

POLICY COMMITTEE MINUTES - 15 JANUARY 2018

Present: Councillor Lovelock (Chair)

Councillors Duveen, Eden, Ennis, Gavin, Hacker, Hopper, Hoskin, Jones, Page, Skeats, Stevens, Terry and White.

57. MINUTES

The Minutes of the meeting held on 27 November 2017 were agreed as a correct record and signed by the Chair.

58. QUESTIONS

Questions on the following matters were submitted by councillors:

| | <u>Questioner</u> | <u>Subject</u> | <u>Reply</u> |
|----|-------------------|--|--------------|
| 1. | Cllr White | Local Neighbourhood Money | Cllr Page |
| 2. | Cllr White | Public Drinking Water Fountains to Cut Plastic Waste | Cllr Page |

(The full text of the questions and responses was made available on the Reading Borough Council website).

59. CHILDREN'S SOCIAL CARE, EARLY HELP AND EDUCATION SERVICES IN READING - UPDATE ON DEVELOPMENT OF CHILDREN'S COMPANY

Further to Minute 26 of the meeting of the Adult Social Care, Children's Services and Education Committee on 5 October 2017, the Chief Executive submitted a report giving an update on setting up 'The Children's Company', an independent local authority company for the delivery of children's services to the Council. The proposed operational strategy, governance and commissioning arrangements and service scope for the company were set out in the current version of the 'Reading Prospectus', attached to the report at Appendix 1.

The report noted that, in order to comply with the statutory direction issued by the Department for Education, and the recommendation of the Commissioner to establish a 'full service' children's company, the Council would need to agree formally to transfer its education and early help services to the Company as well as Child Protections services. The report outlined the procurement process for engaging specialist expertise and support for the development and transition to the company, and sought approval to award a contract to support this work. It also sought authorisation for the Chief Executive and Director of Children, Education & Early Help Services to accept the Department for Education funding to enable the establishment of the company and to undertake all necessary steps required to establish the company by autumn 2018.

Resolved -

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- (1) That the latest position in the development of an independent local authority company for the provision of Children's Services be noted;**
- (2) That Reading's children's company include education and early help along with child protection functions;**
- (3) That the programme support contract be awarded to Mutual Ventures Ltd;**
- (4) That the Chief Executive and Director of Children, Education & Early Help Services be authorised to accept funding from the Department for Education on behalf of the Council to enable the set-up of the new Children's Company;**
- (5) That the Chief Executive be authorised to undertake all necessary steps required to establish the company by autumn 2018;**
- (6) That a report be submitted to a future meeting of the Committee to transfer and agree a service contract with the Company.**

60. SOUTH READING MRT PHASES 3 & 4 - SCHEME & SPEND APPROVAL

The Director of Environment and Neighbourhood Services submitted a report seeking scheme and spend approval for Phases 3 & 4 of the South Reading Mass Rapid Transit (MRT) scheme, and authority to enter into a contract for implementation of the proposals.

The report noted that the South Reading MRT scheme was a series of bus priority measures on the A33 corridor between MereOak Park & Ride and Reading town centre. The scheme would reduce congestion and journey times, improve the attractiveness of public transport services through enhanced frequency and reliability, and enable sustainable economic and housing development on the main growth corridor into Reading. Phases 3 & 4 of the scheme had been granted funding approval from the Berkshire Local Transport Body in November 2017.

The proposals for Phases 3 & 4 of the scheme were summarised in the report and shown at Appendix A; Phase 3 proposals included construction of an outbound bus lane on London Street, extension of the inbound bus lane on Bridge Street, and upgrade of the traffic signals on the Oracle roundabout to a MOVA method of control. Phase 4 included an outbound bus lane on the A33 approach to Rose Kiln Lane; an outbound bus lane on the A33 between Rose Kiln Lane and Lindisfarne Way (Kennet Island); an inbound bus lane on the A33 between Longwater Avenue and Island Road; and upgrade of the traffic signals on the Bennet Road gyratory to a MOVA method of control. The scheme would not reduce existing highway capacity along the A33 as additional lanes were being implemented for public transport usage and all existing lanes for general traffic would be retained.

The report set out the intended timescales for the scheme and explained that it was proposed to run separate single stage open procurement exercises for Phase 3 and

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Phase 4 in accordance with the Public Contract regulations (2015). The report sought authority to enter into a separate contract for each Phase, based upon the most economically advantageous tender in accordance with the criteria stated in the specification.

