantly save money | Financial monitoring and controls need to be in place to undertake continuous monitoring and manage expectations | Medium |

8 LINKS TO STRATEGIC OBJECTIVES

8.1 None

9 EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

9.1 There are no equalities implications

10 STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

10.1 None

11 PROPERTY AND ASSETS

11.1 None

12 ANY OTHER IMPLICATIONS

12.1 None

13 CONSULTATION

- 13.1 This concept has been discussed and agreed at the Corporate Transport Project Board, which was established on 17th January 2019. The group recommended that this report is to be submitted to Members and the implementation of a DPS progressed.
- 13.2 These recommendations are being made as the group has concluded there is sufficient evidence to suggest a dynamic purchasing system could improve service quality for residents and potentially lower the Council's expenditure.

14 TIMETABLE FOR IMPLEMENTATION

- 14.1 To ensure continuity in provision of this (statutory) service, the DPS start/go live date must be achieved by 1 January 2020.

15. APPENDICES

- 15.1 <https://www.local.gov.uk/guide-dynamic-purchasing-systems-within-public-sector-it-right-you-and-your-suppliers>

16 Approval

Please fill in the applicable fields according to the level of approval required.

Note: If Level-2 approval is required, the document should be signed by Assistant Director and Director at Level-1 first, and then presented to the Executive for final approval.

Level 1

| <i>Position</i> | <i>Department</i> | <i>Signature</i> |
|--------------------|-------------------|------------------|
| Assistant Director | | |
| Director | | |

Level 2

NOTE: Level 1 approval must be completed first.

Please state the date of the relevant Executive meeting or Individual Executive Member Decision at which the Business Case has been approved.

| | <i>Date of Executive meeting / approval</i> |
|--------------------|---|
| Executive Approval | 30 th May 2019 |