Resolved -

- (1) That scheme and spend approval be given for Phases 3 & 4 of the South Reading MRT scheme;**
- (2) That the Director of Environment and Neighbourhood Services, in consultation with the Lead Councillor for Strategic Environment, Planning and Transport, the Head of Legal & Democratic Services and the Head of Finance, be authorised to enter into a contract for the implementation of Phase 3 of the scheme and a separate contract for Phase 4.**

61. PROPOSED WITHDRAWAL OF COMMUNITY LINK BUS SERVICES 28 & 991

Further to Minute 21 of the meeting held on 18 July 2016 the Director of Environment and Neighbourhood Services submitted a report summarising the results of consultation on a budget saving proposal to withdraw financial support for the operation of the Community Link bus routes 28 (plus 18 and 28a) and 991.

The report explained that consultation on the proposal had taken place between July and October 2017, and an analysis of the responses was attached to the report at Appendix A. An Equality Impact Assessment was attached to the report at Appendix B. The report summarised the use and costs of the Community Link buses, and recommended that, as neither the Council nor Reading Buses was in a position to continue to subsidise the operation of the loss making routes, they be withdrawn from April 2018. However, in order to provide more notice of the cessation of the Community Link bus routes and to enable it to operate until the end of the current academic year, Councillor Page, Lead Councillor for Strategic Environment, Planning and Transport, proposed that the services should continue until July 2018.

Resolved -

That Reading Buses be given notice of the Council's intention to withdraw the operation of bus routes 28 (plus 18 and 28a) and 991 from the end of the current academic year in July 2018.

62. BUDGET MONITORING

The Director of Finance submitted a report setting out the projected Council revenue budget outturn position for 2017/18 based on actual, committed and projected expenditure for the Council as at the end of November 2017. It also contained information on the capital programme, capital receipts and the Housing Revenue Account.

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The report explained that it was projected that the revenue budget would be underspent by £0.9m as at the year end, with an unused contingency of £1.6m should there be no further unexpected pressures and savings shortfalls. However, there remained some serious concerns, in particular that the total of negative variances was £9.1m, which included some projection of further pressures on care places through to the year-end. In addition many of the positive variances and mitigations were not ongoing, so would not provide relief for any of the negative variances that were ongoing into 2018/19 and beyond. This produced a pressure in 2018/19 of £7.396m at this stage, some of which was a projection of growth in children's social care demand into that year. This pressure was being built into the budget setting process for 2018/19.

The report explained that service directors had identified immediate steps to reduce spending in 2017/18 and these actions were in place. Further strong management was required in order to prevent further overspending during the remainder of 2017/18.

The Chief Executive paid tribute to the action in the Directorates to deliver the latest budget position in the current financial year. The Directorate for Children, Education & Early Help Directorate had a duty to provide services to vulnerable children at risk of harm and it should be recognised that savings worth £1.8m had been made on these vital services that had to be purchased. This was a considerable feat requiring extensive officer effort to drive down costs. The Directorate of Environment & Neighbourhoods had managed to reduce its overall budget by 5%, without a discernible difference to the service received by the public, which was an impressive achievement. In Adult Social Care, officers had delivered savings and remedial action totalling £2m, which had mitigated against the immense growth in demand for these services and had minimised the overspend in this Directorate.

Resolved -

That it be noted that, based on the position at the end of November 2017, budget monitoring forecast that the budget would be underspent by £0.9m, without using the remaining contingency of £1.6m.

63. BUDGET 2018-19: APPROVAL OF COUNCIL TAX BASE, NNDR1 ESTIMATE & ESTIMATED COLLECTION FUND SURPLUS; APPROVAL OF THE LOCAL COUNCIL TAX SUPPORT SCHEME 2018/19

The Director of Finance submitted a report asking the Committee to recommend to full Council on 23 January 2018 the approval of the council tax support scheme, the estimated Council Tax collection rate, Council Tax base for 2018/19, and NNDR1 form.

Attached to the report at Appendix A were The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2017, and at Appendix B a summary of consultation responses on the proposed changes to the Local Council Tax Support Scheme. An Equality Impact Assessment on the proposed

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changes to the local Council Tax Support Scheme was circulated to the Committee prior to the meeting. The proposed changes to the Scheme, to apply from 1 April 2018 for 2018/19 and future years, were as follows:

- to increase the minimum contribution from 25% to 35%,
- reduce capital level from £6,000 to £3,000
- increase levels of Non-Dependant deductions (based on income) from £7.50 to £10.00 for those non-dependants not engaged in remunerative work (working less than 16 hours per week) and/or have gross earnings less than £196.95 per week
- increase levels of non-dependant deductions (based on income) from £12.50 per week to £15.00 per week for any non-dependants engaged in remunerative work (16 hours or more) with gross weekly earnings of £196.95 per week and above
- Apply administrative easements to the process of claiming Council Tax Support for those customers transferring to Universal Credit. This would enable them to continue to receive and claim Council Tax Support as easily and as efficiently as possible without causing additional risk of overpayment, and excessive numbers of new bill and award notifications being sent to them.

It was reported at the meeting that information required for the draft NNDR1 return had not yet been received and that the recommendations relating to NNDR were therefore withdrawn. The NNDR1 return would be submitted to the full Council meeting on 23 January 2018.

Recommended -

- (1) That the 2018 uprating of the allowances in the council tax support scheme and other amendments to the scheme as set out in paragraph 1.5 of the report be approved, in particular the increase in the minimum contribution payable by those of working age from 25% to 35%;
- (2) That it be noted that the following had previously been adopted:
 - (i) the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (SI 2886(2012)) in 2013;
 - (ii) the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013 (SI 3181 (2013)) in 2014;
 - (iii) the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014 in 2015;
 - (iv) the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015 in 2016
 - (v) the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016 in 2017;

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and that these would remain in place as the basis of the 2018-19 scheme, to the extent that the requirements in each regulation remained prescribed;

- (3) That the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2017 which came into force on 12 January 2018 be adopted and apply to local schemes from 1 April 2018 and (in the case of three of the 17 regulations) 6 December 2018, as set out in Appendix A;
- (4) That the proposed local changes set out in Appendix B for 2018/19 and the overall Local Council Tax Support Scheme for 2018/19 be approved;
- (5) That the Council's "plain english" guide to the Council Tax Support Scheme which explained how these regulations as amended locally would work together, and that an update would be published on the website to reflect the 2018/19 scheme, be noted;
- (6) That for the purpose of, and in accordance with, the provisions of the Local Authorities (Calculation of Council Tax Base) Regulations, 1992 (as amended):
 - (a) The estimated Council Tax collection rate for the financial year 2018/19 be set at 98.75% overall (unchanged since 2015/16);
 - (b) Taking account of the Council Tax technical changes made since 2013/14 and set out above, the amount calculated by the Council as its Council Tax base for the financial year 2018/19 shall be 54,850;
- (7) That it be noted that neither a surplus nor deficit had been estimated in respect of Council Tax transactions as at 31 March 2018, and Reading's share of this was therefore £0;
- (8) That, as the information required for the NNDR1 return had not yet been received, it was noted that the recommendations relating to NNDR would be prepared directly for submission to Council on 23 January 2018.

64. MEDIUM TERM FINANCIAL STRATEGY

The Director of Finance submitted a report advising the Committee of the development of the budget for 2018/19 and the Medium Term Financial Strategy for the period to 31 March 2021, and seeking approval for budget savings proposals, which were appended to the report. The Committee had received detailed 'proposals for change' for all the options for consideration.

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The report explained that, with a backdrop of inadequate funding from Government, the Council had to operate as effectively and efficiently as possible, within the resources available. The latest modelling of the MTFS showed that, in order to deliver services to the current model, the Council would need £43.2m more than was predicted to be available over the period to 2020/21. Of this sum, £20.5m was made up of demand pressures (£11.5m in 2018/19 alone), £10.0m in pay awards and increments, £5.2m of contract inflation and £4.5m of capital financing costs. Despite planned increases in Council Tax, the funding level remained fairly even across the MTFS due to reductions in Revenue Support Grant, which would decline to zero by 2020/21. The resultant funding gap needed to be addressed and early action was required to ensure the future success of the Council and to avoid any Government intervention.

The Chief Executive stated that balancing the budget for 2018/19 would require additional, challenging, short term decisions. However, more fundamentally, he said making the MTFS sustainable would require broader thinking about the way the Council delivered services as the current model was no longer viable and there was limited time to make the radical changes to achieve the unprecedented level of savings that the Council would have to deliver in the next three years. He stated that Council spending would have to contract by a third over the period of the MTFS and 15% alone in the next financial year. The difficult decisions before the Committee were being presented in order to ensure that the Council remained in control of its finances and services as failure to set a legal budget could lead to intervention from the secretary of state. Due to the magnitude of the savings required, it was also important to deliver them at pace so as to ensure the maximum effect was achieved. Any delays to implementation would put additional pressure on the budget and require more remedial action to be taken.

As a result, in order to address the financial challenges identified in the report and summarised above, Directorates had identified the following areas as proposals for change for the Committee to consider:

Corporate Support Services (Total savings £1.863m, 2018/19-20/21)

- Reduction/Elimination of Cheque Payments
- Communications Income Generation Sponsorship
- Corporate approach to Reducing Fraud
- Generate Income through Investment by Expanding Joint Legal Team
- Increase Court Fees for Council Tax Recovery
- IT contract savings costs
- Further Corporate Procurement contracts savings
- Increasing Minimum Contribution to 35% for Council Tax Support Scheme

Environment & Neighbourhood Services (Total savings £2.5m, 2018/19-20/21)

- Parks & Open Spaces Invest to Save
- Increase the Green Waste Charge

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- Increase on-street pay & display charges
- Increased income from Greenwave Bus Subsidy
- Revise existing access restriction Beresford Road junction with Portman Road and convert into bus gate
- Introduce further areas of pay and display in the town centre, and other local centres such as Caversham, Shinfield, Tilehurst, Oxford Road, Wokingham Road and London Road
- Capitalise Highways Operatives Salaries
- Introduce a 24 hours a day, 7 days a week charge for all Town Centre Pay & Display (P&D)
- Adjustments to Base Assumptions
- A further saving to reduce Bed and Breakfast expenditure
- Transfer of void council housing properties to Homes For Reading Ltd*
- Charge Time for Work Related to Investment Purchases / Disposals
- Capitalisation of Salaries
- Fees from s106 viability appraisals
- Further initiative to increase income from commercial property acquisitions.
- Planning Fee Income

Adult Care & Health Services (Total Savings £2m, 2018/19-20/21)

- Changes to Adult Social Care Fees & Charges
- Changes to the Adult Social Care Front Door
- Reducing Adult Social Care contracts spend
- Increased usage of Assistive Technology and Equipment
- Increased usage of Direct Payments

Children, Education & Early Help Services (Total Savings £5.451m, 2018/19-20/21)

- Increase income target with Education Welfare Officer to taper reduction in revenue spend
- Review of Continuing Health Care (CHC) funding for children
- Position edge of care services as 'wraparound' adolescent service in order to prevent adolescent Looked After Children (LAC)
- Increase Reading Borough Council foster carers
- Increase capacity of local 'under 20 mile' placements for Looked After Children (LAC)
- Designate specialist foster carers for emergency provision
- Increase income target with targeted and specialist youth to taper reduction in revenue spend
- Revise under 5 offer to make best use of early years and childrens centre provision
- Design and implement a Reading supported lodging scheme either in house or with a local provider to reduce costs of supported lodgings
- Introduction of Charging policy for Section 20 cases
- Review all post order payments

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- Review all direct payment and short break provision
- Review of school transport provision.

Resolved -

- (1) That the policy to keep annual revenue spending within the limit of ongoing income sources each year through the MTFS period, and only use one-off funding to fund change and investments which contribute to closing the financial gap in a sustainable manner, be endorsed;
- (2) That the savings proposals in the Appendices be agreed for inclusion in the 2018/19 revenue budget and MTFS, and that Directors, in consultation with the relevant Lead Councillors and statutory officers, be authorised to implement the savings in their service areas as soon as practicable, and before the start of the 2018-19 financial year where possible, subject to:
 - a) undertaking and considering the outcome of any necessary statutory consultation for the service in question;
 - b) complying with the Authority's duties under Section 149 of the Equality Act 2010, including undertaking and considering the outcome of an Equality Impact Assessment where appropriate;
- (3) That the Corporate Management Team be instructed to monitor the progress of implementing the budget savings in the Appendices, and to continue to prepare additional measures to close the financial gap;
- (4) That it be noted that the existing methodology, which had enabled the Authority to arrive at this point, would not be sufficient alone, and that officers therefore be required to develop more radical proposals to close the financial gap, including steps to:
 - a. alter service levels where current ones were no longer affordable;
 - b. look for locally developed alternative delivery models in appropriate service areas;
 - c. positively test existing services against the market;
 - d. restrict the growth of employment costs;
- (5) That the Council seek full cost recovery by charging wherever possible;
- (6) That officers be asked to continue to prepare the budget proposals with Council Tax increasing at the Referendum Limit;
- (7) That the approach to the Corporate Plan priorities in this report be endorsed.

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(Councillors Lovelock, Ennis and Hopper declared pecuniary interests in this item, insofar as it related to a proposal for the Transfer of void council housing properties to Homes For Reading Ltd*. They left the meeting and took no part in the debate or decision on this proposal, which was considered separately from the other budget savings. Councillor Page took the Chair for this discussion. Nature of interest: the Councillors were Directors of Homes for Reading Ltd.)

(The meeting started at 6.30pm and closed at 7.52pm).

SIGNED:

DATE: