

To: Councillor Lovelock (Chair)
Councillors Davies, Duveen, Eden, Gavin,
Gittings, Hopper, Hoskin, Jones, Page,
Skeats, Stevens, Terry and White

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3 February 2017

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NOTICE OF MEETING - POLICY COMMITTEE - 13 FEBRUARY 2017

A meeting of the Policy Committee will be held on Monday 13 February 2017 at 6.30pm in the Council Chamber, Civic Offices, Reading. The Agenda for the meeting is set out below.

ITEMS FOR CONSIDERATION IN PUBLIC SESSION

1. CHAIR'S ANNOUNCEMENTS

2. DECLARATIONS OF INTEREST

Councillors to declare any interests they may have in relation to the items for consideration in public session.

3. MINUTES

To confirm the Minutes of the Policy Committee meeting on 16 January 2017.

4. PETITIONS AND QUESTIONS

To receive any petitions from the public and any questions from the public and Councillors.

5. DECISION BOOK REFERENCES

A1

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| 6. | BUDGET 2017-2020 | BOROUGHWIDE | B1 |
| | Councillor Lovelock / Corporate Management Team | | |
| | This report sets out the General Fund budget and indicative capital programme, covering the forecast capital and revenue expenditure and resources for 2017/18, and also sets out proposals for the Housing Revenue Account. | | |
| 7. | PROPOSED SAVING TO HOMELESSNESS PATHWAYS SERVICES | BOROUGHWIDE | C1 |
| | Councillor Davies / Director of Environment and Neighbourhood Services | | |
| | This report sets out a proposal for all Homelessness Support services to be reconfigured and a more flexible model of support service adopted, to better meet the needs of individuals and allow a saving to be achieved. | | |
| 8. | CONTRACT AWARD - LOWFIELD ROAD TEMPORARY ACCOMMODATION PROJECT, CONSTRUCTION OF 28 TEMPORARY ACCOMODATION UNITS AT LAND OFF LOWFIELD ROAD IN CAVERSHAM | BOROUGHWIDE | D1 |
| | Councillor Davies / Director of Environment and Neighbourhood Services | | |
| | This report seeks approval for the award of a contract for the provision of 28 Temporary Accommodation units at land off Lowfield Road in Caversham. | | |
| 9. | CONTRACT AWARD - MANAGED STORE FACILITY FOR THE SUPPLY OF CONSTRUCTION MATERIALS | BOROUGHWIDE | E1 |
| | Councillor Davies / Director of Environment and Neighbourhood Services | | |
| | This report seeks approval for the award of a contract for the provision of a managed store facility for the supply of construction materials following a competitive tendering exercise. | | |
| 10. | REVIEW OF CARE AND SUPPORT CHARGING AND FINANCIAL ASSESSMENT FRAMEWORK - INFORMATION REPORT | BOROUGHWIDE | F1 |
| | Councillor Eden / Director of Adult Care and Health Services | | |
| | This report sets out information on a review of the Charging and Financial Assessment Framework for Adult Care and Support. | | |

11. BUDGET SAVING PROPOSAL - CONSULTATION RESULTS FOR THE REMOVAL OF THE READYBIKE SUBSIDY BOROUGHWIDE G1

Councillor Page / Director of Environment and Neighbourhood Services

This report summarises the results of a consultation on the proposal to remove the ReadyBike subsidy, and seeks approval to implement proposed changes to the scheme.

12. SCHOOL ADMISSIONS ARRANGEMENTS 2018/19 BOROUGHWIDE H1

Councillor Jones / Director of Children, Education and Early Help Services

This report invites the Committee to determine the admissions arrangements for community primary schools in Reading for the school year beginning in September 2018, and the coordinated schemes for primary and secondary schools.

WEBCASTING NOTICE

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Members of the public seated in the public gallery will not ordinarily be filmed by the automated camera system. However, please be aware that by moving forward of the pillar, or in the unlikely event of a technical malfunction or other unforeseen circumstances, your image may be captured. **Therefore, by entering the meeting room, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.**

Members of the public who participate in the meeting will be able to speak at an on-camera or off-camera microphone, according to their preference.

Please speak to a member of staff if you have any queries or concerns.

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Present: Councillor Lovelock (Chair)

Councillors Davies, Duveen, Eden, Gavin, Gittings, Hopper, Hoskin, Jones, Skeats, Stevens, Terry and White.

Apologies: Councillor Page.

69. EXCLUSION OF THE PRESS AND PUBLIC

Resolved -

That pursuant to Section 100A of the Local Government Act 1972 (as amended), members of the press and public be excluded during consideration of items 70-72 below as it was likely that there would be a disclosure of exempt information as defined in the relevant paragraphs specified in Part 1 of Schedule 12A to that Act.

70. READING HALF MARATHON LICENCE

The Director of Environment and Neighbourhood Services submitted a report on the outcome of negotiations with Brasher Leisure Limited (BLL) for the renewal of their licence to deliver Reading Half Marathon on behalf of the Council.

Resolved -

That the report be noted and that BLL be granted a new licence for the delivery of Reading Half Marathon from 2017, on the terms set out in the report.

(Exempt information as defined in paragraph 3).

71. READING TRANSPORT LIMITED - REPORT TO SHAREHOLDER

The Reading Transport Limited (RTL) Director of Resources submitted a report providing an update to the Council, as shareholder of RTL, on financial performance to P13 2015/16, Pension Scheme commitments, and Fleet Replacement 2016/17 & Capital Investment.

Resolved -

- (1) That the report from Reading Transport Ltd be noted;
- (2) That the provision of lease finance to RTL by means of an extension of the existing Master Lease Agreement, should it be required to facilitate the purchase of vehicles as set out in the report, be approved and that the Head of Finance be authorized to agree terms with the company.

(Exempt information as defined in paragraph 3).

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72. BUDGET 2017-20: PROPOSAL IN RELATION TO A COUNCIL ASSET

The Director of Finance and Director of Environment and Neighbourhood Services submitted a report seeking approval for a transaction associated with a significant council asset, subject to due diligence and various other processes as set out in the report, as part of the 2017-20 budget strategy.

Resolved -

That the Directors of Finance and Environment & Neighbourhood Services be authorised to arrange, with the assistance of appropriate specialist property agents, the transaction set out in the report, and be authorised, with the Head of Legal & Democratic Services, and in consultation with the Leader of the Council and Chair of Audit & Governance Committee, to finalise and conclude the transaction once the best value option had been identified.

(Exempt information as defined in paragraph 3).

(Councillors Jones, Terry and Gittings declared a non-pecuniary interest in this item, insofar as the report made reference to equal pay claims. Nature of interests: Councillor Jones, and Councillor Gittings' partner, were employed by UNISON which was representing a number of equal pay claimants. Councillor Terry was Councillor Jones' partner.)

73. CHAIR'S ANNOUNCEMENTS

The Chair reported the decision taken in closed session to approve a transaction associated with a significant council asset, as part of the 2017-20 budget strategy (Minute 72 above refers).

74. MINUTES

The Minutes of the meeting held on 5 December 2016 were agreed as a correct record and signed by the Chair.

75. QUESTIONS

Questions on the following matters were submitted by members of the public:

	Questioner	Subject	Reply
1.	Roger Lightfoot	Arthur Hill Pool	Councillor Gittings
2.	Tina Kislingbury	Mental Health Services	Councillor Hoskin

Questions on the following matters were submitted by councillors:

	Questioner	Subject	Reply
1.	Councillor White	Arthur Hill Pool	Councillor Gittings
2.	Councillor White	Interim Managers and Consultants	Councillor Lovelock

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3.	Councillor White	Children's Centres	Councillor Gavin
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(NB - The full text of the questions and responses was made available on the Reading Borough Council website).

76. NEW THEATRE - RESULTS OF THE PRELIMINARY MARKET CONSULTATION

The Director of Environment and Neighbourhood Services submitted a report summarising the feedback obtained from a Preliminary Market Consultation, as the initial stage of a process to secure a development partner for the delivery of a new theatre / performing arts centre in Reading.

The report explained that the responses to the consultation indicated a strong interest in developing and operating a new theatre in Reading, which was seen as an attractive proposition in terms of the market to sustain a new theatre. There was an overall view that the capacity of any new theatre should be larger than that suggested in the brief, in order to attract 'premium product', and an ideal capacity of between 1,500 and 1,700 seats had been suggested. However, the consultation feedback also indicated that the Council's aspirations for zero-subsidy for either the capital build or ongoing operating costs were not deliverable. It was also clear that the further feasibility work required to develop and test out more detailed options would need to be extensive and costly, with little immediate prospect of deliverability, and could not be justified in the context of the Council's difficult financial position.

The report proposed that the Council continue its dialogue with key stakeholders, including Arts Council England and Theatre and Arts Reading, in order to be able to exploit any future opportunities that might arise. The market consultation had reinforced the fact that delivery of a new theatre for Reading was likely to be a protracted process, and in the short to medium term it was essential that the Hexagon remained fit for purpose as the town's primary large theatre, and that it continued to be able to attract both touring product and audiences. There had been prioritised selective investment over recent years to maintain and enhance the fabric and interior of the building and it was proposed that this judicious approach continued.

A copy of the brief and the questions asked in the Preliminary Market Consultation were attached at Appendix 1.

Resolved -

- (1) That the feedback from the Preliminary Market Consultation be noted;
- (2) That the Committee endorse the Council continuing its dialogue with key stakeholders, including Arts Council England and Theatre and Arts Reading, in order to be able to exploit future opportunities that might arise to deliver a new theatre;

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- (3) That the Committee endorse the continued and appropriate investment in the Hexagon to ensure that it remained attractive to both touring product and audiences.

77. SYRIAN VULNERABLE PERSON'S RESETTLEMENT PROGRAMME INTEGRATION AND SUPPORT PROVISION 2017 - 2021

Further to Minute 67 of the meeting held on 18 January 2016, the Managing Director submitted a report reviewing the first six months of the Council's participation in the Government's Syrian Vulnerable Person's Resettlement (SVPR) programme, and seeking approval to continue in the programme and award a contract to an external provider to provide case work and integration support.

The report noted that the Council had committed to take three families per year over five years (subject to review) through the Government's Syrian Vulnerable Person's Resettlement programme, and three families had been accommodated in 2016/17. The report set out a review of the first six months covering the adequacy of the Home Office funding, availability of accommodation and school places, ability to cope with needs, and support requirements and arrangements for the refugees in the future.

The report proposed that an external provider be contracted for a four-year period, to provide the required case work and integration support for the first 12 months after arrival, for each of the three families that arrived each year. For Years 2 - 5 after arrival, families would be expected to be largely independent, and the types of services that might be needed had already been commissioned from the voluntary sector up to June 2018, through the Narrowing the Gap Commissioning Framework.

Resolved -

- (1) That the Council continue receiving three families a year from 2017 to 2021, on the same basis as that previously agreed by the Committee on 18 January 2016;
- (2) That the Head of Customer Services be authorised to award a 4-year contract to the value of £33,000 per annum, with a total value of £132,000, for the provision of case work support and integration for the period 2017 to 2021.

78. RESIDENTS PARKING SCHEME - RECOMMENDATIONS FROM TRAFFIC MANAGEMENT SUB-COMMITTEE

Further to Minute 63 of the meeting of the Traffic Management Sub-Committee held on 12 January 2017, the Director of Environment and Neighbourhood Services submitted a report asking the Committee to consider recommendations made by Traffic Management Sub-Committee regarding the residents' parking scheme. The report submitted to the Traffic Management Sub-Committee was attached at Appendix 1, and the recommendations agreed by the Traffic Management Sub-Committee were tabled at the meeting.

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The report explained that the Traffic Management Sub-Committee had considered a report on a review of Residents Parking and options for future changes to the Residents' Parking Scheme that had been identified by a Scrutiny Task & Finish Group. The Sub-Committee had made recommendations concerning the introduction of a charge for the first residents' parking permit, the charge for second permits, and whether the proposed first permit charge should be applied to some or all of the free discretionary permits.

Resolved -

(1) That, on the recommendation of Traffic Management Sub-Committee:

(a) a charge for the first residents' parking permit be introduced;

(b) the annual charge for the first permit be set at £30, with the charge for the second permit to remain at £120 per annum;

(c) an annual charge of £30 be set for:

- Discretionary Resident Permits (first permit)
- Doctor (Medical Practitioner) permits
- Healthcare Professional permits
- School staff permits;

(d) consideration of any charge for charity first permit and carer (first and second permits) be deferred pending further investigation;

(e) the charges be introduced from 1 April 2017, with the charge for the first permit only falling due at the renewal of individual existing first permits.

79. READING TRANSPORT LIMITED - REPORT TO SHAREHOLDER

The Reading Transport Limited Director of Resources submitted a report providing an operational update for the Council on the activities of Reading Transport Ltd (RTL) during 2015/16.

The report explained that the year to date for RTL had seen the continuation of the strong network growth and expansion reported previously. It summarised service changes made in September 2015 and 2016, and explained that RTL had secured the contract to run local buses in Newbury, Thatcham and the Kennet Valley. Fares had been reviewed for the first time in two years in response to increased operating costs, and new cash prices and simplified structures had been introduced from 5 September 2016. Advances in ticketing technology continued with smartphone, app-based mobile tickets and contactless bank card payments were expected to improve boarding times as they were fully rolled out.

The report also explained that RTL had been nominated for 19 national and local

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awards in 2016, winning in six categories and achieving three runner-up awards.

Resolved -

- (1) That the report from Reading Transport Ltd be noted;
- (2) That Reading Transport Ltd staff and management be congratulated on the company's achievements in 2015/16.

80. NATIONAL CYCLE NETWORK ROUTE 422 - SPEND APPROVAL

Further to Minute 55 of the meeting of Traffic Management Sub-Committee held on 3 November 2016, the Director of Environment and Neighbourhood Services submitted a report seeking spend approval for the new National Cycle Network route (NCN 422) Phase 1 works programme along Bath Road, funded through the LEP Growth Deal.

The report explained that NCN 422 had been granted full funding approval from the Berkshire Local Transport Body in November 2015 to the value of £4.2 million. The cross-Berkshire cycle route between Newbury and Windsor would provide an enhanced £1.2 million east-west cycle facility through Reading, linking to existing cycle routes to the north and south of the borough and directly serving schools and other local facilities/services.

The report summarised the Phase 1 scheme along Bath Road from the borough boundary to Southcote Lane, consisting of shared-use facilities linking to three secondary schools and Prospect Park. The costs associated with the design and delivery of Phase 1 would be met by £400,000 of LEP Growth Deal funding and £50,000 Section 106 monies for the Bath Road Lidl development.

Resolved -

That spend approval be given for the National Cycle Network route (NCN 422) Phase 1 works programme.

81. DEPUTIES SERVICE

Further to Minute 40 of the meeting held on 26 September 2016, the Director of Adult Care and Health Services submitted a report on a consultation and an Equality Impact Assessment carried out on a revised policy for the Council's Deputy's Office.

The report explained that it was proposed to replace the Council's current Deputy's Office Policy with the revised Policy as attached to the report at Appendix C. The main provisions of the new policy were to:

- (a) reaffirm the alignment of the Council's charging schedule to any current or future Court of Protection fixed amounts, or specified rates which was the maximum permissible;
- (b) apply the means testing and thresholds outlined by the Court of Protection directive for deputyship;

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- (c) implement a local exemption criteria in cases where undue hardship might be caused by the payment of any fees, application for exemptions to be considered by the Council's deputies and appointeeship authorising officer (currently the Director of Adult Care and Health Services); and
- (d) implement local discretionary charging (Category III, IV and disbursement) of specialist services that customers would otherwise be expected to pay for e.g. funeral arrangements, conveyancing for house sales etc, to both deputyship and appointeeship customers.

The report explained that a six-week consultation on the proposed policy had been carried out from 3 October to 14 November 2016 and a total of 38 responses had been received. A large majority of respondents had felt it was important to keep the Deputy Office service in Reading and general feedback had been that the service was good, efficient and important to service users as it helped them manage and meet their financial responsibilities and that staff were friendly and approachable. The consultation material had explained the need to make changes to the charging rules, in order to make the service financially sustainable, and the responses showed that, while service users would rather not have to pay or pay more (dependent on their circumstances), they wanted to have a Deputy's Office available to support them, and so accepted the rationale for the proposed changes.

The consultation feedback was set out in detail in Appendix A to the report, and an Equality Impact assessment on the proposed changes was attached to the report at Appendix B.

Resolved -

That, having considered the findings of a public consultation on proposed changes to the Council's Deputy's Office service, as attached to the report at Appendix A, and also the anticipated impact of the proposed changes to the Deputy's Office service on the discharge of the Council's duties as a public body as set out in the Equality Act 2010 (detailed in the Equality Impact assessment at Appendix B), the revised Deputy's Office Policy (set out at Appendix C) be adopted with immediate effect.

82. BUDGET 2017-18: APPROVAL OF COUNCIL TAX BASE, NNDR1 ESTIMATE & ESTIMATED COLLECTION FUND SURPLUS, LOCAL COUNCIL TAX SUPPORT SCHEME 2017/18 AND REMOVAL OF EMPTY AND SECOND HOME COUNCIL TAX DISCOUNTS

The Director of Finance submitted a report asking the Committee to recommend to the full Council meeting on 24 January 2017 the approval of the Council Tax Support Scheme, changes to local Council Tax discounts, the Council Tax Base and NNDR1 form.

The report noted that by 31 January 2017 it would be necessary to have estimated and informed the Thames Valley Police & Crime Commissioner, Royal Berkshire Fire & Rescue Service (RBFRS) and Environment Agency of the Council Tax base to be used

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for setting the tax and levy for 2017/18. In order to do this it would be necessary to estimate the anticipated Council Tax collection rate and therefore the allowance to be made for non-collection and changes to the Council Tax Base. Also by the same date it would be necessary to have estimated and informed the RBFRS and DCLG of the estimated collectible business rates to be used for setting the budget and ultimately the Council Tax for 2017/18, by completing the NNDR1 form. On 16 January 2017 there was a requirement to estimate the collection fund surplus or deficit separately for both council tax and business rate transactions as at 31 March 2017, with any surplus or deficit to then be taken into account when calculating the total amount to be collected from Council Tax payers in 2017/18. The report set out forecast council tax collection and the resulting impact on the Collection Fund.

The report also asked the Committee to recommend that Council approve the Council Tax Support Scheme for 2017/18. Proposed changes to the local scheme had been reported to the Committee on 31 October 2016 (Minute 51 refers) and a statutory public consultation on the proposed changes had taken place from 4 November to 30 December 2016. The changes proposed to apply from 1 April 2017/18 and 1 April 2018/19 were to increase the minimum contribution from 20% to 25%, to remove earned income disregards from the earnings calculation, and to increase non-dependant deductions. Attached to the report at Appendix B was a summary of the responses to the consultation, with the officer response and advice. Following the consultation it was recommended not to reduce the capital limit allowance from £6000 to £3000. In addition DCLG had completed an annual update of various allowances and those changes had been incorporated.

The report also noted that the various technical changes to Council Tax made in previous years would continue, and that further changes would be introduced in 2017 to reduce discounts for Major Works and for second homes. A consultation had also taken place on these proposed changes and attached to the report at Appendix C were details of the consultation response and a summary of the key points. The proposed changes removed the current 50% for 12 months discount on properties undergoing works, removed the 100% for 1 month discount for properties that were empty and unfurnished, and removed the 5% discount on properties that were classed as second homes. An Equality Impact Assessment in respect of the proposed changes to the Council Tax Support Scheme and Council Tax discounts was attached to the report at Appendix F.

Pursuant to the approval of the Council Tax Support Scheme and other estimates explained, the report then set out the detailed calculations to be made under the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, which the Committee were asked to recommend to Council.

Recommended -

- (1) That the 2017 uprating of the allowances in the council tax support scheme and other amendments to the scheme as set out in paragraph 6.7 of the report be approved;

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- (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;

and that these would remain in place as the basis of the 2017-18 scheme, to the extent that the requirements in each regulation remained prescribed;

- (3) That the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016 which had come into force on 15 January 2017 be adopted and applied to local schemes from 1 April 2017 as set out in Appendix A;
- (4) That the proposed local changes set out in Appendix B for 2017/18 and 2018/19 and the overall Local Council Tax Support Scheme for 2017/18 be approved (Appendix B set out the summary of responses to the consultation on the Local Council Tax Support Scheme);
- (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 2017/18 scheme, be noted;
- (6) That, following consultation, the changes to discounts for certain empty property and second homes as set out in Appendix C be approved;
- (7) 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 2017/18 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 2017/18 shall be 53,650 (figure being reviewed);
- (8) That it be noted that a surplus of £1,045,075 (to be confirmed) had

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been estimated in respect of Council Tax transactions as at 31 March 2017, and that Reading's share of this was £900,000 (to be confirmed);

- (9) That the estimated surplus in respect of NNDR transactions as at 31 March 2017, and Reading's share of this, be noted (figures to follow);
- (10) That the NNDR1 form be noted and approved.

83. BUDGET MONITORING 2016/17

The Head of Finance submitted a report setting out the result of the detailed budget monitoring exercise undertaken for 2016/17, based on the position to the end of November 2016.

The report summarised the Directorate budget monitoring exercises, which were also set out in more detail at Appendix 1. The overall overspend had decreased by £62k since the report to the previous meeting.

Resolved -

That it be noted that, based on the position at the end of November 2016, budget monitoring forecast an overspend of around £7.6m.

(The meeting started at 6.30pm and closed at 8.28pm).

READING BOROUGH COUNCIL

REPORT BY THE CORPORATE MANAGEMENT TEAM

TO:	POLICY COMMITTEE AND COUNCIL		
DATE:	13 / 21 FEBRUARY 2017	AGENDA ITEM:	6
TITLE:	BUDGET 2017-2020		
LEAD COUNCILLOR:	COUNCILLOR LOVELOCK	PORTFOLIO:	POLICY & FINANCE
SERVICE:	ALL	WARDS:	BOROUGHWIDE
LEAD OFFICER:	SIMON WARREN	TEL:	0118 937 2067
JOB TITLE:	INTERIM MANAGING DIRECTOR	E-MAIL:	simon.warren@reading.gov.uk
LEAD OFFICER:	RACHEL MUSSON	TEL:	
JOB TITLE:	INTERIM DIRECTOR OF FINANCE	E-MAIL:	rachel.musson@reading.gov.uk

At the time of despatch of this report we had not received the Final Local Government Finance Settlement for 2017/18 or notification of the Fire Authority Precept. When these become available it may be necessary to re-issue an updated version. (The LGFS is expected to be available by the time of Council despatch).

1. PURPOSE AND SUMMARY OF REPORT

- 1.1 This report sets out the General Fund budget and indicative capital programme for the Council covering the forecast capital and revenue expenditure and resources for 2017/18 for decision by Councillors. It also explains how the 2016/17 budget overspend will be financed.
- 1.2 The Council is facing a very serious budget challenge. This time last year we reported to Council that the effect of the significant loss of Revenue Support Grant from Government in the medium term has put major pressure on the budget leading to a much heavier reliance on raising funding locally to deliver services. The Council's government funding is reducing by £57.5m between 2011/12 and 2019/20; £49.1m of this has been lost already.

Alongside this although the Council will be required to collect more Business Rates next year, almost all the extra collected will go to the Government, so that of the £124m we will collect, only £31m will be kept for Reading Borough Council services.

- 1.3 In the context of the financial challenge the Council faces, this report sets out necessary advice for Councillors on:
- The financial position of the Council;
 - The context for service delivery;
 - National and local financial matters affecting the Council's services for residents and businesses;
 - Proposals about how to address these issues;
 - Revenue budgets for service delivery, pressures, savings and income generating solutions and proposed fees and charges;
 - The capital programme 2017/20 (which includes updates for 2016/17 to reflect recent decisions and progress);
 - The risks associated with the financial position in the short and medium term; and
 - The Equality Impact Assessment of the overall budget.
- 1.4 During 2016/17 the loss of Revenue Support Grant has been coupled with further pressures on Children's services that have led to a significant budget overspend in order to meet demand while Adult Social Care continues to see rising demographic demand for services. This has meant that although the Council has agreed just over £70m savings in the period 2010 to 2016, there is a continuing budget gap of £44m over the next three years. £24.2m of this gap is in 2017/18.
- 1.5 We have had a number of rounds of agreeing budget savings between July 2015 and December 2016 and £20.7m of savings had been identified for 2017/18. This is higher than has been agreed in any previous budget.
- 1.6 Due to the serious financial position and lack of reserves, we have further assessed the risks of non-delivery or slippage associated with the unprecedented scale of the savings agreed for 2017/18 and concluded that £7.7m is at high risk. Therefore for budget planning purposes, this sum has been added to the draft 2017/2018 budget as a contingency. This reduces the savings we expect to deliver to £13.0m.
- 1.7 The effect of continuing pressures on council services, cuts in funding and the risk of non-delivery of savings that we must plan for means that there remains a residual gap in 2018/19 and 2019/20 of £18.7m. The Council will need to put in place a plan to address this gap by the end of the second quarter of 2017/18 to ensure a full year effect in 2018/19.
- 1.8 A revision of the Corporate Plan and Medium Term Financial Plan will be undertaken in the first part of 2017/18. The key priority for future budget setting will be to develop a service offer that is affordable and radically changes the way we work to move to a sustainable financial position. This will inevitably mean cuts in services with consequent cuts in staff and services purchased.

- 1.9 This report also sets out proposals for the Housing Revenue Account. The HRA is a ring-fenced account which deals with the finances of council housing. Budgets have been prepared in accordance with the budget guidelines and planned programmes of works to housing stock have been updated to take account of progress during 2016/17. This report recommends a revised rent policy to re-let vacant HRA housing at target (formula) rent on all relets with a tenancy commencement date of 1 April 2017 or later and proposes a 2.0% garage rent increase, in line with normal rent policy.

Key summary points from the Director of Finance on the budget position

- 1.10 For the three year period 2017/20, after assuming for total Council Tax increases of 4.99% in 2017/18 and 2018/19 and 2% in 2019/20 (subject to Member agreement), total savings required are £44.0m, £24.2m in 2017/18, as discussed above, with a further £10.4m in 2018/19 and £9.4m in 2019/20.
- 1.11 For 2017/18 the total gap before savings is £24.2m, i.e. comprising overspend brought forward, inflation, other growth pressures and loss of Revenue Support Grant in 2017/18 but partially offset by business rates and tax income including the proposed Council Tax increase.
- 1.12 Our assessment of the plans to close the gap means that up to £11.1m will need to be funded from one-off resources; this includes the contingency sum mentioned above to reflect the assessed level of risk associated with the scale of savings and timescale to deliver in 2017/18.
- 1.13 As a consequence, putting forward a balanced budget for 2017/18 can only be achieved by exhausting all available General Fund reserves and all available General Fund capital receipts from 2016/17 and £8.3m of those due to be received by the end of 2017/18. This leaves the Council in a fragile state as there are still significant risks and dependencies in delivering the savings proposed.
- 1.14 Therefore, the Council no longer has an adequate level of reserves, except a £5m minimum General Fund balance, only a £4.5m insurance reserve is planned, and is exposed to even modest shocks. However the provision for Equal Pay is preserved, (the liability will need to be paid using capital receipts).
- 1.15 The position for 2018/19 onwards is currently not sustainable unless deliverable measures are agreed early in 2017/18 to reduce the budget requirement from 2018/19.
- 1.16 Having used reserves of £11.1m to set the budget, only £13m of savings have actually been made in 2017/18, so from the original £44m gap there remains a total gap of £31.0m before savings required for 2018/19 and 2019/20 combined. Savings planned in

those years of £12.3m are at an early stage of implementation with a significant amount still to be found of £18.7m, £13.7m in 2018/19 and £5.0m in 2019/20.

- 1.17 The development and delivery of a fundamental review of the Council's service offer and how the Council operates is crucial to deliver a sustainable position from 2018 onwards. The recourse set out above for 2017/18, which is drawn from one off measures, has exhausted reserves except for maintaining the absolute minimum level.
- 1.18 The Council will need to produce a realistic plan for reducing the budget requirement for future years by quarter 2 of 2017/18 otherwise the Council's Chief Financial Officer will be required under the Local Government Act to issue a statutory report to all councillors which will have the impact of freezing all new expenditure until the position is addressed. Further detail is set out in paragraphs 5.6 and 5.7.

2. RECOMMENDED ACTIONS

Policy Committee proposes the following recommendations to Council:

2.1 The General Fund Budget and Council Tax in 2017/18 as follows:

SETTING THE COUNCIL TAX FOR THE READING BOROUGH COUNCIL AREA

- 1) That the following, as set out in this report by the Interim Managing Director and Interim Director of Finance and in the Budget Book, noting the Equality Impact Assessment, be approved:
 - a) The Council's General Fund Budget for the period 2017/20 (Appendix 6)
 - b) The specific revenue estimates for 2017/20
 - c) The capital programme for the period 2017-20 including the 2016/17 update (Appendix 7)
- 2) It be noted that on 24 January 2017 the Council calculated the Council Tax Base 2017/18 for the whole Council area as 53671 [item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")].
- 3) Calculate that the Council Tax requirement for the Council's own purposes for 2017/18 as £1,490.56.
- 4) That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act.
 - a) £413,593,113 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of
,113

the Act.

- b) £333,593,000,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- c) £80,000,113 being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(4) of the Act).
- d) £1,490.56 being the amount at 4(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

e) Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
993.71	1159.32	1324.94	1490.56	1821.80	2153.03	2484.27	2981.12

being the amounts given by multiplying the amount at 4(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 5) That it be noted that for the year 2017/18 Police & Crime Commissioner for the Thames Valley has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Precepting Valuation Bands

<u>Authority</u>	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Police & Crime Commissioner	113.52	132.44	151.36	170.28	208.12	245.96	283.80	340.56

- 6) That it be noted that for the year 2017/18 Royal Berkshire Fire & Rescue Service have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Precepting Valuation Bands

<u>Authority</u>	A	B	C	D	E	F	G	H
Royal Berkshire	£	£	£	£	£	£	£	£
Fire & Rescue Service	41.65	48.60	55.55	62.49	76.37	90.26	104.14	124.98

- 7) That, having calculated the aggregate in each case of the amounts at 4(d), 5 and 6 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2017/18 for each of the categories of dwelling shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1148.88	1340.36	1531.85	1723.33	2106.29	2489.25	2872.21	3446.66

- 2.3 Committee/Council is requested to note the savings and income proposals outlined in Appendices 1a and 1b that were approved at a various earlier meetings of Policy Committee, and authorise officers to implement the additional savings proposals outlined in Appendix 1c subject to any necessary consultation and equality impact assessments being undertaken and the outcomes being reported back for consideration by the relevant committee.
- 2.4 Committee/Council is requested to agree that, after considering the statutory advice of the Interim Finance Director in accordance with S25 of the Local Government Act 2003 on the robustness of the budget adequacy of financial reserves in Appendix 4, summarised in section 5, the minimum level of General Fund balance to be maintained over the year to 31 March 2018 be set at £5m (Appendix 4).
- 2.5 In the event that the Council decides to set a General Fund balance which is less than that advised by the Interim Director of Finance then the reasons for this difference be recorded in the Minutes of the Council Meeting.

- 2.6 Committee/Council is asked to approve the arrangements set out in paragraphs 4.25 to 4.33 in connection with capital receipts, the Council's Equal Pay Provision and the Minimum Revenue Provision to balance the 2016/17 financial position and proposed 2017/18 budget, and authorise the Director of Finance in consultation with the Leader and Chair of Audit & Governance Committee to determine the final detailed arrangements for 2016/17 in closing the accounts.
- 2.7 Committee/Council is requested to approve the Treasury Management and Investment Strategy and the Prudential Indicators set out in Appendix 5 and approve the revised MRP Statement to apply for 2017/18 in Annex D of the strategy.
- 2.8 Committee/Council is asked to approve the Community Infrastructure Levy (CIL) protocol as set out in Appendix 8.
- 2.9 Council is requested to approve the changes to Fees and Charges outlined in Appendix 3 of the report, and set out in detail on the Council's website and authorise officers to take the action necessary to implement these changes.
- 2.10 Committee/Council is asked to approve the Housing Revenue Account budget for 2017/18 set out in Appendix 10, and note the outcome of the consultation with tenant representatives, and authorise the Head of Housing & Neighbourhoods to implement the revised rent policy to re-let vacant HRA housing at target (formula) rent on all relets with a tenancy commencement date of 1 April 2017 or later, (as explained in section 4.37 of the report).
- 2.11 That Policy Committee approves a 2.0% garage rent increase, in line with normal rent policy. (CPI + 1%).

3. CONTEXT

- 3.1 The Council continues to operate in very challenging conditions and the Council's financial position has worsened during 2016/17. Since 2010/11 the Council has managed a significant reduction in resources available to fund services. By the end of the financial year 2016/2017, the Council had agreed savings of just over £70m from its budget since 2010. However reports to Policy Committee in July, September and December of 2016 have highlighted a deteriorating financial position during 2016/17 because of further emerging pressures on the budget with a consequent serious impact on the medium term budget gap. This report sets out the current forecast of that gap and the work the Council has done during 2016/2017 to bring forward further budget proposals to close the gap over the medium term.
- 3.2 This is in the context of a cut in the Council's government funding between 2011/12 and 2019/20 of £57.5m. Perhaps the most significant change to grant was the additional cut of £5m announced

in December 2015 to that which had been anticipated in 2016/17 arising from changes to the distribution methodology. The short notice of this reduction meant there was insufficient time then to safely recommend further savings to bridge the identified funding gap for 2016/17. The planned use of reserves in 2016/17 coupled with the significant overspend, mainly within Children's Services (arising from additional care demands) have seriously compromised the Council's overall financial position.

3.3 The budget report to Council in February 2016 set out outline savings proposals and other measures to balance the budget, and explained they would require delivery plans to be developed during the 2016/17 along with further options to reduce our overall budget over the period to 2019/20 that would need to be considered.

3.4 Further budget proposals were subsequently brought forward and agreed to reduce spend and increase income during 2016/17. Our approach has used the following framework to assess budget proposals:

3.5 *Managing Demand*

We are home to 161,700 people comprising around 70,300 households. Our population has grown by 9% over the last 10 years and will continue to grow. Reading has a younger population than the average for England. 24,587 pupils attend Reading Schools, with an increasing proportion of pupils whose first language is not English.

There is a smaller proportion, (12%, 19,400) of older adults living in the area compared to other localities, however the overall population of Reading is projected to increase by 9% between 2011 and 2026. Reading's population is ageing in line with the national picture and will mean there will be increasing demands on care services. The forecast change in those aged over 65 is 9% by 2020.

Rising demand for services driven by increased needs through population growth and demographic trends have placed increased pressure on both Children's and Adult Social Care Services.

Children's Services are focussing attention on early intervention to reduce demand on statutory services, in addition greater attention is being paid to the reunification of children looked after by the Local Authority with their families where it is safe to do so and returning children placed away back to Reading.

We have developed plans to ensure a greater focus is given to prevention within Adult Services which means closer working with the independent and voluntary sector community to support self-help. This helps to stabilise conditions and reduces the need for long term care and support. We are currently rolling out in partnership with our Health colleagues, assistive technology which facilitates earlier

discharge from hospital and keeps people safe and independent at home for longer.

3.6 *Generating Income*

The Council also focuses on business development to increase income where possible in areas of the Council which operate in a commercial environment.

Many of the Council's statutory services are fee-based such as registration, planning and regulatory services and much of the cost of these services is recovered through fee income. Discretionary services, such as leisure and arts facilities are reliant on the income they can generate to fund them. In addition, the Council is continuing to grow its commercial direct services model where it sells a range of core services, such as commercial waste collection, housing repairs and highways/ground maintenance services to a wider market, in order to generate additional income to help support the delivery of key services.

3.7 *Increasing Productivity*

The Council has driven efficiency in service delivery and support functions over many years. We continue to explore and implement further efficiencies to improve productivity. We are utilising technology to reduce cost for example by providing as many services as possible via our website.

3.8 *Service Delivery Models*

We have taken a pragmatic approach to models of service delivery and we already have a variety of shared service relationships with partners across Berkshire, for example in the areas of legal services, waste disposal, and we are exploring other opportunities to consolidate across the region. We have also externalised some services, for example ICT provision and much of Adult Social Care provision is commissioned from the private sector.

However, we recognise there are further opportunities that need to be considered and the Council is currently considering the potential for other models such as for delivery of Leisure Services.

3.9 *Reductions in services*

The Council's financial situation is such that we have already cut, and we will need to make further cuts in services to set an affordable budget in the future. Some examples of difficult decisions the Council has made are included below:

- Closure of Arthur Hill Pool in East Reading ahead of seeking a partner to replace it with modern and less expensive-to-run facilities;
- Reviewing high cost care packages for vulnerable people;
- Cutting library hours and reducing the amount we spend on library books; and

- Cutting Council funding to the town's voluntary and community sector.

Other impacts on the Budget

- 3.10 Following the Ofsted report which judged Children's Services inadequate in August 2016 we have been focussing on developing and implementing our improvement plan ensuring adequate resources are in place to deliver services which keep children safe. We have been working to move to a steady state with a focus on early help and prevention to manage demand in the medium term. The Secretary of State subsequently appointed a Commissioner for Children's Service who has indicated he will make his final recommendation in April. At this stage the cost of that recommendation to the Council is uncertain. There may be significant additional costs to both in 2017/18 and later years which the Council will need to budget for. When we have the recommendation, we'll be in a better position to estimate its costs and decide how to finance it in the context of the Council's then financial position.
- 3.11 As well as local issues as indicated above, the Council has had to respond to a range of other issues not within our control which have increased budget costs and widened the gap between need and resources. These include:
- Changes to requirements (sometimes in general legislation) affecting IT costs (e.g. Information Security, Data Protection, costs of handling Freedom of Information requests) - £1.1m;
 - In 2016/17 changes to National Insurance that increased pay costs by 3% with no specific funding - £3m;
 - In 2017/18 the introduction of the Apprenticeship Levy which adds a further 0.5% to pay costs (though we are exploring how to recoup as much of this extra cost through qualifying training/learning expenditure) -£0.3m;
 - In 2017/18 the actuarial revaluation of the Berkshire Pension Fund which has increased estimated employer contributions by around £2.8m and will necessitate increasing the on-cost from the 17.7% agreed in the budget guidelines to 21.9%; and
 - The introduction of and real increase over time in the national living wage, which affects both some lower paid staff, and indirectly affects contractors, particularly in the care sector - £2.5m over 3 years to 2019/20.

Local Government Finance Settlement

- 3.12 On 9 February 2016, the then Secretary of State for the Department for Communities and Local Government, Greg Clark MP, announced the Local Government Finance Settlement (LGFS) for 2016/17. This included indicative funding allocations for the subsequent three financial years up to and including 2019/20 and confirmed that the

Government would offer any council wishing to take it up, a Four-year Funding Settlement running from 2016/17 up to 2019/20, with a requirement to submit a financial sustainability plan by 14 October 2016. The only change from the provisional settlement was the inclusion of transitional funding of c £400,000 for 2 years.

3.13 The Council approved and submitted a Financial Sustainability Plan in October last year which was accepted by DCLG, along with those of 97% of authorities. This means we have reasonable certainty up to 2019/20 of the grant settlement. However over the 4 years from 2016/17 to 2019/20 the Revenue Support Grant income Reading receives will fall by 92%. This is a cash reduction of £22m - from £24m to less than £2m.

3.14 On 15 December 2016 the Secretary of State formally announced the 2017/18 LGFS and grant in line with the indicative figure provided 12 months earlier.

Adult Social Care Precept - additional Council Tax charge

3.15 In 2016/17 the chancellor announced that Social Care authorities could implement an Adult Social Care Precept to help offset some of the financial pressures faced by that service. This is an extra amount of money that councils can add to the local council tax charge for Social Care for adults. The money raised this way must only be spent on Adult Social Care and not on anything else that the Council does. However, the grant cut each year has been greater than the additional charge the Council can set, so effectively this change has moved the funding of Adult Social Care from central to local taxation. This was initially set at 2% pa and the original intention was to continue this into the following three years, therefore a total of 8%.

3.16 In announcing the Local Government Finance Settlement (LGFS) for 2017/18, the government changed the plan so we can bring forward the remaining total 6% increase to be spread over two financial years rather than three. This means a 3% increase in the charge is proposed for 2017/18 which will generate £2.28m, £0.76m more than originally planned, although the overall amount does not change by 2019/20.

This year the Government is also introducing additional requirements to demonstrate how the money is being spent on Social Care, which may include a requirement to publish those details on the Council's website. Those details are expected to be announced at the time of the final LGFS. Services will still continue to target support to those in most need, and on specific service responses that help vulnerable people regain independence. This will generally mean that people who do not meet national eligibility standards will not get Council funded support.

Other grant changes affecting the budget

3.17 The Government has also changed several other grants:

New Homes Bonus (NHB) will fall from £4.6m to less than £4.4m next year, despite the largest actual increases in properties in Reading since NHB began. Further reductions will arise in later years, as the Government will stop paying NHB on the first 0.4% of growth (around 300 properties in Reading). The 0.4% threshold is higher than was originally proposed in the consultation.

- 3.18 Schools are not funded by Council Tax, but instead funded by the Dedicated Schools Grant (DSG). The DSG also funds Early Years Services (where there are changes due to the implementation of a new national funding formula this year), and services for young people with High Needs. The total DSG in 2017/18 is £114m, although some of this will be recouped for Academies before reaching the Council. Appendix 9 sets out in some detail how this money is distributed between schools, Early Years and High Needs, and in outline the detailed distribution arrangements. In due course the detailed distribution will be published on the Council's website. All schools will be funded at, or very close to the minimum funding guarantee, which is a real cut of 1.5% per pupil, that on a like for like basis with 2016/17 is a total cut for Reading Schools of £1m. (The actual grant does increase but pupil numbers are rising faster).
- 3.19 Education Services Grant (£1.1m this year) is both being cut and transferred into the Dedicated Schools Grant (where additional rules apply), though there is a transitional grant and some cost will transfer with the funding (total £0.8m in 2017/18). However there is a further cut estimated at just over £0.5m in 2018/19.
- 3.20 For 2017/18 (and only in that year currently) the Government has introduced an Adult Social Care reform Grant; our allocation is £572k, (funded at a national level from the reductions made to New Homes Bonus).
- 3.21 In total these other grant changes are neutral on our budget position in 2017/18. The revised New Homes Bonus regime (with a threshold of 0.4% at Band D together with a further proposal not to pay NHB on properties built following planning appeal, as well as the general reduction (grant is paid for one less year)) create greater uncertainty in this grant stream to 2019/20. However, the changes in business rates infer at this stage that we will be paying an additional levy next year; estimated at £1.5m.
- 3.22 Public Health Grant is dealt with later in the report.

Addressing the Budget Gap

- 3.23 The consequent impact of the changes to income and emerging pressures has meant that a significant widening of the budget gap has now been identified over the period 2017/2020 to a figure of £44.0m. Section 4 of the report sets out in detail what the Council proposes

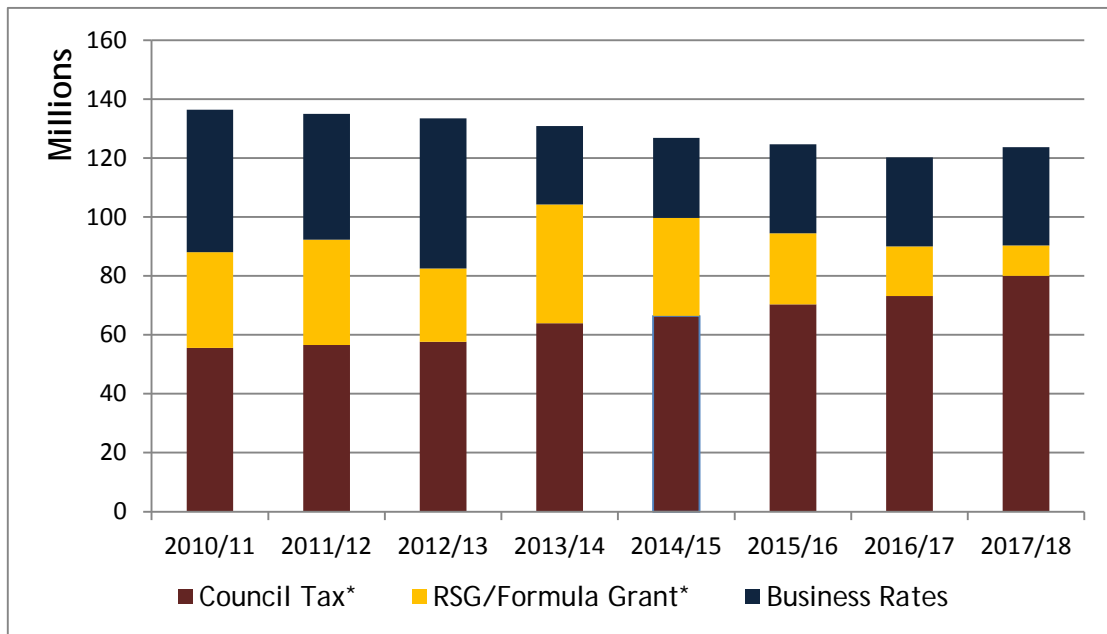
doing to address the immediate gap in 2017/18. A substantial amount remains to be found for the period 2018/2020.

- 3.24 To ensure that the Council will have additional income to provide services for the population which continues to increase the Council is proposing to increase Council Tax by 1.99%. Therefore, overall it is proposed that the Reading Council Tax would go up 4.99%, subject to Council approval, including the Adult Social Care Precept and general Council Tax increase. The Council Tax detail is set out in Appendix 2.
- 3.25 Furthermore, officers are advising that income should also be increased by:
- Changing some fees and charges; and
 - Securing a fair and statutory compliant process with NHS organisations which ensures that the funding obligations are met in full and not at the disadvantage of the Council or individual residents.
- 3.26 It is clear that the budget position is not sustainable into the future and even taking into account all the work the Council is doing to reduce costs. We will need to make further unprecedented cuts to services with the possibility of levels of job losses not seen before.

4. GENERAL FUND BUDGET

- 4.1 The Council is required to set a budget for day-to-day expenditure for each financial year starting on 1 April. It is a legal requirement for the Council to set a balanced budget within its Budget Framework by 17 March 2017. This is called the revenue budget and it is the money the Council needs to provide services during the year.
- 4.2 Funding to provide services comes to us in four ways: Central Government Grant (Revenue Support Grant), Council Tax, Business Rates, income from fees, charges and rents. However the Council's budget has become increasingly reliant on Council Tax income over time, with the Revenue Support Grant falling each year since it took its present form in 2013/14 and much smaller increases in the business rates income the Government has allowed us to keep since then. The table below shows how this has changed over the last few years with the loss of both business rates available to use locally and the drop in Revenue Support Grant.

Budget Funding over Time



*Tax & RSG figures prior to 2013/14 have been adjusted to take account of the reform in that & previous years

4.3 Since 2010, the amount of money we receive from the Government has reduced significantly. The Local Government Finance System was changed substantially in 2013/14 with the localisation of half of business rate income. The following table shows how our funding from central government - Revenue Support Grant - has already fallen over the last few years.

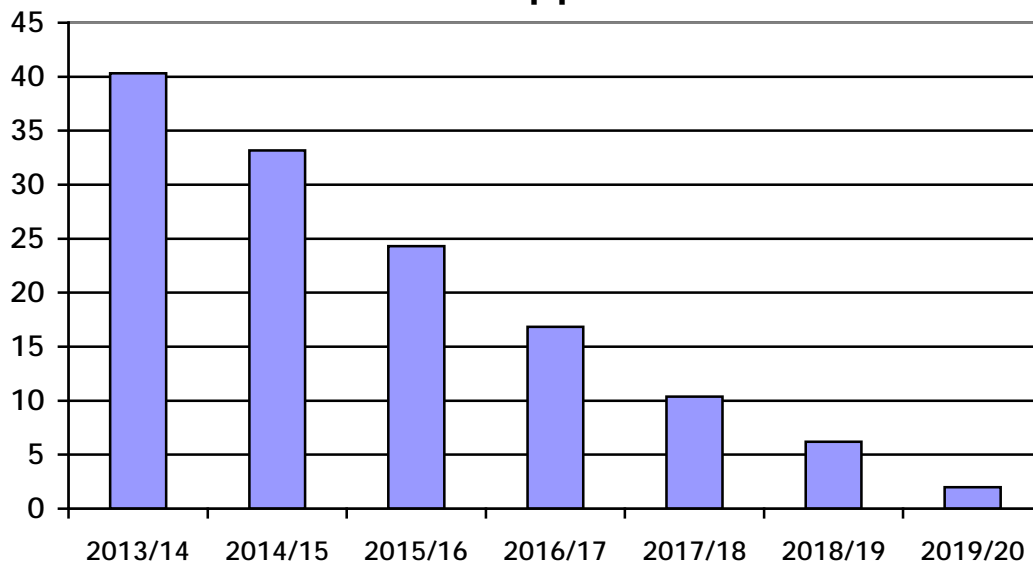
	RSG (from 2013/14) £m	Change from previous Year	Percent change
2011/12		*-£9.2m	- 7.6%
2012/13		*-£3.1m	- 4.3%
2013/14	£40.3m	*-£6.9m	-14.6%
2014/15	£33.2m	-£7.1m	-17.6%
2015/16	£24.3m	-£8.9m	-26.8%
2016/17	£16.8m	-£7.5m	-30.7%
2017/18	£10.4m	-£6.4m	-38.4%
Total		-£49.1m	

*changes in formula and other grants as reported in budget reports

4.4 Further cuts of £4.2m pa are scheduled for each of the next two years, thus reducing the RSG by 95% from £40.3m in 2013/14 to under £2m and the chart below shows the stark drop in the grant:

Millions

Revenue Support Grant



- 4.5 In terms of the loss per head of population, since 2013/14 when the present grant regime was introduced we have lost £185 per head over the 4 years while our immediate neighbours in Wokingham have only lost £115 and West Berkshire £129. By 2020 we'll lose £237, and Wokingham only £116.
- 4.6 Reading's estimated loss of Revenue Support Grant for 2017/18 is in line with England as whole at £40 loss per head of population but other authorities in Berkshire have a better grant settlement, losing an average of £36 per head, only Windsor & Maidenhead, losing £30 per head being significantly better than the County average.

Council Tax

- 4.7 The proposed level of Council Tax for Reading is £1,490.56 at Band D, an increase of £70.97 over the 2015/16 Council Tax of £1,419.59. This represents an increase of £1.29 per week at Band D. After taking account of the increases set by the Police and Crime Commissioner Thames Valley (PCCTV) (1.99%) and assuming an increase by the Royal Berkshire Fire and Rescue Service (1.99%) the overall increase in Council Tax at Band D will be £73.34 equivalent to £1.35 per week.
- 4.8 Most properties are in Band C or below, so the Reading tax will be £25.48 a week for most households and the increase about £1.21 a week. The Council Tax increase, more than half of which arises from the Government's expectation that councils will raise tax by 3% specifically to spend on Adult Social Care, so the total Social Care Precept from the whole Borough will be £3.8m in 2017/18, an increase of £2.4m on the £1.4m raised by the 2016/17 precept. Overall, with additional council tax payers, and the tax increase, Reading residents will pay £7.53m more Council Tax in 2017/18. 85% of this money simply replaces the lost revenue support grant.

Business Rates Income

- 4.9 This year, for the first time since 2010, the business properties will be revalued for the purpose of calculating business rates. Across Reading, total rateable value increases from £253m to £305m, a larger increase than the national average.

At a national level Government has increased total business rates by inflation. To compensate for the higher property values from revaluation, it has therefore reduced the rate per pound charged to individual businesses¹ so the amount collected nationally rises by only 2% inflation. Because of the large increase in rateable values in Reading, we expect that the rates that we will have to distribute will increase by £14.9m from £109.4m (in 2016/17) to £124.3m (2017/18).

- 4.10 However, the Council will not be able to keep much of the extra money. Although the Council's 49% share of the increase is £7.3m, the tariff we have to pay to the Government (within the Grant Settlement) has increased by £5.1m from £22.4m to £27.5m. Furthermore, we anticipate over 2016/17 and 2017/18 we will have £1.5m additional levy to pay over the budget so the net increase arising from underlying rates growth is actually £0.7m.
- 4.11 There remains considerable uncertainty regarding the impact that full retention of Business Rates by local government as a whole from around 2020 will have in funding our budgets. Put simply, at this stage we do not know how much of our Business Rates will be clawed back by central government after 2020 to be redistributed, as it will depend upon the amount of rates we collect at the time and how our needs are assessed relative to other authorities in a revised funding formula.

In respect of the prospects for Reading, CIPFA's Director of Local Government has advised that;

"While 100% localisation is a long term opportunity for local government it comes with significant short to medium term risks. Contrary to the impression that some may have, it absolutely does not mean an individual local authority will keep all its own business rates. Instead, because business rate capacity is not correlated with need to spend at the local authority level, the final scheme design will take into account that some areas have relatively poor capacity to raise business rates and some a much larger capacity. For this reason, the proceeds of growth will be redistributed periodically. Furthermore, government will be transferring new spending responsibilities to local government when the move from 50% retention to 100% occurs. Of course, the risk is that the associated cost profile is worse than the additional retained income. Most fundamentally, under the heading of the "Fair Funding

¹ Individual business bill is calculated by multiplying the property value and rate per pound.

Review” the government will kick off the scheme with a redistribution of resources between councils based on a new relative needs formula as yet announced. Finally, the earliest that a new scheme will be applied is 2019/20.”

- 4.12 Government has announced that Business Rates will be retained locally by 2020, but this is at a national level. From 2013/14 to 2016/17 the Council has kept only 27p for every £1 of business rates generated in the town. Following revaluation this will fall to around 25p (because of increased tariff and levy payments). Government officials have yet to set out a clear plan how Business Rates will work in the future and whilst there may be opportunities to retain more of the Business Rates from 2020, there may also be significant risks for places like Reading with a large business rate income. The timetable the Government is working to beyond the next few months is also not clear.
- 4.13 The financial forecast includes a share of locally retained business rates income. In the Autumn Statement in both 2013 and 2014 the Government decided to limit increases to 2% rather than RPI, which has been used, in line with the legislation every other year since setting business rates was nationalised in 1990. Government also made changes to the Small Business Rate supplement. Both of these changes continue to be compensated for through a government grant, and the initial estimate is that grant in Reading will be £1.2m (after an adjustment the Government is making because of revaluation). However, this grant is more than wiped out by the levy on Reading’s share of business rate growth.
- 4.14 Therefore, overall, whilst we estimate that after allowing for losses and the impact of appeals we will collect £124.0m of Business Rates, of which the Council will keep £31.2m.

The detailed apportionment is as follows:

Apportionment of Business rate Income	£m
Central Share to DCLG (50%)	62.000
Tariff to DCLG	27.484
Levy to DCLG (estimate)	2.100
Fire Authority Share (1%)	1.240
Reading BC share (49% less tariff & levy)	31.176

- 4.15 Since 2013/14, when the Local Government Finance regime was changed to localise up to 50% of rates income, retention of Business Rates has significantly shifted risk from Central Government to Local Government. Variations in collection and the impact of appeals are now shared with the Government. Any reduced income in Business Rates need to be recognised in year and must be taken account of in setting the following year’s budget. Our estimate of the appeals liability is regularly reviewed during the year, and the latest estimate of the outstanding appeals liability is around £13.9m, (£13m of which

needs to be set aside by the end of 2016/17 in connection with the transitional arrangements for funding pre 2013/14 appeals). The above estimate of business rate income allows for most of this; however, there is a risk that appeals are settled more quickly or more expensively (to the Council) than resources are available which will require additional budget reductions in future years.

Service growth and pressures and impact on the Budget Gap

4.16 The impact of the cut to Revenue Support Grant and the loss of Business Rates means that Council is not being adequately funded for the additional cost pressures we must budget for:

- General inflation;
- Increases in the number of children and young people needing support and rising levels of need;
- Cost pressures in the care sector, particularly caring for the elderly;
- Increases in demand for everyday services as the population grows;
- Significant pressure on homelessness budgets; and
- Increases in core costs, including pension contributions.

4.17 For 2016/17 we included approximately £6.4m of service pressures when setting the budget. In setting the budget for 2017/18 as well as managing growth in demand and service pressures we must also allow for:

- Invest to save and invest to protect costs;
- Shortfalls in forecast income; and
- Unachieved Savings.

4.18 We are recommending that £10.2m is allowed within the revenue budget for service growth and pressures. This includes £7.3m in Education and Children's Services which allows for the 2016/17 overspend and responds to the recommendations of Ofsted. In addition, £0.9m is needed within Corporate Support, mainly within Customer Services (£0.5m) to deal with housing benefit costs (both grant loss and administrative costs), but also to invest in ICT to (£0.3m) support efficiencies and improved productivity.

4.19 Adult Services faces increasing demands that account for most of £0.9m and Environment & Neighbourhood Services £0.7m. We have funded £1m for other costs that may arise in the course of the year and £0.3m to meet the apprenticeship levy.

4.20 Taking into account the forecast income for future years and continuing pressures on the budget, the estimated gap for 2017/2020 is now £44.0m before any planned savings.

Budget Savings to bridge the gap

- 4.21 We have previously built in some savings for future years. Policy Committee in 2016/17 agreed further savings and income proposals. In total, this amounts to over £32.7m of savings. All of these agreed savings are outlined in Appendices 1a and 1b and need to be delivered by service areas otherwise they will add to the forecast funding gap.
- 4.22 In addition there is a further £0.3m savings proposed in this report (Appendix 1c) providing a total savings and income target of £33m:
- Reconfiguring the services of the Homelessness Pathway Contract which proposes savings of £245k as set out in the report elsewhere on the agenda; and
 - Reduction in staffing in Democratic Services and a small reduction in Members' training budget which provides a proposed saving of £38.5k.
- 4.23 A risk assessment of the planned savings has been undertaken in recognition of their scale and limited timescale to deliver them, particularly in 2017/18. As a result, £7.7m has been identified as high risk and the budget has been built to include a contingency for non-delivery and/or slippage. This is considered an imperative in order that a robust budget can be set.

Balancing the Budget

- 4.24 The Council needs to balance both the 2016/17 budget in the context of the in-year overspend and the 2017/18 budget position as set out in this report. The available resources to do this are as follows:

The Council brought £16.8m of General Fund reserves into 2016/17. During the year we have completed an actuarial review of the self-insurance reserve which has identified £1.1m of this is available for use. By the end of the year we expect to use £1.5m of the organisational change reserve (mainly on redundancy costs). The £4.3m self-insurance reserve is not available leaving £11m of reserves that could be used as shown in the table below:

RESERVES	Position at 31/03/16	Movement in 16/17	Position at 01/04/17 before balancing the budget
Emergency Planning	200		200
Legal & Taxation	250		250
Organisational Change	5,000	- 1,500	3,500
Pension Liabilities	300		300
Property	200		200
Prudential	5,450	1,100	6,550
Total available	11,400		11,000
Self-Insurance	5,400	- 1,100	4,300
Total	16,800		15,300

- 4.25 The Council brought a General Fund balance of £5.6m in 2016/17, £0.6m above the minimum requirement.
- 4.26 The Council also holds general fund capital receipts of £7.6m and expects to receive further receipts by the end of 2017/18 of at least £8.3m from the sale of assets.
- 4.27 Therefore the total available resources are £27.5m comprising available reserves, balances above the £5m minimum and General Fund capital receipts.
- 4.28 In the 2016/17 budget the Council agreed to fund £6.8m of that year's budget from reserves. Subsequently as has been reported throughout the year the budget has overspent by £7.6m. Therefore the Council will need to use £14.4m of these total available resources in the current financial year.

- 4.29 There is a gap in 2017/18 of £11.1m (including the savings contingency) after taking account of agreed savings. This must be closed to set a lawful budget and necessitates the use of the remaining available resources.
- 4.30 The total requirement across the 2016/17 and 2017/18 is therefore £25.5m. Capital resources cannot generally be used for revenue purposes. However over past years the Council has established an Equal Pay revenue provision of £11.4m. Most capital receipts can legally be used to meet equal pay costs. We can therefore use this revenue provision to add the available resources to fund the gap across the two years while funding the Equal Pay liability from capital receipts where we are allowed to do so. The use of capital receipts of £4.5m to fund the remaining gap will need to be achieved in accordance with paragraph 11 of Annexe D (The Minimum Revenue Provision Statement) of Appendix 5 and reducing the minimum revenue provision in 2016/17 by this sum.
- 4.31 Whilst the measures described above will fund the gap, it should be noted that this leave available resources of only £2.0m.

4.32 The table below outlines the forecast budget requirement and funding available to the Council to show the funding gaps.

2017-20 Financial Forecast

	2017/18	2018/19	2019/20
	£'000	£'000	£'000
Budget Requirement (previous year):	120,197	125,327	124,719
One off measures from previous year	6,826	11,141	
Grant (& Levy) Changes	1,500	2,419	120
Pay Award and Increment (& Pension change)	2,072	1,607	1,588
Pension Costs Change (2017/18)	2,800		
National Living Wage (pay costs)	100	1,000	1,000
Non pay inflation	1,467	2,040	1,899
Capital financing cost	3,973	2,302	1,547
Service Pressures	10,158	0	2,000
Reinstatement of annual Organisational Change contribution	800	0	0
Transition Grant	-387	387	
Draft Budget before Savings	149,506	146,223	132,873
Savings measures agreed in earlier years (Appendix 1a)	-6,663 ²	-96	
Savings measures agreed in 2016/17 (Appendix 1b)	-14,036 ³	-7,525	-4,387
Savings measures now proposed (Appendix 1c)	-39	-183	-61
Further Savings needed in future years		-13,700	-5,000
Contingency for undeliverable/high risk savings	7,700		
Use of Balances	-11,141		
Budget Requirement	125,327	124,719	123,425
Funding of Budget Requirement			
Estimated Government Grant (RSG)	10,368	6,209	1,998
Estimated NNDR Local Share	33,276	33,607	33,838
Council Tax Income #	80,000	84,903	87,589
Collection Fund Council Tax Surplus	800		
Collection Fund NNDR Surplus	883		

assumes maximum increase in each year (without referendum), subject to annual Council decision.

² & ³ £1.704m of the savings that were originally agreed by Policy Committee can no longer be delivered and total and phasing have been adjusted accordingly.

Capital Investment Programme

4.33 The Council continues to invest in Reading to provide new school places, homes, transport infrastructure and improve our facilities. Importantly the programme focuses on a range of projects that will help to reduce revenue costs in the longer term. This includes progressing a review and consolidation of our buildings, replacing street lighting and improving ICT to deliver services as efficiently as possible including helping residents to self-serve. The capital programme is funded by a range of means, including grant from central government or other organisations or developer contributions, neither of which can normally be used to run day-to-day council services. In some cases we will need to borrow money to fund “invest to save” proposals, and/or invest in our assets and the cost of this borrowing will impact on the Council’s revenue budget. Target levels of borrowing are consistent with our revenue budget forecasts.

4.34 The Capital Programme for 2017-21 is outlined in Appendix 7 and key areas of investment in the proposed Capital Programme include:

Education and Early Help

4.35 The Council’s major Primary School expansion programme will have virtually been completed by the end of 2016/17 and has delivered over 2,500 permanent new school places for children in Reading. Over £18m of investment into our existing schools is planned over the next 3 year period. This includes more primary school places in West Reading and ensuring that our school buildings remain safe and fit for purpose. The Council has successfully secured external grant funding of £0.5m to help deliver additional Early Years childcare spaces needed for 2 year olds. A Higher Needs Expansion plan for accommodation is being developed, with an Asperger unit being delivered as a first phase in 2017/18 which will add a further 15 spaces to meet need.

Homes for those in most need

4.36 The Council incorporated Homes for Reading Ltd, a wholly-owned housing company in 2016 which, when it starts to trade will buy residential property in order to rent. The company’s (draft) business plan envisages that it will borrow, or receive in share, capital of £125-150m from the Council over 5-6 years. The company will pay interest on its borrowing that will at least meet the Council’s financing costs associated with financing loans in, or purchasing the share capital of the company.

4.37 Although much reduced due to previous changes to government legislation, the new council house building programme is planning to deliver 57 new affordable homes at Conwy Close. In addition, 28 additional temporary housing units at Lowfield Road are in the pipeline to help meet the needs of homeless families in Reading. The Council plans to continue to invest between £8m and 9m per annum

in its existing housing stock via the HRA over the next 3 years. The retained element from 'Right to Buy' receipts from the sale of council houses are utilised wherever possible, to help fund new affordable housing, or other housing related expenditure though at the current time we are unable to meet the spending constraints associated with the 1-1 element so for the immediate future will pay that element to DCLG.

Providing Infrastructure and Remaining Financially Sustainable

- 4.38 The Council has been successful in securing major Growth Deal funding through the Local Enterprise Partnership which, combined with developer contributions has enabled it to commence delivery of a new £13.75m station and interchange at Green Park. A further £5.62m grant from the Growth Deal will also help fund the first 2 phases of the Southern Mass Rapid Transit (MRT) and provide additional capacity for fast and frequent bus services along the A33 corridor. Similarly, the first Phase of the East Reading MRT has received provisional funding of £19.5m and is planned to be delivered over the 3 year period. A further total investment of £1.3m is being made to the National Cycle Network number 422 which runs east-west through Reading. The Council continues to invest in maintaining its highway assets, including a £9.8m "invest to save" street light replacement programme. It also anticipates carrying out a range of more local highway improvements and road safety schemes as well as continuing to invest in our existing transportation infrastructure.
- 4.39 The Council is progressing the review of its principal leisure facilities and is about to commence a competitive process to secure a commercial operator. Key elements of capital expenditure include the provision of a demountable swimming pool at Rivermead, to provide continuity of provision following the planned closure of Central Pool. The successful bid to the Heritage Lottery Fund has enabled a £2.8m investment in the Abbey Quarter over the next 3 years, along with a rolling programme of developer-funded improvements to parks and open spaces. An additional budget has also been identified to fund works to our parks and open spaces to deter illegal incursions.
- 4.40 A range of "Invest to Save" initiatives, costing approximately £22m, is a key component of the capital programme, and includes investment in Digitisation and ICT, replacement fleet vehicles, and the continued rationalisation of council buildings, including the creation of community hubs bringing a range of services closer to our most deprived neighbourhoods.

Housing Revenue Account

- 4.41 The HRA is a ring-fenced account which deals with the finances of council housing. Budgets have been prepared in accordance with the budget guidelines and planned programmes of works to housing stock have been updated to take account of progress during 2016/17. The

budget for the account in 2017/18 is set out in Appendix 10 and it is intended to report more detailed information to Housing, Neighbourhoods & Leisure Committee on major repair works and publish the information on the Council's website.

- 4.42 The Welfare Reform and Work Act 2016 required that social housing rents reduce by 1% a year for 4 years, which started from 2016/17. The Council decreased rents by 2% mid-way through 2016/17, which met both the requirement for a 1% reduction in 2016/17 and the further requirement for another 1% reduction in 2017/18. The legal requirement is that "in relation to each relevant year, registered providers of social housing must secure that the amount of rent payable in respect of that relevant year by a tenant of their social housing in England is at least 1% less than the amount of rent that was payable by the tenant in respect of the preceding 12 months." Therefore, no general rent change is needed in April, though the Council does have an option to increase rents in line with its normal policy in the PFI area. However, as we have not hitherto differentiated, there is no proposal in this report to pursue such a change.
- 4.43 The Council's HRA Business plan has been updated to reflect the required 1% p.a. reduction, with the consequence that much of the previously planned new build Council housing programme is unaffordable. There is sufficient borrowing headroom to fund a limited new build housing programme currently including the development of 57 homes at Conwy Close which is in the process of commencing on site. We will explore the opportunity to be able to build more housing within the programme as the HRA business plan is periodically updated.
- 4.44 As regards performance, rental income collection is already top quartile and voids performance (and resulting rent loss) has very significantly improved for standard and major voids in recent years (with consequent financial benefits for the HRA). For historic reasons, Reading BC current rents are, on average across the stock, c.6% below the social housing formula rent set by central government, known as 'Target Rent'. Whilst we have to apply the 1% rent reduction across all non-exempt stock for existing tenants, legislation allows the Council to set the rent levels in line with Target Rent whenever a property is *re-let*. Target rent of individual properties will also reduce by 1% each year from 2016/17 to 2019/20, and in some cases the move to target rent will be a reduction, but as indicated above, over the very long run, once most properties have changed tenancies the revised policy will increase rent income by 6%.
- 4.45 By changing actual rents to target level, as these are generally increases, the change will increase the HRA's resilience, and therefore when considering the possibility of further new council house building in the context of rising homelessness acceptances,

increase the likelihood of that being affordable. Council is asked to agree this change to rent policy from 1 April 2017.

Public Health Grant

- 4.46 Public Health receives specific grant funding and our spend is targeted to identified strategic needs that meet the grant conditions. Reading's grant for 2017/18 is £10.0m and the key areas of spending include Public Health Nursing Service 0 -19 (25 Years), Smoking Preventions, Sexual Health services, Health Checks, supporting people with drug and alcohol addictions and a wide range of public health prevention, promotion and information services, including TB, weight management and diabetes. The Government will make savings in local authority Public Health spending averaging annual real terms savings of 3.9% until 2020 by cutting the grant.
- 4.47 Although the ring-fence on public health spending will be maintained in 2017/18 no decision has been made on the continuation of the ring-fence in later years. Further discussions are currently taking place to review what councils are spending their grants on and this may result in the ring-fence conditions changing. Reductions to the Public Health budget will continue to have a significant negative impact on the essential prevention and early intervention services provided by the Council. When business rates are localised, Public Health grant funding is expected to end, and be replaced by retained rates receipts, an arrangement that Greater Manchester authorities are piloting from this coming year.

5. RISK MANAGEMENT

- 5.1 The Local Government Act 2003 states that when a local authority is making its budget "the chief finance officer of the authority must report to it on the following matters—
- (a) the robustness of the estimates made for the purposes of the calculations, and
 - (b) the adequacy of the proposed financial reserves."

And goes on to state that the authority "shall have regard to the report when making decisions about the calculations in connection with which it is made."

- 5.2 This report has been prepared by the Chief Finance Officer to fulfil her duty and gives the required advice relating to the 2017/18 financial year including, a consideration of the budget proposal as a whole and all the financial risks facing the Council in this year. Also, it identifies the Council's approach to budget risk management, and assesses the particular risks associated with the 2017/18 budget to inform the advice on robustness.
- 5.3 The report is included at Appendix 4, and highlights the current financial position is fragile. For 2017/18, a financial balance is

possible but only with some very significant risks and dependencies in delivery.

- 5.4 Putting forward a balanced budget for 2017/18 can only be achieved by exhausting almost all available reserves and all General Fund capital receipts from 2016/17 and those not yet delivered in 2017/18. The Council's General Fund no longer has an adequate level of reserves, except a £5m minimum balance and a £4.5m insurance reserve, and is exposed to even modest shocks.
- 5.5 The position for 2018/19 onwards is currently not sustainable in the absence of deliverable plans being produced during 2017/18 and affecting the base budget for 2018/19.
- 5.6 The Council will need to produce a realistic plan for reducing the budget requirement for future years by quarter 2 of 2017/18 otherwise the Chief Finance Officer will be required to produce a section 114 report.
- 5.7 Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the s151 officer, in consultation with the Council's Monitoring Officer and Head of Paid Service, if there is likely to be an unbalanced budget. In this event the Council must consider the report within 21 days and decide whether it agrees or disagrees with the views in the report and what action it proposes to take to bring the budget into balance. The publishing of the report starts an immediate 'prohibition period'. This means that all persons have delegated authority to enter commitments, that such powers are suspended during the prohibition period.

6. RESERVES

6.1 Reserves are held for a number of reasons to enable the Council to:

- Deal with unexpected events;
- Manage changes in demand for services; and
- To fund specific projects or liabilities.

6.2 The assessment of reserves is based on the following:

- The level of risk within the budget;
- Judgement on the effectiveness of budgetary control with the Council; and
- The degree to which funds have already been set aside for specific purposes which will reduce the need for general reserves.

- 6.3 As set out above the level of risk within the budget has significantly increased in 2016/17. Paragraph 4.29 shows the reserves we brought into 2016/17 and the subsequent paragraphs explain that it is necessary to use almost all these reserves in order to set a lawful budget for 2017/18.
- 6.4 In developing future plans beyond 2017/18, the Council will need to rebuild reserves to at least the level brought into 2016/17.
- 6.5 In 2017/18 the only General Fund reserve we will hold will be the self-insurance reserve which is required in connection with the proper management of the Council's insurance arrangements. The arrangements set out in paragraphs 4.25-4.33 to balance the budget leave an excess of £2m which is likely to be needed to meet organisational change costs, including redundancy costs. (The only specific budget for these is the £800k annual contribution).
- 6.6 Therefore the Council no longer has an adequate level of reserves, and only holds a £5m minimum General Fund balance and the insurance reserve and consequently is exposed to even modest shocks.

7. TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS)

- 7.1 There is a requirement for the Council to have all of the following:
- Treasury Management Strategy for 2017/18;
 - Annual Investment Strategy for 2017/18;
 - Prudential Indicators for 2017/18, 2018/19 and 2019/20; and
 - Minimum Revenue Provision Statement (in connection with debt repayment)
- 7.2 The Treasury Management Strategy, enclosed within Appendix 8, brings these together and the statement explains:
- how the Council tries to minimise net borrowing costs over the medium term;
 - how we ensure we have enough money available to meet our commitments;
 - how we ensure reasonable security of money we have lent and invested;
 - how we maintain an element of flexibility to respond to changes in interest rates; and
 - how we manage treasury risk overall.
- 7.3 In line with recommended practice, a draft of the statement was presented to Audit & Governance Committee, at its January meeting. The "liability benchmark" graph included in the Treasury Management Strategy identifies that within the next couple of years the Council will need over £110m additional long term borrowing in 2017/18 for around 15-20 years to finance its present capital plans.

The cost of funding this additional borrowing has been built into the Financial Plan.

8. COMMUNITY ENGAGEMENT AND INFORMATION

- 8.1 The specific savings and income proposals set out in this budget were approved by Policy Committee in July and December 2016, subject to consultation where required.

9. EQUALITY IMPACT ASSESSMENT

- 9.1 Under the Equality Act 2010, Section 149 a public authority must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 9.2 The equality duty is relevant to the development of the Budget. The specific savings and income proposals set out in this budget were approved by Policy Committee in July and December 2016, subject to consultation and equality impact assessment where required.

- 9.3 The additional savings proposals (Appendix 1c) referenced in this report will be subject to any necessary consultation and equality impact assessments being undertaken and the outcomes being reported back for consideration by the relevant committee.

10. 3-YEAR FORWARD IMPLICATIONS

How this could impact on residents, businesses and partners

- 10.1 Reducing the Council's budget by a further 37% over the next three years on what we are actually spending in 2016/17, on top of what we have already saved, means that future savings and service options will need to be significantly altered. It is clear that this will have a further impact on residents, businesses and partners. As part of the proposals that will be developed for Councillors to consider through 2017, we will outline in more detail what the potential impacts could be, how we can try and mitigate this and in some cases perhaps not be able to mitigate any impacts.
- 10.2 We will also be clear about the positive impact of what we are doing with the money we will still have to provide services.

Legal

10.3. There is a legal requirement to set a balanced budget.

Financial

10.4 The financial implications are set out throughout this report. Our financial situation is extremely challenging and over the next year. A fundamental review of council functions and services is required, to enable officers to provide Councillors with options to significantly reduce spending and to increase income further to bring the budget into a sustainable balance.

10.5 A revision of the Corporate Plan and Medium Term Financial Plan will be undertaken in the first part of 2017/18. The key priority for future budget setting will be to develop a service offer that is affordable and radically changes the way we work to move to a sustainable financial position. This will inevitably mean cuts in services with consequent cuts in staff and services purchased.

11. BACKGROUND PAPERS

11.1 Appendices:

- 1a) Savings and income proposals for 2017/18 agreed in previous years
- 1b) Savings and income proposals for 2017/18 agree at Policy Committee during 2016/17 (July and December 2016)
- 1c) Additional savings proposals for 2017-20
 - 2) Calculation of Council Tax
 - 3) Fees and Charges Summary Statement
 - 4) Robustness of Budget Estimates & Adequacy of Balances 2017-18 (Statutory Advice)
 - 5) Treasury Management Strategy Statement
 - 6) General Fund and Summary Cost Centre Budget
 - 7) Capital Programme
 - 8) CIL protocol
 - 9) Dedicated Schools Grant
 - 10) HRA Budget 2017/18

Appendix 1a

Savings and income proposals agreed in previous years to be delivered in 2017/18 and 2018/19

Saving/income proposals	2017/18	2018/19
Increase independent travel to schools where most children receive transport, parents who choose to place their children in faith schools will no longer be eligible for free transport (subject to consultation).	95	
Extra Care Housing Older People so that they no longer have to live in expensive residential placements.	350	
Control the rate at which new Adult Social Care packages (residential and nursing) are commissioned, reduce the number of higher cost placements and offer new service users needing a care home placement options from a wider geographical area. Reduce care packages as people achieve greater independence.	250	
Continue move to a new care model of services for older people with a focus on the reduction of residential placements and reduction in small domiciliary care packages to support people to be more independent.	100	
Review care packages for people receiving Learning Disability Services; supporting greater independence and changes to way care is provided.	500	
Continue to move away from Residential placements by supporting older people through Extra Care and care and services provided at home.	250	
Work with Health partners to change the way people are cared for and to deliver different services. A less dependent focus and review of proven treatment options. This should result in less referrals to Adult Social Care.	450	
Changed model of support and increased focus on prevention reduces workforce requirements in Social Care.	375	
Commission a new Nursing Home with a reduction in costs compared to current activity.	98	
Reduced Social Care funding to voluntary and community sector via a review of the grants and re-focus via a commissioning process.	223	
Increase income generated through baby naming and renewal of vows ceremonies, nationality checking services and memorial sales. Promote online appointment bookings and certificate applications.	17	
Deliver on line services using digital technologies, both for the provision of customer services and to engage with residents.	45	
Re-phasing of 15/16 saving which was removed through budget pressures and also revenue moved to capital in previous year but saving not taken.	25	
Adult Social Care - older people staff reductions, changes in home care, transformation of learning disability and mental health	1490	
Town Hall and Museum - increase income by hosting Berks Coroners Service and generate additional income through service development.	195	

Saving/income proposals	2017/18	2018/19
Parks and Grounds Maintenance - review of current operating methods to increase productivity and removing duplication and wasteful processes. To generate additional income through increasing market share of arboriculture and grounds maintenance services.	80	
Waste Operations - optimising collection routes to reduce number of rounds, generate additional income by increasing trade waste customers.	394	
Highway Engineering - systems reviews and adopting asset management approach. Increased commercial activity. Savings from LED streetlighting.	258	
Fixed penalty noticing and enforcement overrunning road works.	40	
Introduction of Red Routes.	100	
Parking - increasing available parking in Reading.	125	
Library Services - there is a separate report on the agenda regarding this saving.	280	
Property & Health and Safety - Management and Operational Savings.	175	40
Building Cleaning and Public Conveniences - closure of some PC provision and reduce building cleaning costs.	59	
Deliver more services on line.	120	
Implement a new commissioning approach for services from the voluntary sector with reduced funding targeted to meet local needs.	510	106
Stop funding of Reading CIC	44	
Review of supplies and services (Stationery)	50	
Concessionary Fares	-35	-50
TOTAL	6663	96

Appendix 1b

Savings and income Proposals agreed at meetings of Policy Committee April - December 2016

Saving/income proposals	2017/18	2018/19	2019/20
Finance - Removal of vacant posts initially, and reduction of up to 6 posts over time as self-service and process efficiencies are delivered.	38	117	78
Finance Systems - systems saving costs.	80		
Removal of vacancy factor budget and general corporate provision from 2017/18 (already committed in 2016/17).	120		
Increasing income in cemetery and crematorium and new passport checking service.	60		
Restructure of Cemetery/Crematorium Team.	25		
Reduce tell us once offer to be only available on line by removing face to face appointments for Bereavement and Registrars service.	7		
Reduce staffing in funding services team as a result of the new commissioning model.	16		
Reduction in ICT support and application costs expected as we become a smaller organisation with less lines of business.	66	167	67
ICT Contract savings (had been one off in 16/17).	-225		
Blue Badges - increase charge to £10 which lasts for three years and will bring fees in line with national guidelines and other councils. The current charge is £5.52.	12		
Reduce number of National Management Trainees recruited in future years.	30	30	
Further reshape of CS including Customer Relations offer to reflect digitisation and shift to self-service within reducing budgets.	100	100	290
Cease the Employee Assistance Programme (17/18).	32		
Roll out mileage and expenses as self-service - remove payroll resource (17/18).	25		
Reduce the number of non-statutory bodies supported by the Committee Service by 40. Reduce the amount of non-committee work carried out by the Committee Service.	45		
The Legal Section will continue to adapt to the changing demands that a smaller council will require and will continue to generate and increase income from outside the Council. Whilst the savings will inevitably see a reduction of some FTE's posts Legal Services will be continuing to provide a professional and flexible service to facilitate and work with other services to meet the organisations changing needs.	69.2	35	89
This service provides specialist legal support across all six Berkshire authorities for child protection. Savings to reflect expected caseload and income.	50		
Reduce Occupational Health support.		30	

Saving/income proposals	2017/18	2018/19	2019/20
Reduce HR support as managers become more self-reliant (dependant on significant training of management) (19/20).			50
HR - Reduce recruitment resource (17/18).	20		
Renegotiation of Midland iTrent (HR payroll system) contract to remove bureau service. Dependant on creating an internal BACS system, maybe in collaboration with Finance (18/19).		20	
Cease South East Employers membership (17/18).	9		
Supplies/Services - Reduce budget by 10%.	12		
Communications - Reshape of service.	73		
Reduce Corporate Marketing budget.	30		
Delete Inside Reading budget for print copies (digital only).	5		
Joint administration fee for Lord Lieutenant's Office.	4		
Reduce the capacity of the Neighbourhood Officers team with the loss of 5 posts. The current Neighbourhood patches will be rationalised and the remaining NOs will carry out statutory highways inspection and management work rather than environmental enforcement and monitoring. This will result in a reduced level of service and it will no longer be possible to support Community initiatives or run RESCUE events.	184		
Transformation and rationalisation of the Neighbourhood Support Team, including waste minimisation support. The proposed staff reduction (3 posts) is only sustainable if supported by digital self-service for all transactions and enquiries dealt with by the team. A reduced Waste Minimisation function will compromise our ability to reach the recycling target of 50% by 2020.		141	
Increase Trade Waste Collection and Disposal service turn over by 100% (£650,000pa to £1.3m). This proposal depends on all service managers complying with the internal trading memorandum.	25	50	75
Parks and open spaces - Creation of 2 new works gangs, one to take on additional grounds maintenance work from internal and external sources and one to take on further external arboricultural and tree surveying works. Both proposals rely on compliance with the internal trading directive, sufficient administration support and full roll out of the digital agenda.		150	
Transformation of the Highways and Drainage Service: By generating additional income via investing in additional works / operational staff and equipment. Proposed Change to a 6 day working shift pattern to reduce the need for overtime and make the service more resilient, efficient and flexible. Review and rationalise use of Standby & Emergency Call Out payments.	267	204	

Saving/income proposals	2017/18	2018/19	2019/20
Transformation of the Highways and Drainage Service: By generating additional income via investing in additional works / operational staff and equipment. Proposed Change to a 6 day working shift pattern to reduce the need for overtime and make the service more resilient, efficient and flexible. Review and rationalise use of Standby & Emergency Call Out payments.	30	21	
Saving proposals for Highways Engineering include: Savings of around £450,000 on energy and maintenance costs as a result of new LED street lighting. Increased income generation of around £41,000 from fees & charges from developers for supervision of road adoptions, road improvement works and accidents reclaims charges requirements. Restructure of Highway Engineering Team with loss of 1 x FTE post in 19/20 saving £ 55,000.	218	230	55
Review and rationalisation of Graffiti service to secure additional funding/ income, including the loss of 1x FTE staff. This may initially result in a longer response time.		50	
The re3 Strategy commits the re3 Partnership to a review of the operation of its two Household Waste Recycling Centres. This was brought forward by the re3 Board in response to the potential financial pressures of West Berkshire Council's decision to bring to end reciprocal payments for use of re3 facilities by its residents. The re3 Partnership is introducing residency checks on July 1st 2016. In September 2016, the re3 Partnership will introduce controls on access by commercial vehicles and charges for some types of waste that are deemed to be non-household (in legal terms).	379		
Streamline and make more effective the Parking Contravention Notice challenge process using digital solutions and on-street capital investment. Introduction of further traffic and parking management controls across the town to help optimise network capacity in order to address increased demand arising from growth.	300		
More efficient use of staff transport by increased use of Pool cars.	97	97	73
Ceasing the operation of the "Front of House" service currently provided at Mere oak Park and Ride and replacing with an automated parking management system will remove the need to have ongoing staff management costs at the site, and increase security for access and egress to and from the site.	110		
(17/18) Remove Readybike subsidy and seek sponsorship	130		
(18/19) Remove Greenwave and Route 28 subsidy		120	

Saving/income proposals	2017/18	2018/19	2019/20
<p>17/18) Revert to the standard English National Concessionary Travel Scheme (ENCTS) in terms of hours of operation and scheme criteria. This would include: -</p> <ul style="list-style-type: none"> • Passes only valid from 09:30 to 23:00 Mon-Fri, and at any time on weekends and bank holidays. • Cease acceptance of Wokingham and West Berkshire pass holders between 09:00 to 09:30 Mon-Fri. • Cease acceptance of concessionary passes on football and rugby special services to/from the Madejski Stadium. 	59		
<p>Reduce Neighbourhood Initiative team by 2.4 posts. There will be little capacity to support initiatives outside of Housing estate areas. However, resource would be focused within areas with the highest levels of deprivation. Very minimal support to Neighbourhood Action Groups.</p>	21	26	
<p>Transfer all temporary accommodation for homeless households into the General Fund, which increases flexibility in rent setting. Change rents, including adult social care rental income to levels below LHA and affordable for those impacted by the further reduced benefit cap. [LHA is the amount which Housing Benefit will pay up to for rented accommodation.] Existing tenants would not be impacted. This proposal may be subject to Secretary of State consent to transfer stock (advice sought).</p>	85	40	
<p>Deletion of Housing Supply Enabling Officer role. All negotiations for Affordable Housing on new developments would be through the Planning service. This would increase pressure on a team for which a reduction in capacity/expertise is also proposed.</p>	47		
<p>The Housing Company Homes for Reading has potential to make a return to the General Fund. This is an income generation target and subject to market conditions, policy change and other variables outside the LA's control. This needs to be balanced against a need to secure sub-market rental properties (subsidised by full market rent) to meet acute housing need to accommodate homeless households and reduce the use of B&B.</p>			350
<p>Additional income raised from property holdings, running cost savings and management and staff savings in relation to the management of property. Commensurate with reduction in overall number of buildings owned and managed. Reduction of 10 posts which will result in loss of expertise, increased response times.</p>	283	340	130
<p>Reduction in resources in relation to environmental protection, Increase income from pest control service, Deliver a shared service with other Councils with associated management and back office savings. Reduction of 8 posts. This will result in a loss of expertise, increased response times, reduced influence over local priorities given broader shared service priorities, and reduced management capacity.</p>	20	230	50

Saving/income proposals	2017/18	2018/19	2019/20
Berkshire Coroner - Re apportionment of costs across Berkshire. Reduction in higher skill resource replaced with improved software and lower skill level resource. IT capital investment required to maintain service performance.	10	70	
Reduction in professional specialist, management, enforcement and administrative resources; an increase to pre-planning application fees by 10%; Forecast increase in planning application fee income. Reduction of 5/6 posts. This will result in reduced capacity to negotiate wider community benefits including affordable housing, Increased response times and a reduction in enforcement capacity,	137	70	60
Undertake a review of existing provision to inform the closure of a number of public conveniences.	15	15	
Building cleaning - Management Savings and changes in service provision.	13		
Building cleaning - Management Savings and changes in service provision.	47		
Commensurate with the reduction in the Council's property holdings, it is proposed that there is a managed reduction in Corporate Health & Safety activity as risks reduce. Increased fee income and options to consider future delivery models. Reduction in staffing level. This is likely to result in reduced corporate support, and increased fees for customers of the service		60	80
Procure new leisure operator and implement proposals for provision of new and refurbished facilities to replace Central and Arthur Hill Pools as approved by Policy Committee in November 2015. Aspiration is for the service procured to be cost neutral - including covering the borrowing costs of the capital needed to deliver new facilities.			750
Increase income following refurbishment of South Street and introduction of membership schemes for both South Street and the Hexagon.	100	15	10
Further increase income following completion of reconfiguration to accommodate additional services and intensify commercial use. Potential delivery in 2018/19 but requires detailed business planning.		25	25
Further increase income following completion of reconfiguration to accommodate additional services and intensify commercial use. Potential delivery in 2018/19 but requires detailed business planning.		25	25
Reduction by 10 posts (10 out of 59 FTE posts) in back office specialist support team. Linked to a new model for back office specialist business support. This will also need to take account of co-location of services.	156	156	
Play service - Accelerate break even position and generate more income.	124		
Disposal or rental of site to save revenue running costs Majority of budget is spent on the Meadway building next to TVS. If Council can receive income/Rent to bring this down to cost neutral.	46		

Saving/income proposals	2017/18	2018/19	2019/20
Education - Annual Software relating to Pupil forecasting that is not required for the ongoing forecasting of school placements.	11		
Education - Budget allocation to Reading first partnership requires less money than was anticipated and has therefore reduced by this amount.	27		
Increase contribution from Early Years Dedicated Schools Grant to against current costs.	50		
Review to redesign the Early Years offer.		40	
Review support function for admissions to increase the online/ digital support and facility.		45	
Due to current School regulations the funding for Admissions could not increase since 2012. Growth in this area since then had to be funded by RBC. First indications of the new School Funding Formula suggests this could change and the service could be fully funded within the school central block.		55	
Elective home education - Reduction in the budget available for resources and materials to parents and carers educating their children at home.	5		
School travel - As outlined in business case, reduce demand, increase income, reduce discretion and build independence. Also procurement efficiency.	80	100	
Kennet Day Nursery - Set a surplus target for provision and working with other organisations to achieve 85% occupancy.	20	30	
Reshape the School travel arrangements.	37		
Review the Virtual School staffing arrangements.	43		
Review of the management arrangements in Education due to the savings being taken.		90	
Current review of the fostering service and commissioning arrangements will identify a range of savings across all functions and activities. This will be reported to ACE committee in early 2017. The range of options to ensure savings are made include. Fees to be based on Foster Carers assessed skills levels and children's identified needs. Improve procurement of Independent Fostering Agencies - to be linked to sufficiency strategy & needs assessment. Increased recruitment of in- house foster care provision Improve procurement & commissioning of residential placements for Looked After Children and children with Learning Difficulties and Disabilities. Move children to lower cost placements when safe to do so. Seek additional Health contributions to packages.	932	700	
Review of the non-statutory functions within the Children's Services Access and Assessment service.	200		
Pincroft Residential Unit - Generate additional income as a result of selling a residential placement to other local authorities.	86		
Reshape of the conference and review service that provides a quality assurance function for Children's Social Care.	77		

Saving/income proposals	2017/18	2018/19	2019/20
Review the Fostering and Adoption services prior to transfer to regional adoption arrangements being implemented.	200		
Review of Special Guardianship Order (SGO) payments to be in line with national allowance rate for SGO carers. This is likely to reduce the payments for some.	50	350	100
Reshape the family support offer in line with the Findings of the transformation project are being led by IMPOWER, a company who work solely with public sector organisations. A full proposal and likely public consultation will follow with a report to ACE committee in Autumn 2016.	280		
Reshape the Children's Centre offer in line with the recently completed review and finding of IMPOWER. Likely to reduce the number of hubs offering an integrated model, with Health visiting including in the offer. A full proposal and likely public consultation will follow with a report to ACE committee in Autumn 2016.	100	300	
Implement the Youth offer proposal to become a targeted youth service that has been reported at July 16 ACE Committee following a recent public consultation.	450		
Review of the Youth Offending Service that reshapes the blend of specialist and YOS officer posts.	100		
Review of the management arrangements in Early Help due to the savings being taken in 16-17.	200		
Special Education Needs and Children's Young People Disability - following the findings of the transformation project and bringing the two teams together it is expected that duplicated roles will be removed and single roles created.		50	
Education Psychology - Set a target and generate additional income from schools.			50
Restructure Directorate Management Team.		320	
Re-negotiate/ Re-procure/ Rationalise current contract for Information, Advice and Guidance.	150		100
Stop subsidising school contracts with Berkshire Health Care Trusts.		109	
Reduction in contracts in the voluntary sector that support children and families.	121		
Additional savings to be delivered through the Adult Social Care Transformation Programme.	400		
Review the use of Focus House Care Home, and services provided for people with mental health conditions. This will be with a view to moving service users to more suitable community based provision, and closing the home.		118	200
Commissioning, Performance and Procurement Management Re-structure.	151		
Commissioning, Performance and Procurement Teams Re-structure.	66		

Saving/income proposals	2017/18	2018/19	2019/20
Staffing Restructure - This would require a complete re-structure of all teams, including a centralisation and more generic working. Removing management layers.	106	318	
Physical Support (Adult Social Care) - This would require current care packages to be reviewed and potentially reduced, to meet assessed and eligible need. New clients would be supported to remain in their own homes where possible. Improvement to service planning at an earlier age to facilitate transition from Children's to Adult Services.		68	
Implement outcomes driven care plans and contracts, through continuous review for additional cohort of service users. Review existing care plans for people with learning disabilities to align the services provided to national eligibility standards. They could however be supported in other ways through the community. Some of this activity may result in service users moving from supported living to not requiring a service, following statutory reviews to meet eligible need.		585	
Deputies Team (Adult Social Care) - Review the charging policy in line with the Court of Protections Remuneration fees. For the Appointees the aim is to mirror the Deputies fees. This will generate income to that the service becomes cost neutral and align charges with the national standard set out in the system for fair and reasonable fees.	50		
Introduction of a charge for the collection of green waste	310		
Closure of Arthur Hill pool	120		-120
Strategy to develop a commercial property portfolio. This is scalable depending on availability of appropriate properties. A separate report is included in the 5th December Policy Committee agenda.	500		
Raise income from out-of-hours car parking on Council sites, for example use at evenings and weekends.	50	50	
Provisional Dividend from Reading Transport Ltd, subject to trading position.	100	100	100
Further income to be generated from advertising. A separate report is included in the 5th December Policy Committee agenda.	150		
Increase income within cemeteries, develop memorialisation across the bench and tree estate, license the Forbury Gardens bandstand and Caversham Court for weddings, and recruit and train a memorial mason apprentice to deliver masonry.	91		
Increase the take up of a range of support and direct services to schools.	300		
Discontinue cutting amenity grass adjacent to woodland areas. Reduce frequency of amenity grass cutting.	27		

Saving/income proposals	2017/18	2018/19	2019/20
Reduction in workforce through improved ways of working leading to efficiency savings.	53		
Funding of four posts by utilising Integrated Transport Block capital grant allocation.	170		
Reduction in external training and deliver training sessions through internal team.	4		
Environment Contract - Savings through renegotiation of existing contract.	100	400	
That a focussed recruitment exercise is carried out to fill substantive posts currently filled by agency workers or consultants. That there is a targeted approach to prioritise categories where the agency/consultant rate is significantly higher than the substantive rate.	500	1,000	500
Re-negotiation of contracts/review of contract management for greater savings, with reduction in spend in future years.	350	350	350
Review of the Council's management structure to move towards a more efficient operating model. This includes working towards a model that allows for greater accountability and decision making and the removal of unnecessary additional management structures.	500		
Stop subscriptions to publications / newspapers across all Directorates. The Legal Services Team will retain a reduced budget for the Law Library.	48		
Utilising a multi-disciplinary team will provide additional support options for service users rather than defaulting to traditional models of care.	400		
Improve Mobile Working and use of IT by providing front line staff, Social Workers and Occupational Therapists, with IT equipment to enable mobile working when visiting customers, and by using one IT system across Social Care and Health.	200		
Commission the service currently provided by the Community Reablement Team with a revised specification. A revised specification will increase flexibility and allow a more robust contract monitoring focus to deliver outcomes for the client.	800		
Stop or find more cost effective ways of delivering a range of non-mandatory services funded from the Public Health Grant.	143		
De-commission the service currently provided by Reading Your Way, which is group and one-to-one support for personal recovery from mental health problems, delivered primarily through peer mentoring. Sessions include drop-ins, social and sporting activities, hospital outreach and two women's groups.	76		
Delivering a West of Berkshire Public Health Local Authority Service or PAN Berkshire Public Health model.	100		
To review and transfer where appropriate the initial screening for Adult Social Care to improve the customer journey and make more efficient use of relevant staff.	100		

Saving/income proposals	2017/18	2018/19	2019/20
Combine the Transport Teams across Directorates.		30	
Creation of a single service for access to resources in children's services (including Special Education Needs and Disability). The main functions will be: foster carer recruitment, children's placements, commissioning of placement and support services, invoice processing and contract management.	312	250	250
Improve recruitment and retention of permanent Social Workers.	1,200	300	600
Review and re-launch a range of preventative services under a single arrangement. The services under consideration are: Drugs Workers, Multi-systematic Therapy and the Options Team.	25	25	
Subject to public consultation, a rebalancing of investment is proposed with a shift towards non-accommodation based support services and a reduction in Council-funded refuge bed spaces in line with similar authorities. This would result in an indicative reduction to the total domestic abuse services budget of £403k by £58k (to £345k). Part of the desired level of saving to include Public Health funding reductions.	9	9	
Renegotiation of previous Continuing Health Care applications that have been rejected. (One off)	700	-700	
Explore the possibility of disposing of some material held within the Civic Regalia Collection. Work will need to be carried out to trace the provenance of items and identify whether the council is legally free to dispose of an item. Agreements on disposal made with donors will also need to be taken into account; other factors include public benefit and local historical importance. Expert advice will be obtained and the views of stakeholders will be sought. (one off capital receipt).	200	-200	
TOTAL	15,236	7,525	4,387

Savings & Income Proposals Recommended to this Committee

Appendix 1c

Proposed Savings and Income Options 2017- 20

Saving/income proposals	2017/18	2018/19	2018/19
Homelessness - see report elsewhere on the agenda.			
Reconfiguring the services of the Homelessness Pathway contracts, the Floating Support contract and the Street Outreach contract.		183.4	61.1
Committee and Member's Services: Staffing reductions and a decrease in the number of meetings supported by Committee Services. Reduction in capacity for administrative support.	38.5		
TOTAL	38.5	183.4	61.1

Calculation of Council Tax 2017-18

Council 21 February 2017



www.reading.gov.uk

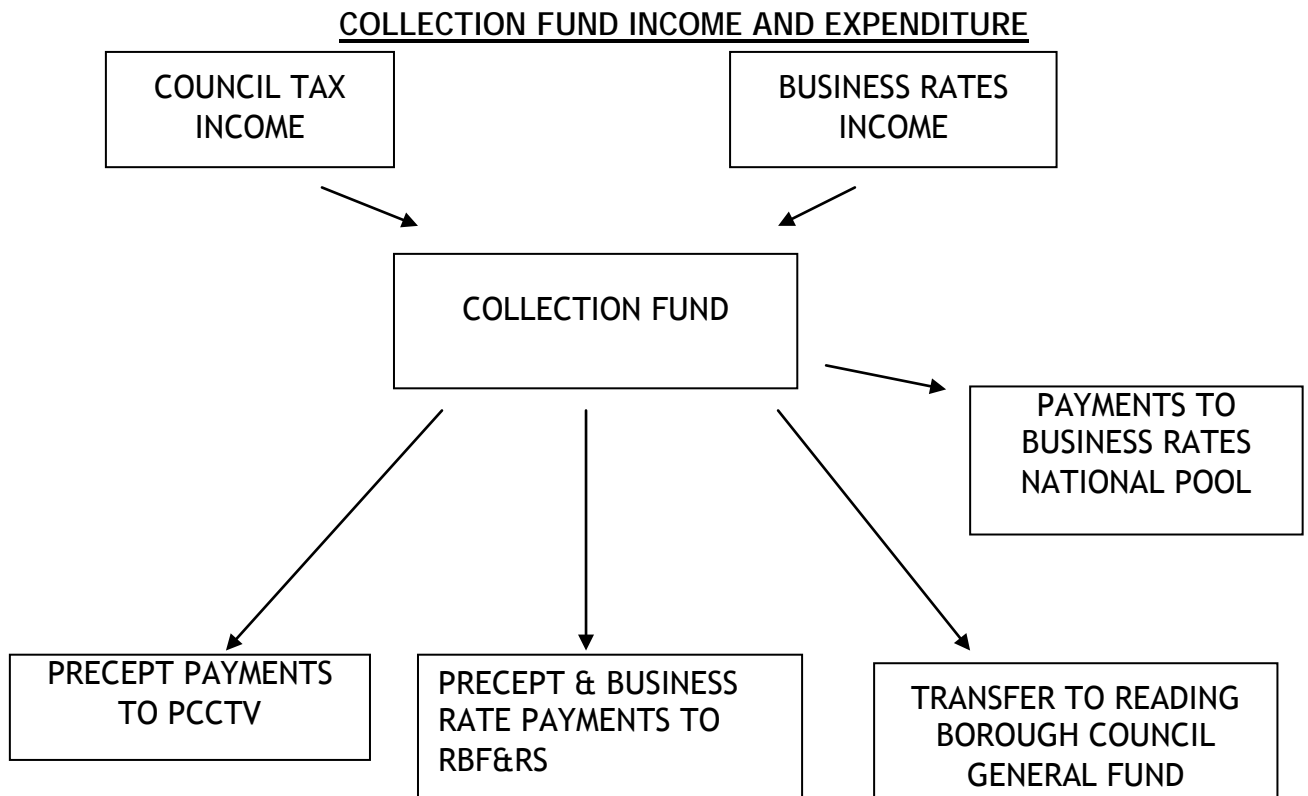


Reading
Borough Council
Working better with you

1. COUNCIL TAX COLLECTION FUND

Collection Fund

1.1 The Collection Fund records all the transactions relating to the collection of local taxes and precepts to other authorities.



Business Rate Income

1.2 Following the 2013/14 changes business rate income, including the impact of all adjustments (except transitional relief, where Government meet the cost or take the benefit) is split 50% to central government, 1% to the fire authority with the basic position being that the Council retains 49% (but this is reduced by a tariff process explained below). The formal in year transfer for 2017/18 to the General Fund is as set in the NNDR1, submitted to Government in January, so actual variations to this will produce an in year surplus or deficit, which will need to be estimated in January 2018, and taken account of in setting the budget and tax for 2018/19. Therefore, were there to be a deficit the 2018/19 budget would need to be reduced to take account of the position, and vice versa were a surplus to arise.

1.3 Government redistributes its 50% share, together with a central treasury allocation to all authorities as RSG which is paid to the General Fund, so tax precepts are calculated after deducting RSG from the overall Council budget.

- 1.4 In comparison to many other authorities Reading collect a high amount of Business Rates. A simple localised system of Business Rates would leave many authorities short of sufficient resources, so there is a process of applying tariffs to the local 49% share and levies if the Council's estimated income exceeds a predetermined government figure. Reading's tariff (in 2017/18) is £27.5m. Since 2013/14 our Business Rates have grown by more than inflation, and at the end of the financial year we will be required to report the final rates collected, and on this basis Government will issue a levy on the growth. We estimate that will be up to £1.5m higher than in 2016/17, and have included this within the budget (along with the extra rates).
- 1.5 Government also pay a grant to compensate for limiting the rise to 2% and the small business and retail relief schemes in past years), but this is also subject to the levy. Overall, this means that of the estimated 49% share of £60.8, only £31.2m (about 25% of the total rates of £124m we will have collected), is actually retained by the Council.

Business Rates (Non Domestic Rates) Payable

- 1.6 Prior to 2010/11 (based on the 1 April 2008 position) there was a revaluation on behalf of Government of Business Rate values. Originally, like each valuation since the 1988 one (applying from 1990) it was scheduled to last 5 years but the Government extended that to 7 years, so the next revaluation is in the process of being concluded so that it can take effect from 2017/18. As indicated in the main report, the Government has adjusted the Local Government Finance Settlement to take account of Revaluation). New properties are valued on the basis of 2008 rental values (which can be more than they are now actually rented for). To mitigate the impact of the 2017 revaluation there is a transition scheme that limited increases over RPI.

1.7 Rate Multiplier

Under Schedule 7 to the Local Government Finance Act 1988 (the 1988 Act) as amended there are two multipliers.

The small business non-domestic rating multiplier, which is applicable to those that qualify and successfully apply for the small business relief, and the non-domestic rating multiplier, which includes the supplement to pay for the small business rate relief scheme.

This small business non-domestic multiplier for 2017/18 is to be 46.6p (48.4p in 2016/17). (The multiplier has been reduced to reflect changes in valuation nationally with the aim of ensuring rates collected nationally rise by inflation).

The Secretary of State has estimated that the supplement to fund small business rate relief should be at 1.3p in 2017/18 (1.3p for 2016/17).

The provisional non-domestic multiplier will therefore be 47.9p in 2017/18 (49.7p in 2016/17).

In accordance with Schedule 7 to the 1988 Act, the multipliers will be confirmed after the Local Government Finance Report for 2017/18 has been approved by Parliament.

For 2017/18 we expect to collect around £124.0m in Business Rates (up from £107.3m in 2015/16, but much of the increase goes to the Government, so the additional retiled has been estimated as £0.7m (and is included in the budget)).

Council Tax Income

- 1.8 The Collection Fund receives all Council Tax income collected and makes precept payments according to the precepts set to the Police and Fire Services and the internal transfer to the Council. Any in year surplus or deficit for Council Tax and precept transactions will need to be estimated in January 2018 and taken account of in setting the budget and tax for 2018/19.
- 1.9 In practice we try to monitor both collection and the amount of both Council Tax and Business Rates collectable during the year, so that surpluses or deficits can be allowed for in developing future years' budget plans, and in the event of a deficit (against the estimated position) occurring consider in year actions that might be taken to mitigate the effect, in same way that mitigation would need to be considered for other adverse budget changes identified in year.

2. CALCULATION OF COUNCIL TAX

- 2.1 Council Tax will be calculated by dividing the sum of the budget requirements of Reading, Thames Valley Police Authority and Royal Berkshire Fire & Rescue Service, less Formula Grant Allocation and Collection and Fund Surplus by the Council Tax base, to give the Council Tax at Band D. The Band D rate will then be multiplied by the proportions shown below to give the Council Tax for each band.

Band	A	B	C	D	E	F	G	H
Proportion	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

- 2.2 The Council at its meeting on 24 January 2017 set a Council Tax base for 2017/18 of 53,671.
- 2.3 Policy Committee also received a report explaining the need to estimate the Collection Fund position as at 31 March 2017. This was done in accordance with Government Regulations and a £929k surplus was estimated in respect of Council Tax transactions. This surplus is split between the Council and precepting authorities as follows:

	£'000
Reading BC	800
Thames Valley Police	94
Royal Berkshire Fire & Rescue Authority	<u>35</u>
	<u>929</u>

- 2.4 A surplus was also estimated for NNDR transactions of £1.8m which is be apportioned according to Government rules as follows:

	£'000
Reading Borough Council	882
DCLG	900
Royal Berkshire Fire & Rescue Authority	<u>18</u>
	<u>1,800</u>

- 2.5 Table A sets out the amount to be collected from Tax Payers in 2017/18.

Table A

Budget	125,326,393
Council Tax Collection Fund surplus	-800,000
NNDR Collection Fund surplus	-882,000
Business Rates Income	-60,759,986
Tariff Payment	27,483,550
Revenue Support Grant	-10,367,845
Council Tax collected for Reading BC	80,000,113
Police and Crime Commissioner Thames Valley Council Tax	8,692,794
Royal Berkshire Fire & Rescue Authority Council Tax	3,190,115
Total amount to be collected from Council Tax payers	91,883,122

Forecast of Council Tax for 2017/18

- 2.6 The Council Tax at each Band (with property numbers per Band) is set out below:

Table B

		Reading	PCCTV £	RBFRS £	Total £
A	6,254	993.71	113.52	41.65	1,148.88
B	13,851	1,159.32	132.44	48.60	1,340.36
C	28,594	1,324.94	151.36	55.55	1,531.85
D	10,796	1,490.56	170.28	62.49	1,723.33
E	5,412	1,821.80	208.12	76.37	2,106.29
F	3,273	2,153.03	245.96	90.26	2,489.25
G	1,829	2,484.27	283.80	104.14	2,872.21
H	79	2,981.12	340.56	124.98	3,446.66
Total Properties 70,088					

APPENDIX 3: Revised Fees and Charges by Service Area

The review of fees and charges is a rolling programme with full reviews scheduled for implementation 1st April and 1st October in each financial year. The commentaries below set out the broad approach to the review of fees and charges adopted in each service area for April 1st 2017.

1. Directorate of Environment & Neighbourhood Services

1.1 Sports Centres (Leisure & Recreation)

A review of service fees and charges was completed for November 2016 with limited increases identified due to the competitive market that the Reading Sport and Leisure sites are operating in. The increases that were identified at that time have been implemented and no further increase is felt commercially viable at this time.

1.2 Parks (Leisure & Recreation)

The service proposes to increase allotment fees by 2%, reflective of inflation. This will generate additional income of £0.7k per annum. The service further plan to conduct a full review of the allotment service during 2017, the detail of which will be agreed with members prior to public consultation.

It is not proposed to increase mooring fees at this time as they are in line with those charged by other neighbouring authorities.

1.3 Transport

The service propose to increase the fee for the replacement of lost concession bus passes from £5 to £10. The rationale for this decision is the recovery of associated costs and extensive benchmarking of the fee charged by other local authorities, which identifies £10 as the average national charge.

It should be noted that this increase will not disadvantage those that have been the victim of crime/theft. Cards will continue to be replaced free of charge for those that provide a valid crime reference number.

All other fees will remain as currently published, as the service recently completed a comprehensive review of fees and charges.

1.4 Planning

Locally set fees were extensively reviewed and amended in November 2016. The benchmarking of fees charged by other service providers and neighbouring authorities does not provide scope for further increase at this time.

1.5 Highways

The majority of published fees have been increased by 2% and rounded to reflect inflation. The charge for a temporary traffic regulation notice has been increased by £80 to £500. Proposals follow the benchmarking of charges against other local authorities and market rates. This generates a modest additional income of £2.3k per annum.

1.6 Libraries

The published Library fees have not been increased since 2013 to encourage service uptake. Minor amendment to a number of fees (+/-) is proposed to bring them in line with other benchmarked local authorities.

1.7 Building Control

Whilst no fee increase is proposed through this process the service intend to undertake a full review of fees and charges in the first quarter of the new financial year. Delegation exists for the Head of Planning, Development and Regulatory Services (in consultation with the Lead Councillor) to implement fee increases as appropriate. Building Control operates within a competitive environment and future fee increases will be measured against the fees of competitors.

1.8 New Directions

Fees apply to the academic year September 2017 - July 2018. The service has increased published fees by 2% in line with inflation and has added a new service fee for Adult Safeguarded Learning (Large Groups). The revised fees will generate an additional £10.7k per annum income.

1.9 Streetcare Services

The service propose small increases to waste charges of between 2 - 4% to reflect inflation, allowing for rounding to the nearest 5/10p. This generates modest additional annual revenue of £1.2k.

Commercial waste charges have been removed from the schedule as these are considered commercially sensitive. This reflects standard practice within the commercial waste service industry, where contracts are invariably priced on application.

There are no proposed increases to other fees as these were reviewed for 1st November 2016 and remain in line with market rates.

1.10 Public Conveniences

No change to fee proposed as this was increased in November 16.

1.11 Community Safety

No increase proposed to these fees.

1.12 Regulatory Services

Licensing Fees: Whilst no fee increase is proposed through this process the service intend to undertake a full review of fees and charges in the first quarter of the new financial year. The review will robustly consider service-related costs and the structure of fees charged in compliance with governing legislation.

Food Safety: No increase to fees proposed through this process, the service will continue to monitor fees to ensure they remain in line with market/competition.

Pest Control: The full range of Pest Control and Dog Warden services and associated fees has been added to the schedule. The pest control fees are set by the contractor and whilst the fees are provided for transparency, the Council does not receive any income, but is able to provide a service at neutral cost.

LAPPC Fees: Statutory Fee informed by DEFRA, as of 17th January 2017 - no amendment to this fee has been proposed.

Trading Standards: reductions of between 0.67% and 4% proposed on a number of fees to ensure in line with other service providers as the Association of Chief Trading Standards Officer Guidance.

Private sector housing: A number of fees have been increased by between 1.8 - 2% to reflect inflation and allow for cost recovery. HMO licence fees are scheduled for full review in the first quarter of the new financial year.

1.13 Housing General Fund

A new charge for Temporary Accommodation (non-B&B) has been introduced to the schedule. The cost of temporary accommodation is currently handled within the Housing Revenue Account but the properties are being transferred to the General Fund. The published rates are for new tenants only. Existing tenants will continue to be charged at their current rate.

The new fee comprises of two parts:

- i) base rent at £120.27 for all accommodation.
- ii) service charge reflecting the size of the accommodation.

Both will be reviewed annually.

2. Corporate Support Services

2.1 Bereavement Services

Bereavement Services fees and charges have been subject to rigorous benchmarking against neighbouring crematoria and burial authorities. The service completes an annual review of charges which allows funeral directors appropriate time to consider and implement the Council's revised fees.

The majority of standard fees have been increased by between 1 - 4.5%, in consideration of both inflation and the results of benchmarking. A range of other increases are proposed that reflect the full service costs.

2.2 Registry Office

The service proposes fee increases of between 1 - 9% to the majority of fees. Proposals have been informed by robust benchmarking completed through membership of the South East Registration Group, bringing the fees charged by Reading Borough Council in line with its neighbouring local authorities, providing parity for service users.

No fee increase is proposed in respect of: Notice of marriage or partnership, Registrar's attendance at Register Office marriage or civil partnership, Registrar's attendance at outside church and Renewal of marriage or Civil Partnership licence, where fees are in line with the broader South East market.

A new service for the return of an EU passport is proposed at a charge of £20 inc VAT.

Proposals link directly to the Council's savings strategy and have been included within the budget build for 2017/18.

2.3 Customer Services (Blue Badge Scheme)

No amendment to published fees is proposed through this process. Fees were revised in November 16 and have been benchmarked in line with other local authorities.

2.4 GIS & Mapping

No increase in fees is proposed through this process. The Council raises income from street naming and numbering mainly through larger development fees, which are currently at the upper range of fees charged by other authorities.

2.5 Legal Services

No proposed increase to fees as part of this process. Fees were amended in November 16 and benchmarking indicates that they remain appropriate.

3. Directorate of Adult Care & Health Services

3.1 Adult Social Care Charges

Residential EMI weekly rate - Proposal to increase fee from £785 to £830. This takes into account an inflationary increase of 2% plus additional £30 a week for known increased overheads.

For a range of other proposed fees and charges related to Adult Social Care, please see the separate report on this agenda entitled: Review of Care and Support Charging and Financial Assessment Framework.

**Robustness of and Risks within the Proposed Budget for 2017/18
Statutory CFO Report and Advice on the Robustness of the Budget and
Adequacy of Reserves and Balances**

1. Introduction

1.1 The Local Government Act 2003 states that when a local authority is making its budget, “the Chief Finance Officer of the authority must report to it on the following matters:–

- (a) the robustness of the estimates made for the purposes of the calculations; and
- (b) the adequacy of the proposed financial reserves.”

And goes on to state that the authority “shall have regard to the report when making decisions about the calculations in connection with which it is made.”

1.2 This report has been prepared by the CFO to fulfil her duty and gives the required advice relating to the 2017/18 financial year including a consideration of the budget proposal as a whole and all the financial risks facing the Council in this budget. Also, it identifies the Council’s approach to budget risk management and assesses the particular risks associated with the 2017/18 budget to inform the advice.

Executive Summary of the Director of Finance on the budget position

1.3 For the three year period 2017/20, after assuming for Council Tax increases of 4.99% in 2017/18 and 2018/19 and 2% in 2019/20 (subject to Council agreement in each year), total savings required are £44.0m, £24.2m in 2017/18, with a further £10.4m in 2018/19 and £9.4m in 2019/20.

1.4 For 2017/18 the total gap before savings is £24.2m, i.e. comprising overspend brought forward from 2016/17, budgets updated for inflation, other growth pressures and loss of Revenue Support Grant in 2017/18 but partially offset by business rates and tax income including the proposed Council Tax increase, and other budget changes.

1.5 The assessment of the plans to close the gap means that up to £11.1m will need to be funded from one-off measures or resources; this includes a contingency sum of £7.7m to reflect the assessed level of risk associated with the scale of savings and timescale to deliver them in 2017/18.

1.6 As a consequence, putting forward a balanced budget for 2017/18 can only be achieved by exhausting all available General Fund reserves and all available General Fund capital receipts from 2016/17 and £8.3m of those due to be received by the end of 2017/18 (the majority of which is in

contract). This leaves the Council in a fragile state as there are still significant risks and dependencies in delivering the savings proposed.

- 1.7 Therefore, the Council no longer has an adequate level of reserves, except a £5m minimum General Fund balance, and a £4.5m insurance reserve is planned, so the Council is exposed to even modest shocks. However the provision for Equal Pay liabilities is preserved, (although the actual liability will need to be paid using capital receipts).
- 1.8 The position for 2018/19 onwards is currently not sustainable unless deliverable measures are agreed early in 2017/18 to reduce the budget requirement from 2018/19.
- 1.9 Having used reserves of £11.1m to set the budget, only £13m of savings have actually been made in 2017/18, so from the original £44m gap there remains a total gap of £31.0m before savings required for 2018/19 and 2019/20 combined. Savings planned in those years of £12.3m are at an early stage of implementation with a significant amount still to be found of £18.7m, £13.7m in 2018/19 and £5.0m in 2019/20.
- 1.10 The development and delivery of a fundamental review of the Council's service offer and how the Council operates is crucial to deliver a sustainable position from 2018 onwards. The recourse set out above for 2017/18, which is drawn from one off measures, has exhausted reserves except for maintaining the absolute minimum level.
- 1.11 Unless the Council is able to produce a realistic plan for reducing the budget requirement for future years by quarter 2 2017/18, the s151 Officer will be required to produce a Section 114 report.
- 1.12 Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the s151 officer, in consultation with the Council's Monitoring Officer and Head of Paid Service, if "the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure" (i.e. there is likely to be an unbalanced budget). In this event the Council must consider the report within 21 days and decide whether it agrees or disagrees with the views in the report and what action it proposes to take to bring the budget into balance. The publication of such a report starts an immediate 'prohibition period'. This mean for everyone who has delegated authority to spend the Council money, immediately has those powers suspended during the prohibition period, and only the CFO can authorise new commitments.

2. Report of the Chief Finance Officer in Respect of Statutory Duties

- 2.1 The Budget Report as a whole sets out the Council's financial position and budget. This Appendix is the formal report and is part of a continuum of professional advice and is the culmination of a budget process in which lots of detailed work has already taken place with Directors, Senior Managers and their teams and Members. This section provides a summary of the conclusions which are considered in more detail within this report and its appendices.
- 2.2 The Council is a multi-million pound organisation providing a wide range of statutory and discretionary services, which are subject to external influences outside the Council's direct control. The Council has some choice as to how statutory obligations are delivered.
- 2.3 In respect of the *robustness of estimates*, estimates have been prepared by Directors and their staff supported by appropriate finance staff in accordance with Budget Guidelines (with an adjustment to reflect the actuarial review of the pension fund) recommended to, and approved by Policy Committee. Where relevant money has been added to meet identified pressures and where savings have been agreed money has been removed from budgets to put that agreement into effect. In January 2017, a further review by the CFO in conjunction with CMT (Corporate Management Team) of budget proposals identified the need to build in a prudent £7.7m contingency into the overall budget, to mitigate the risk of savings that are now considered to be at high risk of not being realised in 2017/18. This contingency includes a general provision as well as allowances against various specific savings and is intended to increase confidence in the deliverability of the overall budget, especially when coupled with the inclusion of known pressures within the estimates, including Social Care.
- 2.4 The total known pressures of £10.2m has been added to ensure there should be enough money available to meet service demand and delivery costs as currently forecast. The budget additions are closely aligned to corporate priorities. The CMT has considered on several occasions during the development of the budget the financial pressures the Council is likely to face during 2017/18 and the need for additional resources in some service areas to meet the Council's corporate priorities.

- 2.5 The draft budget has been subject to the risk assessment process outlined below. In aggregate the 2017/18 budget includes £20.7m of savings that have already been formally agreed at various stages dating back to 2015. Lead Councillors have been fully briefed by Directors on savings and budget pressures in their areas of responsibility. Using a RAG basis, the current status of 2017/18 savings is:

	£000		%
Red	7,700	(as above)	37
Amber	11,795		57
Green	1,204		6
	20,699		

- 2.6 Some estimates incorporate allowances for demographic and similar change. These incorporate trend data, and other related information the Council holds about future service demand.
- 2.7 Annex A sets out further information to support the robustness of estimates. Taking all of the factors into account which are detailed in this report and the proposed minimum level of the General Fund balance of £5 million, the Council is setting a budget for 2017/18 which contains a greater level of risk than in any previous year.
- 2.8 Given the overspend in 2015/16 and 2016/17, taken together with those budget proposals deemed to be at high risk in January 2017, it is critical the monitoring arrangements are reviewed and strengthened to ensure prompt identification of any emerging issues.
- 2.9 Specifically, in 2016/17, the Council is experiencing a significant overspend estimated at £7.6m, of which £6m related to Children's Social Care costs arising from the unexpected and continued use of agency staff from 2015/16 into 2016/17, and higher than expected numbers of children. Also, the Ofsted reporting of 'inadequate' and the subsequent review by the Children's Commissioner who is expected to report early into 2017/18, alongside an identified need to improve internal systems and processes, has led to an increase in the expected budget requirement for this area of service. The impact of future reports regarding this service and specifically the financial plan to reduce these costs into the future, have yet to be determined and therefore the ongoing risk of increasing Children's Social Care costs, remains high.
- 2.10 In the context of this report as a whole, clearly the financial position is challenging, but the *CFO concludes that the estimates are robust*, in that they have been robustly constructed, but the Council must ensure regular monitoring arrangements are in place, are properly resourced, and any remedial action is taken promptly as it will be essential to keep net

expenditure within the approved budget, since the Budget in 2017/18 has no significant capacity to meet unforeseen costs or income shortfalls.

- 2.11 With regard to the adequacy of balances, whilst the minimum level of General Fund balance of £5m is preserved, almost all other reserves and most capital receipts will be used up by the end of 2017/18, which the CFO concludes is not an adequate level. This exposes the Council to the risk of modest financial shocks damaging further the Council's financial position. Annex B provides further detail on the consideration of the adequacy of proposed financial reserves.
- 2.12 Consequently, the Council will need to identify deliverable plans by quarter 2 of 2017/18, to ensure the future budget position is sustainable. This needs to include, returning balances to a level which is at least adequate, and equal to the opening 2016/17 position in the medium term. This change programme for the Council must be appropriately resourced, well governed, and ensure the delivery of not only all expected savings but also the development of further proposals to mitigate the budget gap. Further comment from the Interim Managing Director on this and the overall budget is at Annex C.
- 2.13 Overall gross expenditure savings and income generation, of over £20.7m, including £6.7m identified in earlier years have been built into the 2017/18 budget, and the estimated need for further savings of £31.0m has been identified for the 2018/19 and 2019/20. For these two subsequent years, only £12.0m of required savings have been formally agreed in detail to date and a further £18.7m will need to be identified early in 2017/18 so that the full year effect can be delivered in the 2018/19 financial year.
- 2.14 Given the reserves position, the conclusion of the CFO is that whilst the estimates for 2017/18 are robust and the budget is lawful, the balances are not currently adequate.

Annex A Consideration of the Robustness Estimates in the Budget

- A1 As indicated in the main report, budget estimates have been prepared by Directors and their staff, supported by appropriate finance staff in accordance with Budget Guidelines approved by Policy Committee (adjusted for the pension fund actuarial review). The starting point was the 2016/17 budget, and where necessary money has been added to meet identified pressures, and where savings have been agreed money has been removed from budgets. This Annex provides further supporting information.
- A2 The Council has an established financial risk assessment process, and a specific budget risk management framework (for which supporting details are available on the website). The budget proposal as a whole has been assessed as part of the formulation of the advice on the robustness of the 2017/18 budget estimates and the consideration of the adequacy of the proposed financial reserves including the minimum general fund balance.
- A3 The risks within the budget have been discussed by the Corporate Management Team (CMT) who collectively recognise that the significant risks associated with this year's budget are even greater than those significant risks of the prior year budget. Therefore, the context is one of an escalating risk position, which urgently needs to be addressed in a sustainable way to ensure the ongoing financial sustainability of the Council, and a safe balanced budget position.
- A4 Applying the framework to the overall budget produces the scores shown in the table below. The scores for 2016/17 (as prepared in January 2016) are shown for comparison. Last year, when the budget was set the total inherent risk score was 223, and the changes for the assessment of the 2017/18 budget have led to an increased overall score of 251 (the (theoretical) scale ranging from 15 to 450). After allowing for mitigating action, the residual risk score has also increased from 158 to 173; i.e. an average score of 10 on all factors to an average score of 12. In the context of the risk management framework, this is an overall move from amber to red.

Inherent and Residual risks for the 2016/17 and 2017/18 budgets

Risk	Inherent Score		Residual Score	
	2016/17	2017/18	2016/17	2017/18
Overall Budget: Expenditure				
Inadequate allowance made for inflation (inc. pay award)	16	16	9	9
Underassessment of service demands from Customers	16	20	12	12
Unexpected increase in cost of Partnership Arrangements	6	6	4	4
Unexpected increase in Contract Payments	9	9	6	6
Increased costs due to Legislative Change	12	12	9	9
Increase in Project and other Workloads (capacity)	16	20	12	12
Impact of the economy	12	16	9	12
Overall Budget: Achievement of Income				
Stakeholder resistance leading to Modified Proposal	12	12	9	9
Delay in implementing Fee Increases	9	9	3	3
Customer resistance/reduced customers	12	12	9	9
Underachievement of grant funding	9	9	6	6
Increased/unexpected competition	6	6	4	4
Impact of the economy	12	16	9	12
Savings Options				
Delays in implementing/modified proposals	20	20	16	16
Unexpected or increased one-off costs	12	16	8	9
Value of saving proves to be too high	12	20	12	16
Lack of capacity to deliver - option delayed	16	12	12	16
Measures identified to deliver efficiency savings are not achieved	16	12	9	9
TOTAL Risk Score	223	251	158	173

A5 The higher overall risks recognise various issues

- As indicated elsewhere, in order to set a lawful budget we need to use all reserves save the minimum General Fund Balance, and there is a budget gap of £18.7m in the 2018/19 and 2019/20 years.
- The 2017/18 budget includes £20.7m of savings, the largest single year total the authority has ever had, and whilst there is now a £7.7m contingency for reasons explained elsewhere, with more savings being needed in future years the present position is not sustainable.
- Whilst many staffing structures have stabilised following the 2013-2015 changes, more reductions are needed in back office, senior middle management structures, including permanent appointments to the majority of the Corporate Management Team.
- Because of the resource/grant reductions the Council has experienced since 2011/12, and are set to continue for the remainder of the decade, there is reduced managerial and operational capacity to deliver

identified savings, and indeed develop further proposals to ensure the Council can continue to operate within its available resources.

- Although the Council was able to live within its approved budget up to 2014/15, at the end of 2015/16 it used £2.0m net reserves, and in 2016/17 budgeted to use £7.5m reserves and will actually use over £14m because of the major overspend in Children's Services.
- The Commissioner appointed by the Secretary of State for Education will make a final recommendation for the future of Children's Services early in 2017/18 which may lead to the need for unbudgeted cost to be incurred.
- The medium term budget strategy includes a plan to develop existing and new lines of income over the next three years and move Cultural Services into budget surplus.
- During 2016/17 for the first time since (HRA self-financing in) 2012 we have needed to do some borrowing. With many economic commentators anticipating interest rate increases the capital financing position will present an additional risk as the Council is likely to need around £110m additional short to medium term borrowing over the next financial year, rising to £170m in 2019/20.
- Whilst the pay assumption in the budget follows (1%) central government guidance, in a strengthening economy there remain pay and cost pressures, as for many roles the Council and many of our contractors have to compete in the wider local labour market to attract staff to deliver the Council's services. In the same way as the Council faces additional national insurance costs, employee contributions are also higher impacting "take home" pay. There labour costs, together with the potential impact of the Government's new National Living wage also impact many of our contract costs. There is therefore a risk that actual inflation pressures may be higher than we have budgeted for.

A6 The Council's budget since 2010/11 has been within the £120m-£130m range and in that context, taking account of historic Audit Commission and recently expressed CIPFA guidance that 5% of expenditure balance figure represents about 2 week's net expenditure, the Council has consistently been advised that we should operate within a budget framework with a minimum General Fund Balance of £5m over this period.

A7 Were the balance to fall below the minimum level, the CFO would need to advise the Council to implement measures to bring it back to the minimum as soon as reasonably practical. Ultimately, if measures were not implemented the CFO must issue a S114 report. This freezes all but essential spending and requires the Council to have a meeting to resolve the position.

A8 The recommended minimum level of £5m provides some "cover" against potential variances which despite the budgetary control arrangements in place across the Council have been significant and adverse over the past two

years. For the present financial year continues to identify some more significant risks than in previous years of adverse variance.

A9 Maintaining this level of “cover” each year will provide the immediate flexibility necessary to deal with:

- Adverse budget variations;
- New and increased demands which were unforeseen when the budget was set;
- Ability to respond to opportunities requiring financial commitment from the Council which were not identified when the budget was set;
- Emergency situations which might require funding;
- “Bridging” or pump priming funding which might be needed pending receipt of grant funding, other contributions, or generation of capital receipts.

Maintaining a reasonable balance is a key element underpinning the sound financial management of an organisation. Whilst we might ideally have a minimum General Fund Balance at 5% of budget (£6-6.5m), there is not currently scope to increase the minimum £5m at this time. As explained elsewhere, as this the only uncommitted balance it is not adequate.

A10 Other Issues

The Dedicated Schools Grant (DSG) Budget also faces significant challenges, because of demand pressures on the High Needs Block. Despite some work with the Schools Forum in recent years to try to find a sustainable solution for the high needs block, by the end of 2015/16 the overall Dedicated Schools Grant was in a deficit position. This is likely to remain the case at the end of 2016/17. There is a need for a robust recovery plan over time to restore a balanced position on the DSG. The position on the various DSG blocks (schools, early years and high needs) will requires the specific approval of the Independent Schools Forum and likely changes to national funding in this area in 2017/18 coupled with issues flowing from academy conversions and growing free schools may substantially limit flexibilities in addressing this issue in the medium term. This is considered in further detail in Appendix 10.

A11 Adult Social Care Council Tax element

In 2016/17 Government introduced the Adult Social Care (ASC) precept. This was accompanied by a further grant cut, so actually had the impact of passing the cost of funding ASC from the Government to the Council taxpayer. The Government proposes collecting additional information this year about the impact and use of the precept and has said it may take it into consideration in formulating referendum criteria in 2018/19 and beyond.

A12 Business Rates

The current Local Government Finance regime, in particular the arrangements for retention of Business Rates, has significantly shifted risk from Central Government to Local Government. Variations in business rate collection and the impact of appeals are now shared with the Government. Any reduced income in Business Rates needs to be recognised in year and must be taken account of in setting the following year's budget. We continue to estimate an appeals liability around £13m, (although last year it was increased up to almost £16m, though settled appeals have reduced it back to £13m). In general, rates in Reading have increased above the national average in the 2017 revaluation, so there is likely to be a fresh wave of valuation appeals.

Annex B - Consideration of the Adequacy of Proposed Financial Reserves

- B1 In order to fulfil the duty to advise on the proposed financial reserves, the comments in respect of the minimum £5m General Fund balance set out above (Annex A) should be noted.
- B2 By way of introduction, it is helpful to recognise that the Council holds various balances; some of which in its accounts are classed as reserves and others as provisions. From an accounting point of view a reserve is money that has been set aside for an identified purpose, but may not have a present contractual or other liability that will result in its use. A provision is money set aside for a known liability whose timing and/or potential value is uncertain.

As at 31 March 2016 the Council's audited accounts showed the following reserves and provisions: As at 31 March 2016 the Council's audited accounts showed the following reserves and provisions:

Reserves as at 31/3/2016	£'000
Range of Earmarked Reserves	950
-Emergency Planning (£200k)	
-Legal & Taxation (£250k)	
-Pension Liabilities (£300k)	
-Property Liabilities (£200k)	
Self Insurance	5,400
Organisational Change (Redundancy) Reserve	5,000
Prudential Reserve	5,450
Revenue Grants Unapplied (& other specific)	5,562
HRA - North Whitley PFI	9,100
Subtotal (Reserves)	31,462
Provisions as at 31/3/2016	
Equal Pay Back Pay Provision (Resource Backed Element)	11,350
Homelessness Costs & Rent Deposit Guarantee	320
Sub Total (Provisions)	11,670
Total (Reserves & Provisions (exc. GF/HRA balance))	43,132

- B3 The first four earmarked reserves above exist to mitigate costs that will arise from time to time, but are of uncertain value and timing. There are increased revenue budget risks without them.

- B4 The self insurance reserve is part of the council's insurance arrangements. We have undertaken actuarial review in both 2014 and 2016, and broadly followed its recommendations and have subsequently run normal insurance transactions to and from the reserve.
- B5 Normally, we budget to add £800k pa to the redundancy reserve each year; however, as a budget funding measure that was suspended in 2015/16 and 2016/17 but will re-start in 2017-18. There have been far fewer redundancies in 2016/17 that was envisaged at the start of the year. In recent years, on average redundancy costs have been around £33k per head, so the £800k addition to the reserve will support the release of around 90 people (at this average cost). In practice the Council experience significant staff turnover in some areas, and has generally been successful at redeploying many staff who have been at risk of redundancy.
- B6 The Prudential Reserve had originally been scheduled to mitigate increasing borrowing costs over time, though we have been able to keep some control over that in the low interest rate environment of recent years, and making changes such as the changed approach to our MRP policy which reduced the budget in both 2015/16 and the estimate for 2016/17. However, as we start to need to borrow our capital financing costs are forecast to rise, although much of this increase is associated with the borrowing cost of our property investment strategy (where there is also additional rent income in the Council's budget that more than compensates).
- B7 The revenue grant unapplied reserve exists largely for accounting reasons, in that we are required to account for most grant as we receive it, but sometimes the matching expenditure is in a later financial year. The various balances that make up this total are therefore committed. It is very difficult to estimate the end of year position, but we currently have a working estimate of £5m, with reductions in subsequent years. (The actual for 31/3/16 was as above 5.6m and at 31/3/15 £9.8m (though we anticipate this balance should fall over time as there are fewer specific grants).
- B8 We also hold the HRA PFI smoothing reserve, established as part of the HRA business plan, and PFI business plan. This reserve is expected to be stable/slightly increasing for the next few years before being released over the second half of the PFI contract. It is intended to ensure the net cost (after grant) to the HRA of PFI scheme rises only by inflation. Bearing in mind the Government's requirement to cut rents for the 4 years from 2015/16, this is likely to become more significant over time.
- B9 In summary, all other reserves apart from the £950k of earmarked reserves are offsetting liabilities, or anticipated future costs that need to be provided for and would otherwise have to be charged to the General Fund.
- B10 As indicated in the table above, we also hold a provision against Equal Pay back pay costs. The liability here is just beginning to be settled. We had

been increasing the reserve by up to £1.2m annually, funded from revenue so that it might match the eventual forecast liability. However, as explained elsewhere, part of the budget funding strategy this resource will now instead be needed and we will meet the liability using capital receipts. The Equal Pay claims against the Council are currently expected to be concluded over the next two years. The estimated liability is currently being reviewed (following the latest legal judgment, ahead of the close of accounts process).

B11 The final provision mitigates homelessness costs and the rent deposit guarantee scheme. By their nature, both provisions have liabilities against them and are expected to reduce.

B12 The table shows our forecast of these reserves at each year end 2016-2019

Forecast as at	Actual 31/3/16 £'000	31/3/17 £'000	31/3/18 £'000	31/3/19 £'000
Earmarked Reserves	950	950	0	0
Self Insurance	5,400	4,300	4,300	4,300
Organisational Change Reserve	5,000	4,850	0	0
Prudential Reserve	5,450	0	0	0
Revenue Grants Unapplied	5,562	5,000	4,000	3,000
Total General Fund	22,362	15,100	8,300	7,300
HRA - North Whitley PFI	9,100	9,100	9,100	9,100
Total	31,462	24,200	17,400	16,400

B13 Therefore, whilst the Council brought various General Fund reserves into 2016/17, and will hold some of them at 31/3/2017, all of them needed to be used in either 2016/17 or 2017/18 to finance the revenue budget except for the self-insurance reserve and the (technical) balances of grants unapplied.

B14 In addition the Council also has its Housing Revenue Account. Last year we reviewed the HRA and concluded the present HRA balance should be adequate (after allowing for the 4 year reduction and policy rent increases thereafter), taking account of the long term (30 year) plans/projection for the account, to support a limited new build programme starting with the Conwy Close development in the capital programme.

B15 When the next medium term financial plan is developed, it will need to assume no general use of balance will be made, and indeed the plan needs to rebuild reserves back to adequate levels (at least the £11.3m represented by the earmarked, organisational change and prudential reserve balances at 1/4/2016 initially).

- B16 The Council will need to keep its level of balances and reserves under review to take account of changing circumstances and risk in particular the outcome of equal pay claims which remains a significant financial risk to the Council.
- B17 The Council had been intending to use a property based transaction that would have had the effect of leaving more reserves in place at 31/3/2017 and 31/3/2018, as well as assisting with balancing the 2017/18 budget as a one-off measure. However, planned due diligence associated with this measure has led to the conclusion that the transaction as proposed would not be appropriate and the particular proposal has been discarded. The Council will need to consider what property it continues to hold as part of its on-going financial strategy.

Annex C - Risk Issues Identified by the Managing Director

- C1 Whilst there is no statutory requirement at the time of setting the budget for the Council to receive advice from other statutory officers, in discussing the draft of this report it became apparent that the CFO's advice needed to be set in context of the operating and other statutory risks as perceived by the Managing Director, as Head of Paid Service.
- C2 **Managing Director, as Head of Paid Service**
- It is the duty of every relevant authority (Local Government & Housing Act 1989) to provide the Head of Paid Service "with such staff, accommodation and other resources as are, in his opinion, sufficient to allow his duties... to be performed."
- C3 The Head of Paid Service has to ensure that the Council is organised to fulfil its various functions, and resources are sufficient to do this. The operating context has changed since the assessment made last year. The CFO has highlighted the increased financial risk, and the organisation's capacity, robustness and ability to respond to that risk has reduced.
- C4 A robustness and resilience review has been carried out by the Interim Managing Director which has identified common themes that affect the Council's resilience and need urgent attention if the Council is to be able to respond to the risks highlighted by the CFO. It is therefore critical that a sustainable improvement plan, adequately resourced, directed by CMT and overseen by Councillors, is implemented as a matter of urgency. Plans are being developed by Officers to present to Policy Committee in due course.
- C5 A significant risk to the satisfactory delivery of a sustainable improvement plan is the high number of interim and temporary staff in key positions. The recruitment of a permanent Chief Executive is imminent, followed shortly by recruitment of permanent Directors of Children's, Education & Early Help Services and Adult Care & Health Services. Consideration will need to be given to the need for a Finance Director, currently not on the formal establishment, and if approved, recruitment should follow directly. Consequently a Corporate Management Team, staffed entirely by permanent staff, should be in place the end of quarter 2 of the 2017/18 financial year.

Treasury Management Strategy Statement 2017/18

1. The Treasury Management Strategy Statement (TMSS) is an annual statement the Council is required to approve each year of our intended treasury activity, setting constraints under which that activity will (usually) operate. Given the technical nature of the subject, by way of introduction the statement is intended to explain

- How the Council tries to minimise net borrowing costs over the medium term
- How we ensure we have enough money available to meet our commitments
- How we ensure reasonable security of money we have lent and invested
- How we maintain an element of flexibility to respond to changes in interest rates
- How we manage treasury risk overall.

1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Council Investments* in March 2010 that requires the Council to approve an Investment Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

1.2 The purpose of this TMSS is, therefore, to approve the:

- Treasury Management Strategy for 2017/18
- Annual Investment Strategy for 2017/18
- Prudential Indicators for 2017/18, 2018/19 and 2019/20 (with some updates to 2016/17)
- MRP Statement (in connection with debt repayment)

1.3 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy. Should the assumptions on which this report is based change significantly, in accordance with the CLG Guidance, the Council will be asked to approve a revised TMSS. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balance.

1.4 As usual, the TMSS has been prepared based on a template provided by Arlingclose, the Council's treasury management advisor.

2 External Context

2.1 **Economic background:** The major external influence on the Council's treasury management strategy for 2017/18 is likely to be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, wrong-footed by the referendum outcome, have since been weighed down by uncertainty over whether leaving the Union also means leaving the Single Market. Formal negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. More uncertainty than usual over future economic prospects will therefore remain throughout 2017/18.

- 2.2 The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation (CPI) will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing economic growth.
- 2.3 Initial post-referendum economic data showed that the feared collapse in business and consumer confidence did not immediately lead to lower GDP growth. However, the prospect of a leaving the single market dented business confidence and resulted in a delay in new business investment and, unless counteracted by higher public spending or retail sales, will weaken economic growth in 2017/18.
- 2.4 Looking overseas, with the US economy and its labour market showing steady improvement, the US Federal Reserve increased interest rates by 0.25% in December 2016. The Eurozone meanwhile has continued to struggle with very low inflation and lack of momentum in growth, and the European Central Bank has left the door open for further quantitative easing. The impact of political risk on global financial markets remains significant over the next year. With challenges such as immigration, the rise of populist, anti-establishment parties and negative interest rates resulting in savers being paid nothing in some countries for their frugal efforts or even penalised for them, the French presidential and general elections (April - June 2017) and the German federal elections (August - October 2017) have the potential for upsets.
- 2.5 Credit outlook: Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard. Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council. Furthermore returns from cash deposits continue to fall.

3 Interest rate forecast

- 3.1 The Council's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017/18. The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. Negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union, or other global economic events.
- 3.2 Gilt yields have risen sharply, from their lowest ever levels in living memory, but remain at low levels in comparison with recent years. The Arlingclose central case is for longer yields to decline when the Government triggers Article 50. Long-term economic fundamentals remain weak, and the quantitative easing (QE) stimulus provided by central banks globally has only delayed the fallout from the build-up of public and private sector debt. The Bank of England has defended QE as a monetary policy tool and further QE in support of the UK economy in 2017/18 remains a possibility, to keep long-term interest rates low. A more detailed economic and interest rate forecast provided by Arlingclose is attached at *Annex A*.

3.3 For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.3%, and that new long-term loans will be borrowed at a weighted average rising to 2.5% by the year end (as we will need some longer term borrowing).

4 Local Context

4.1 On 31st December 2016, the Council currently held £358.7m of borrowing and £55.3m of investments. This is set out in further detail at *Annex B*. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.16 Actual £m	31.3.17 Estimate £m	31.3.18 Forecast £m	31.3.19 Forecast £m	31.3.20 Forecast £m
General Fund CFR	273.2	315.0	381.1	399.7	413.7
HRA CFR	193.3	192.0	194.2	192.1	188.2
Total CFR	466.5	507.0	575.3	591.8	601.9
Less: Other debt liabilities *	32.8	32.2	31.3	30.4	29.8
Borrowing CFR	433.7	474.8	544.0	561.4	572.1
Less: External borrowing **	318.4	335.4	291.2	286.4	281.9
Maximum New External Borrowing Requirement	115.3	139.4	252.8	275.0	290.2
Less: Other Cash Balances (Working capital & Earmarked Reserves)	127.3	125.0	110.0	90.0	85.2
Less: Investments	12.0	15.6	17.2	15.0	15.0
New borrowing Needed	0.0	30.0	160.0	200.0	220.0

* finance leases & PFI liabilities

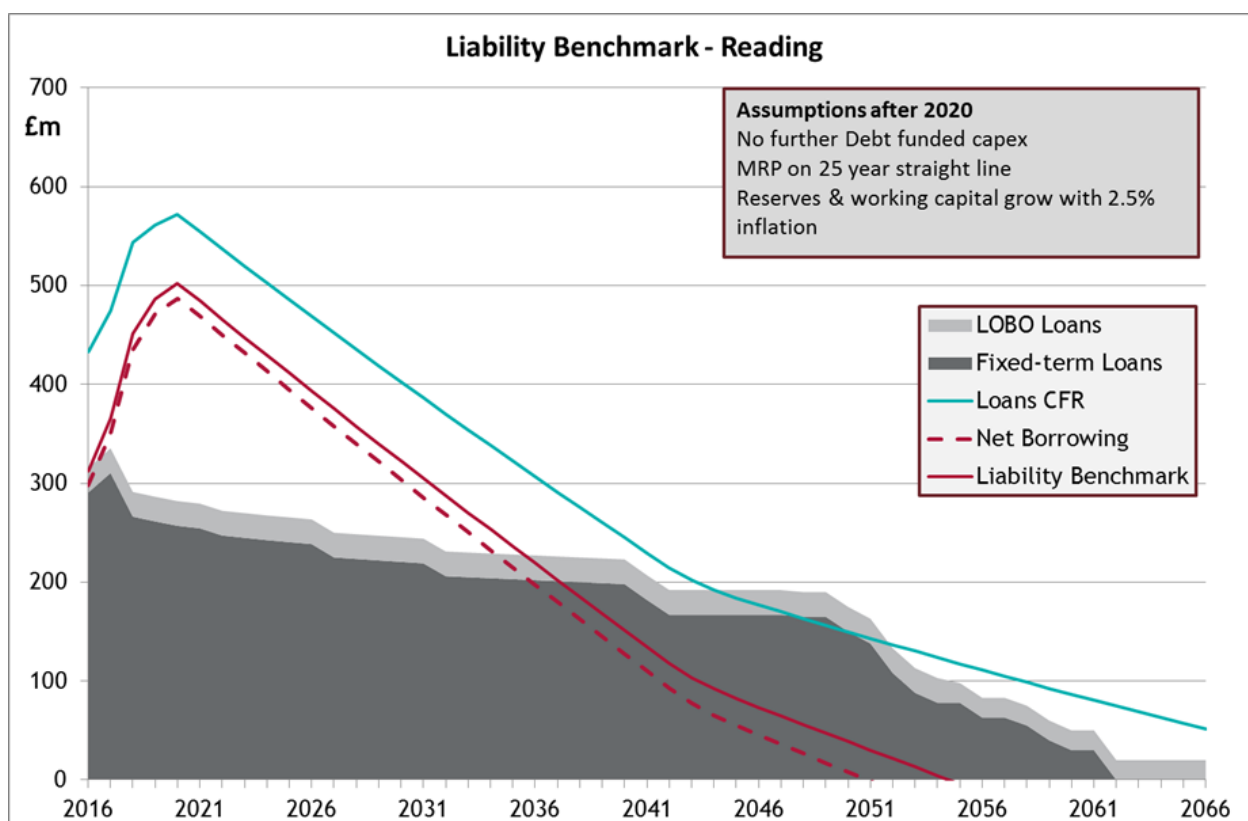
** shows only loans to which the Council is committed and excludes any refinancing

4.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). Usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as "internal borrowing".

4.3 The Council has an increasing CFR due to the capital programme being financed by borrowing exceeding annual debt repayment (mainly arising from our property and housing investment plans), and low investments (£15m in the CCLA property fund and up to £10m to manage day to day cash flows) and will therefore be required to borrow up to £220m over the forecast period. £160m of this is forecast to be needed in the next year. (In part this replaces £44m of borrowing, mainly temporary borrowing, which will mature next year).

4.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2017/18. To assist with its long-term treasury management strategy, the Council and its advisers have created a liability benchmark, which forecasts the Council's need to borrow over a 50 year period. Following on from the medium term forecasts in Table 1 above, the benchmark assumes:

- capital expenditure funded by borrowing as set out in Table 2 of Annex C
- minimum revenue provision on new capital expenditure based on an average 25 year asset life
- income, expenditure and reserves all increase by 2.5% inflation a year



4.6 The chart shows that the Council has a borrowing need over the next few years, but if there is not debt funded capital after 2020, debt will decline.

4.7 Homes for Reading Ltd

The Council has established a company Homes for Reading Ltd which will buy residential property for rent. The company's (draft) business plan envisages that it will borrow, or receive in share capital £125-150m from the Council over 5-6 years. The company will pay interest on its borrowing that will at least meet the Council's financing costs associated with financing loans in, or purchasing the share capital of the company.

4.8 Commercial Property Investment

During 2016/17 the Council has approved a property investment strategy, and made an initial purchase. Such investment is capital expenditure and the cash flow implications of this investment activity have been taken into account in the above forecasts. The Council has bought two properties in Reading so far, and plans a further acquisition. The timing of such transactions can impact overall assumptions and forecasts, so care will be exercised to mitigate any related risks. Separately, as agreed last year the Council has invested £15m in CCLA's Property Fund, which owns a wide range of commercial property and therefore the risks are shared by a wide range of local authority shareholders. (The fund is specifically for LAs).

4.9 Borrowing Strategy

The Council currently holds £358.7 million of loans (31st December 2016), an increase of £48.6 million over the last year, reflecting our present strategy of funding the capital programme by using "internal borrowing", reducing investments, and short term temporary borrowing (mainly from other local authorities). However, the balance sheet forecast in table 1 (and our detailed treasury budget analysis) suggests we will need to borrow up to £160m towards the end of 2017/18. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £470 million during 2017/18.

- 4.10 **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
- 4.11 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2017/18 with a view to keeping future interest costs low, even if this causes some additional cost in the short-term. In addition, the Council may need to borrow further short-term loans to cover unplanned cash flow shortages.
- 4.12 Alternatively, the Council may arrange forward starting loans during 2017/18, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.13 **Sources:** The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB) and any successor body¹
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
 - any institution approved for investments (see below)

- any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds
 - capital market bond investors
 - Any other party that establishes a presence in the LA market not covered by the above categories (as agreed by the CFO on advice of Arlingclose)
- 4.14 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- operating and finance leases
 - hire purchase
 - private finance initiative
 - sale and leaseback
- 4.15 The Council has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance. In recent years other options such as local Council loans have been available at more favourable rates.
- 4.16 **Municipal Bond Agency:** UK Municipal Bonds Agency plc (MBA) was established in 2014 by the Local Government Association to provide an alternative source of borrowing finance to the PWLB. The Council, along with about 60 other authorities are shareholders. The MBA plans to issue bonds on the capital markets and lend the proceeds to local authorities. The Council has approved the necessary cross guarantee arrangements to be able to participate in a bond issue. The MBA has been moving towards its initial bond issue, which we understand is expected during 2017. We have indicated that subject to the credit processes of the agency, we intend to be a part of an MBA bond issue during the year.
- 4.17 **LOBOs:** The Council holds £25m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £10m of these LOBOS have options during 2017/18, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Should the Council be offered the opportunity to exit a LOBO at cost, the proposal will be considered on its merits with the advice of Arlingclose, our treasury advisor; essentially a conventional business case will need to show the proposal is positive for the Council. Total borrowing via LOBO loans will be limited to £40m.
- 4.18 The reduction of £5m in LOBO's from previous years relates to the change in treatment for the LOBO held with Barclays. During 2016, Barclays made a decision to waive their right to change the applicable interest rate of the loan in the future. As a result of this waiver, the loan held has effectively become a fixed rate loan with no changes to its current interest rate with its stated maturity at no risk that the rate will be changed in the future. The original loan was taken at a lower rate than then prevailing long term PWLB rates, so the Council has gained in comparison to the alternative long term borrowing it would have done at the time.
- 4.19 **Short-term and Variable Rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below. However, given current interest rate forecasts these risks do not appear to be significant.

- 4.20 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. However, given the formula currently used, and the present and forecast structure of the yield curve, and the Council's present debt portfolio it is unlikely that these objectives can be realised during 2017/18.

5. Investment Strategy

- 5.1 In connection with managing the Council's cash flows, we usually hold some invested funds, generally representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £12m- £75m. During 2017/18, we expect the top end of this range to be £15m-£50m, and normally £25-no more than £40m. £15m of this is held in the CCLA Property Fund (as a longer term investment), so the cash balance will normally be in the £10-£25m range.
- 5.2 **Objectives:** Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield (the "SLY" principle). The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will normally aim to achieve a return that at least the prevailing rate of inflation, in order to maintain the spending power of the sum invested. (The CCLA Property Fund has achieved that in recent years).
- 5.3 **Negative Interest Rates:** Should the UK enter into a recession in 2017/18, there is a small possibility that the Bank of England could reduce the Bank Rate to zero, or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options, at least for money market depositors such as the Council. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested. In such circumstances we will consider operating as a marginal borrower in the short term market to minimise losses from holding cash.
- 5.4 **Strategy:** Given the increased risk and reduced returns from short-term unsecured bank investments, the Council has moved the majority of its short term cash holdings to money market funds. With Arlingclose, we will consider options to further diversify into more secure and/or higher yielding asset classes during 2017/18. This diversification will represent a continuation of the new strategy adopted in 2016/17.
- 5.5 **Ethical Policy:** The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's Corporate Plan and values. This would include institutions with material links to:
- human rights abuse (e.g. child labour, political oppression)

- environmentally harmful activities (e.g. pollution, destruction of habitat, fossil fuels)
- socially harmful activities (e.g. tobacco, gambling)

These principles will be applied to investments made by the Council.

5.6 **Approved Counterparties:** The Council may invest its surplus funds with any of the counterparty types in Table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved Investment Counterparties and Limits

Counterparty	Cash limit	Time limit †
Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	10 years*
	AA+	5 years*
	AA	4 years*
	AA-	3 years*
	A+	2 years
	A	1 year
	A-	
The Council's current account, Lloyds Bank plc should circumstances arise when it does not meet the above criteria	£1m	next day***
UK Central Government (irrespective of credit rating)	unlimited	50 years**
UK Local Authorities (irrespective of credit rating)	£20m each	50 years**
UK Registered Providers of Social Housing whose lowest published long-term credit rating is A- or higher	£5m each	10 years**
UK Registered Providers of Social Housing whose lowest published long-term credit rating is BBB- or higher and those without credit ratings	£2m each	5 years
UK Building Societies without credit ratings	£10m each	1 year
Money market funds and other pooled funds (including the CCLA Property Fund)	Up to £20m each	n/a
Any other organisation, subject to an external credit assessment and specific advice from the Council's treasury management adviser	£5m each	3 months
	£1m each	1 year
	£100k each	5 years

† the time limit is doubled for investments that are secured on the borrower's assets

* but no longer than 2 years in fixed-term deposits and other illiquid instruments

** but no longer than 5 years in fixed-term deposits and other illiquid instruments
 ***this category is provided to enable overnight lending to the main banker - we do not expect Lloyds Bank to fall into this category.

Table 3: Proposed Counterparty List as at 3 February 2017

During recent years, Arlingclose have developed criteria for identifying which smaller building societies appear to have the most robust financial position, and the current recommended have been added below. Note that some banks on the list below currently have a nil counter party limit. The Council's S151 officer has authority to amend the list below at short notice on the advice of Arlingclose (subject to the Treasury Strategy as a whole).

Country/ Domicile	Counterparty	Maximum Counterparty Limit %/£m	Maximum Group Limit (if applicable) %/£m	Maximum Maturity Limit (term deposits and instruments without a secondary market)	Maximum Maturity Limit (negotiable instrument)
UK	Santander UK Plc (Banco Santander Group)	£10m		2 years	5 years
UK	Bank of Scotland (Lloyds Banking Group)	£20m	£20m	2 years	5 years
UK	Lloyds TSB (Lloyds Banking Group)	£20m		2 years	5 years
UK	Barclays Bank Plc	£20m		2 years	5 years
UK	HSBC Bank Plc	£20m		2 years	5 years
UK	Nationwide Building Society	£10m		6 months	5 years
UK	NatWest (RBS Group)	£0m	£5m (in the event the	2 years	5 years

UK	Royal Bank of Scotland (RBS Group)	£0m	limit is raised)	2 years	5 years
UK	Coventry Building Society	£5m		6 months	n/a
UK	Leeds Building Society	£5m		100 days	n/a
UK	Darlington Building Society	£1m		100 days	
UK	Furness Building Society	£1m		100 days	n/a
UK	Hinckley & Rugby Building Society	£1m		100 days	n/a
UK	Leek United Building Society	£1m		100 days	n/a
UK	Loughborough Building Society	£1m		100 days	n/a
UK	Mansfield Building Society	£1m		100 days	n/a
UK	Market Harborough Building Society	£1m		100 days	n/a
UK	Marsden Building Society	£1m		100 days	n/a
UK	Melton Mowbray Building Society	£1m		100 days	n/a
UK	National Counties Building Society	£1m		100 days	n/a
UK	Newbury Building Society	£1m		100 days	n/a
UK	Scottish Building Society	£1m		100 days	n/a
UK	Stafford Railway Building Society	£1m		100 days	n/a
UK	Tipton & Coseley Building Society	£1m		100 days	n/a

- 5.7 **Credit Rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 5.8 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- 5.9 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to

determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- 5.10 Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 5.11 Registered Providers (Housing Associations): Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain some likelihood of receiving government support (or other organised intervention to avoid insolvency) if needed.
- 5.12 Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 5.13 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 5.14 Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day (or other short term period agreed by the S151 officer) will normally be made with that organisation until the outcome of the review is announced. This policy does not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 5.15 Other Information on the Security of Investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No

investments will be made with an organisation if there are substantive doubts about its credit quality, even if they meet the credit rating criteria above.

5.16 Should deteriorating financial market conditions materially affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

5.17 Specified Investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - The UK Government,
 - A UK local Council, parish council or community council, or
 - A body or investment scheme of “high credit quality”.

For this purpose, the Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

5.18 Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make treasury investments denominated in foreign currencies, nor treasury investments that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in Table 3 below.

In practice, during 2017/18 the Council is likely to make mainly specified investments, but Table 3 formally sets limits on non-specified investments.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£25m (including at least £15m in CCLA property fund)
Total investments without credit ratings or rated below A-	£20m (Including CCLA PF)

Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£0m
Total non-specified investments	£5m+ CCLA Funds

5.19 Investment Limits: The Council's revenue reserves are forecast to be £24.2m on 31st March 2017, although much of these are committed in 2017/18. To avoid putting reserves at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £20 million (and normally for only short periods). A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment Limits

	Cash limit (as last year)
Any single organisation, except the UK Central Government	£15m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£12m per group
Any group of pooled funds under the same management	£12m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	5m in total
Registered Providers	£5m in total
Unsecured investments with Building Societies	£5m in total
Loans to unrated corporates	5m in total
Money Market Funds	£20m each

5.20 **Liquidity Management:** The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

6. Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators. Generally, unless indicated otherwise these limits are unchanged from previous years.

6.1 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	Target
Portfolio average credit score	6.0

6.2 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	Target
Total cash available within 3 months (above estimated cash flow requirements)	£10m

6.3 Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. This Council calculates these limits on net principal outstanding sums, (i.e. fixed debt net of fixed rate investments, as percentage of fixed rate debt).

	2017/18	2018/19	2019/20
Upper limit on fixed interest rate exposure	110%	110%	110%
Upper limit on variable interest rate exposure	50%	50%	50%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate. (The upper limit has been reduced from 120%).

6.4 Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Maturity Structure of Borrowing	Upper	Lower
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	25%	0%
10 years and within 20 years	100%	40%
20 years and within 30 years	100%	
30 years and within 40 years	100%	
40 years and within 50 years	100%	
50 years and above	100%	

Time periods start on the first day of each financial year. The maturity date of borrowing is the *earliest date on which the lender can demand repayment*. Although these limits have not been changed, there is a possibility that the under 12 month limit may be reached during 2017/18 (if the whole £160m borrowing identified above were taken, together with other borrowing due to mature within a year). The Council will normally explore options with our Arlingclose to extend maturities should the under 12 month maturing actual borrowing exceed 20% of all borrowing.

6.5 Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2017/18	2018/19	2019/20
Limit on principal invested beyond year end	£15m	£15m	£15m

7. Other Items

There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

- 7.1 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 7.2 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 7.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 7.4 **Policy on Apportioning Interest to the HRA:** Reform of the Housing Revenue Account Subsidy system was completed at the end of 2011/12, when we were required to pay DCLG £147.8m. Prior to 2012/13 we were required to recharge interest expenditure and income attributable to the HRA in accordance with Determinations issued by DCLG. The Council has adopted a policy that it will continue to manage its debt as a single pool using a similar regime that applied prior to self-financing which will set out how interest charges attributable to the HRA will be determined, because self-financing did not result in a material change to the average interest rate paid by the Council.
- 7.5 During 2016/17 some technical details of the methodology have been adjusted to recognise that in essence the £147.8m of loans the Council borrowed at the time of self-financing were primarily taken for HRA debt, and therefore the operation of the single pool should not lead to the average interest rate being charged to the HRA being less than the average rate on the remaining part of those loans (with the balance of HRA borrowing at the average of all other borrowing).
- 7.6 The HRA also has a notional cash balance which may be positive or negative. This balance is measured each month and interest transferred between the General Fund and HRA at the net average rate earned by the Council on its portfolios of treasury investments (excluding the CCLA Property Fund) and short-term borrowing.
- 7.7 **Investment Training:** The needs of the Council's treasury management staff for training in investment management are periodically considered especially when the responsibilities of individual members of staff change. Staff regularly attend training courses or seminars provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, or other appropriate organisations.

- 7.8 **Investment Advisers:** The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. We have at least two meetings per annum with Arlingclose, and make contact whenever advice is needed on treasury or related matters (including related capital accounting issues).
- 7.9 **Investment of Money Borrowed in Advance of Need:** The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.
- 7.10 The total amount borrowed will not exceed the authorised borrowing limit of £450 million. The maximum period between borrowing and expenditure is expected to be less than 2 years, (as we would not normally borrow money that was not expected to be needed within the current or following financial year), although the Council does not link particular loans with particular items of expenditure.

8. Financial Implications

- 8.1 During 2016/17 the Council expects to earn around £130k on its cash balances. The estimate for investment income in 2017/18 is lower, probably no more than £60k, based on an average investment portfolio of at least £20 million at an interest rate of 0.3%. The budget for debt interest paid in 2017/18 is £12.1 million, based on an average debt portfolio of £360 million at an average interest rate of 3.36%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different. The treasury position is managed as a whole, with the aim of operating within the agreed capital financing budget. A range of other lines are included; income on our CCLA Property Fund Investment, (Notional) Interest on money lent to others (Reading Buses, and from 2017/18 Homes for Reading Ltd) as well as our MRP budget.

9. Other Options Considered

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Director and Head of Finance, having consulted the Leadership believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest

		costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A - Arlingclose Economic & Interest Rate January 2017

Underlying assumptions:

- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends.
- Financial markets currently have priced in stronger global growth following significant global fiscal and monetary stimulus; the short term outlook for the global economy is indeed brighter than early 2016. US fiscal stimulus is also a possibility following Trump's victory. The potential rise in protectionism could, however, dampen growth prospects.
- Economic data have presented a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending. On the downside, the currency-led rise in CPI inflation (currently 1.6% year/year) will continue, breaching the target in 2017.
- Over the coming years the rise in inflation will reduce household spending growth, while economic and political uncertainty will dampen investment intentions, prompting lower activity levels.
- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The usual negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.
- Given the pressure on household spending and business investment, the rise in inflation is unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods, particularly if this feeds through into wage growth. Given this view and the current inflation outlook, further monetary loosening looks less likely.

Forecast:

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short/medium term.
- The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a low possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen, but remain at low levels. The Arlingclose central case is for yields to decline or remain stable during 2017.

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month LIBID rate													
Upside risk	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
1-yr LIBID rate													
Upside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.95
Downside risk	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
5-yr gilt yield													
Upside risk	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.60	0.50	0.45	0.45	0.50	0.50	0.50	0.55	0.60	0.65	0.70	0.75	0.80
Downside risk	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
10-yr gilt yield													
Upside risk	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.10	1.05	0.95	0.95	0.95	0.95	0.95	1.00	1.05	1.10	1.15	1.20	1.25
Downside risk	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
20-yr gilt yield													
Upside risk	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.65	1.55	1.50	1.50	1.50	1.50	1.50	1.55	1.60	1.65	1.70	1.75	1.80
Downside risk	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
50-yr gilt yield													
Upside risk	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.55	1.45	1.40	1.40	1.40	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70
Downside risk	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60

Annex B - Existing Investment & Debt Portfolio Position

	31/12/16 Actual Portfolio £m	31/12/16 Average Rate %
External Borrowing:		
PWLB - Fixed Rate	265.8	3.63
PWLB - Variable	4.8	0.48
Other Local authorities (short term)	58	0.35
LOBO loans from banks	25	4.21
Banks - Fixed Rate (ex Barclays LOBO)	5	3.99
Total External Borrowing	358.7	3.11
Other Long Term Liabilities:		
PFI	32.7	
Finance Leases	0.7	
Total Gross External Debt	392.1	
Investments:		
Money Market Funds	31.5	0.28
Bank Call Accounts	8.8	0.15
Pooled Funds (CCLA Property Fund)	15.0	4.86
Total Investments	55.3	
Net Debt	336.8	

Annex C - Prudential Indicators 2017/18

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows. Further detail is provided in the capital programme (Appendix 7).

Capital Expenditure and Financing	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
General Fund	70,817	102,728	50,148	36,546
HRA	12,628	18,041	10,563	7,482
Total Expenditure	83,445	120,769	60,711	44,028
Capital Receipts/MRA (HRA)	9,099	12,047	8,823	7,542
Government Grants	9,491	28,676	14,692	11,780
CIL/S106	1,238	4,552	2,800	500
Borrowing	63,617	75,494	34,396	24,206
Total Financing	83,445	120,769	60,711	44,028

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.17 Revised £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
General Fund	315.0	381.1	399.7	413.7
HRA	192.0	194.2	192.1	188.2
Total CFR	507.0	575.3	591.8	601.9

The CFR was £466.5m at 31 March 2016. Therefore, it is forecast to rise by over £145m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment. However, most (£118m) of this borrowing is associated with investment (the property investment strategy, Homes for Reading and advances to Reading Buses).

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the

estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.17 Revised £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
Borrowing (already done)	335.4	291.2	286.4	281.9
Future Estimated Borrowing	30.0	160.0	200.0	220.0
PFI liabilities & Finance Leases	32.2	31.3	30.4	29.8
Total Debt	397.6	482.5	516.8	531.7

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. It has been set to allow for the possibility of borrowing up to a year in advance of immediate need. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	400	470	500	520
Other long-term liabilities	40	40	40	40
Total Debt	440	510	540	560

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2016/17 Limit £m	2017/18 Limit £m	2018/19 Limit £m	2019/20 Limit £m
Borrowing	410	460	490	500
Other long-term liabilities	40	40	40	40
Total Debt	450	500	530	540

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund	7.5	10.1	12.0	13.3
HRA	25.4	25.9	26.2	26.2

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
General Fund - increase in annual band D Council Tax (Full year effect)	95.27	38.77	32.43
HRA - increase in average weekly rents	0.80	0.18	0.00

Adoption of the CIPFA Treasury Management Code: The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition. As far as we are aware, all our treasury activity complies with the Codes recommendations.

Annex D - Annual Minimum Revenue Provision Statement 2017/18

Summary Introduction

This statement was substantially revised in 2016/17. The revised approach was considered similarly prudent to the previous one overall as debt will be paid off over the same period of time (albeit to a different profile, or in the case of older debt and supported borrowing over a 50 year fixed period, (rather than never being fully repaid).

In addition the policy was extended to include a similar approach with PFI assets, and in connection with a funding strategy for our equal pay liability. The revised policy included some discretion in relation to capital receipts and making additional provisions. Over the life of assets all debt will be repaid, but the annuity method seeks to equalise total financing costs over the asset life with the consequence that generally less debt will be paid off in early years. The revised arrangements applied from the current 2015/16 financial year. In comparison, only minor changes have been made for 2017/18.

Statement of MRP approach

1. The Government's Capital Finance and Accounting Regulations require local authorities to make 'prudent annual provision' in relation to capital expenditure financed from borrowing or credit arrangements. This is known as Minimum Revenue Provision or MRP, but it is often referred to as a provision for "debt repayment" as a shorthand expression. The Government has also issued statutory guidance on MRP, to which the Council is required to have regard.
2. This policy applies to the financial years 2016/17 and 2017/18, and is intended to apply for years thereafter subject to annual review as part of the budget. Any interpretation of the Statutory Guidance or this policy will be determined by the Chief Finance Officer (taking advice as necessary from the Head of Legal & Democratic Services and the Council's treasury advisor, Arlingclose).
3. Principles of debt repayment provision - The term 'prudent annual provision' are not defined by the Regulations. However, the statutory Guidance says "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant". The Guidance does not prescribe the annual repayment profile to achieve this aim, but suggests four methods for making MRP which it considers prudent, and notes that other methods are not ruled out. The Council regards the broad aim of MRP as set out above as the primary indicator of

prudent provision, whilst recognising the flexibilities which exist in determining an appropriate annual repayment profile.

4. The Council considers that 'prudent' in this context does not mean the quickest possible repayment period, but has regard to the prudent financial planning and management of the of the overall financial position, recognising the flow of benefits from the capital expenditure, and other relevant factors.
5. This MRP Policy therefore takes account of the financial forecast in the Council's medium term plans, and a general assessment by the Head of Finance of the likely position in the years after that in determining what is a prudent MRP in the circumstances. In particular, this takes account of the Council's likely need to fund equal pay settlements (paragraph 14 below) and the need for an orderly financial transition as the Council manages further substantial grant reductions announced by Central Government.
6. Consistent with the Statutory Guidance, the Council will not normally review individual asset lives used for MRP as a result of any changes in the expected life of the asset or its actual write off. Inevitably, some assets last longer than their initially estimated life, and others will not; the important thing is that the Head of Finance is satisfied that a reasonable estimate has been made at the time of capital expenditure. (Normally this will range between 5 years for some vehicles and IT equipment, though some assets in these categories could be longer, to 60 years for major new buildings (such as the Civic Offices and new school buildings). As a guide we use the following standard asset lives:
 - major new buildings on Council owned land where a 40-60 year asset life (unless the design life is demonstrably shorter) will be appropriate
 - freehold land - 60 years
 - leasehold land - the life of the lease
 - major extensions to existing buildings, or major remodelling of infrastructure - where a 20-40 year asset life may be more appropriate (according to the design life of the extension/remodelling)
 - major refurbishment of existing buildings - where a 20 year life can reasonably be presumed
 - major transport infrastructure or regeneration schemes (i.e. new roads or major remodelling of junctions) - 30 years (or according to the design life of the infrastructure/regeneration if materially different)
 - other transport capital expenditure - 20 years
 - small items capitalised revenue expenditure - 10 years
 - vehicles, where typically a 5 year life will be reasonable for smaller vehicles; in some cases (e.g. refuse freighters 7-8 years, in line with maintenance contracts) a longer life will be appropriate but we will keep this categorisation under review, and individually consider all material asset additions funded from borrowing

7. General Fund Borrowing prior to 2007/08 - For this historic borrowing the Council does not hold detailed records that match borrowing to assets, and hitherto has been making MRP at 4%pa on a reducing balance basis. For the reasons outlined in 3 & 5 above the Council now considers that an approach consistent with paying the remaining debt off at 2% of the 31/3/11 level pa for 50 years would now be appropriate, but for the period 2015/16-2019/20 considers an annuity approach based on a 46 year annuity from 2011/12 provides an appropriate transition from its approach hitherto to the long term intended approach. (The approach anticipates that the severe funding cuts of the 2011/12-2019/20 implemented or announced by Central Government will not continue beyond that year). Therefore from 2020/21 the annual MRP will be fixed at the same cash value so that the whole debt is repaid after 50 years (from 2007/08), subject to adjustment in the event of appropriation of land between the HRA and General Fund. Debt for this purpose is measured on the historic “credit ceiling” basis, so includes repayment of the adjustment in the basis of MRP on moving from the 1989 Act system in 2004 (“Adjustment A”).

General Fund MRP policy: prudential borrowing from 2007/08

8. The general repayment policy for new prudential borrowing is to repay borrowing within the expected life of the asset being financed. Normally asset lives will be a maximum of 20 years in the case of major refurbishment or transport infrastructure, but longer periods may be used for new buildings or other major assets where the council puts in place an appropriate long term funded cyclical maintenance programme. This is in accordance with the “Asset Life” method in the Guidance. The repayment profile will follow an annuity repayment method, (like many domestic mortgages) which is one of the options set out in the Guidance.

This is subject to the following details:

- 8.1 An average asset life for each project will normally be used. There will not normally be separate MRP schedules for the components of a building (e.g. plant, roof etc), unless other component accounting requirements (which rarely apply in Reading) indicate such an approach would be appropriate. Asset lives will be determined by the Head of Finance, taking advice from appropriate technical experts (within the Council wherever possible). A standard schedule of asset lives will generally be used, but where borrowing on a project exceeds £5m, specialist advice from appropriate external advisers may also be taken into account.
- 8.2 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for single assets where over £1m financed from borrowing is planned, where MRP will be deferred until the year after the asset becomes operational. (In connection with this, the MRP for the new Civic Offices will be adjusted in 2015/16 so all the borrowing finance is

- repaid over the same (60 year) period starting in 2015/16, as the asset became operational in late autumn 2014.
- 8.3 Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of the Head of Finance.
 - 8.4 If appropriate, shorter repayment periods (i.e. less than the asset life) may be considered for some or all new borrowing.
 - 8.5 Where the Council incurs debt on the purchase of an investment property, in the event of a vacancy of tenancy, the Head of Finance may suspend MRP for up to 2 years, provided it is reasonable to assume a new tenant will be identified.

Housing Revenue Account MRP policy

9. The statutory MRP Guidance states that the duty to make MRP does not extend to cover borrowing or credit arrangements used to finance capital expenditure on HRA assets. This is because of the different financial structure of the HRA, in which depreciation charges have a similar effect to MRP. However, since the Government's HRA self-financing settlement, which introduced a cap on HRA borrowing, which was established in April 2012, the Council has made a minimum revenue provision of 2% of outstanding debt. This will continue (though is seen as part of the depreciation charge in the HRA business plan). The charge in any year will also take account of the HRA business plan, and the context of HRA debt within the authority as a whole (taking account of the Council's single debt pool approach to managing its borrowings. (For the immediate future this means the charge will be at least the 2% minimum). In principle, the Council will also seek to deliver a reduction in HRA debt per dwelling (though our ability to do this may depend upon RTB volumes). Additional voluntary HRA debt repayment provision may be made from revenue or capital resources (that have been derived from the disposal of housing assets).

Concession Agreements and Finance Leases

10. From 2015/16 MRP in relation to concession agreements (e.g. PFI contracts) and finance leases will be calculated on an asset life method using an annuity repayment profile, consistent with the method for prudential borrowing in paragraph 8 above. The Head of Finance may approve that such debt repayment provision may be made from capital receipts rather than from revenue provision (subject to Policy Committee approval of the draft accounts outturn report).

MRP & Capital Receipts

11. Local authorities may also use capital receipts to repay any borrowing that was incurred to fund capital expenditure in previous years. The Chief Finance Officer will determine annually the most prudent use of Capital

Receipts, taking into account forecasts for future expenditure and the generation of further receipts, and the Council's wider financial plans. If capital receipts are utilised to repay debt in year, the value of MRP chargeable will normally be reduced by the value of the receipts utilised.

13. Statutory capitalisation - Expenditure which does not create a fixed asset, but is statutorily capitalised, will follow the MRP treatment in the Government guidance, apart from any exceptions provided for below.

Cash flows

14. Where a significant difference exists between capital expenditure accrued and the actual cash flows, MRP may be charged based on the cash expended at the previous year end, as agreed by the Head of Finance. The reason for this is that, if expenditure has been accrued but cash payments have not yet been made, this may result in MRP being charged in the accounts to repay borrowing which has not yet been incurred.

Equal Pay settlements

15. During 2016/17 the Council has been developing its plans in place to fund its (estimated) equal pay settlement liabilities. These plans include substantial use of capital receipts, not all of which have yet been received. As there are risks to the timing and quantum of future capital receipts, as a risk management mechanism, MRP may be reduced in 2016/17 or 2017/18 if there are insufficient capital receipts to fund Equal Pay settlement costs in that (or the following year in the case of 2016/17). The revenue saving will then be used to meet the settlement costs.
16. Any such reduction will be made good by setting aside equivalent future capital receipts to provide for debt repayment, when there is a surplus of capital receipts available after funding equal pay settlements. As a minimum, any such reduction in MRP will be repaid over 20 years as a charge to revenue account on an annuity profile.

Capitalised loans to others

17. MRP on capitalised loan advances to other organisations or individuals will not be required. Instead, the capital receipts arising from the capitalised loan repayments will be used as provision to repay debt. However, revenue MRP contributions would still be required equal to the amount of any impairment of the loan advanced.

Investments

18. Where investments are made in financial instruments that score as capital expenditure where the Council expects full repayment, no MRP will be made.

Voluntary repayment of debt

19. The Council may make additional voluntary debt repayment provision from revenue or capital resources. In this case, the Head of Finance may make an appropriate reduction in the same or the following year's levels of MRP.
20. Where it is proposed to make a voluntary debt repayment provision in relation to prudential borrowing from 2007/08 under the asset life method, it may be necessary to decide which assets the debt repayment relates to, in order to determine the reduction in subsequent MRP. The following principles will be applied by the Head of Finance in reaching a prudent decision:
 - where the rationale for debt repayment is based on specific assets or programmes, any debt associated with those assets or programmes will be repaid;
 - where the rationale for debt repayment is not based on specific assets, debt representative of the service will be repaid, with a maturity reflecting the range of associated debt outstanding;

Subject to the above two bullet points, debt with the shortest period before repayment will not be favoured above longer MRP maturities, in the interests of prudence, to ensure that capital resources are not applied for purely short term benefits.

Capital expenditure incurred during 2017/18 will not be subject to a MRP charge until 2018/19.

ⁱ Government has consulted on abolishing the PWLB and transferring its functions to the Debt Management Office. The precise timing is unclear, but it is likely to be during 2017/18

GENERAL FUND & SUMMARY COST CENTRE BUDGETS 2016-2017 & 2017-2018

	PAGES	ESTIMATE 2016/2017	PROBABLE 2016/2017	ESTIMATE 2017/2018
		£'000	£'000	£'000
Corporate Support Services	2	12,427	12,866	12,424
Environment & Neighbourhood Services	3	32,180	31,627	28,606
Childrens, Education & Early Help Service	4	32,731	39,649	36,787
Adult Care & Health Care Services	5	40,015	41,082	35,041
Total Directorate Requirements		117,353	125,224	112,858
Capital Financing Costs		9,300	8,998	13,272
Insurance Costs		899	899	931
Property & Pensions Liabilities, Environment Agency Levy, Other Provisions & Cross Council Savings		4,077	4,055	5,297
Savings Contingency		0	0	7,700
Redundancy Provision		0	0	800
		131,629	139,176	140,858
Budget Funding Measures				
Use of Reserves & Other Measures		6,800 cr	13,773 cr	11,140 cr
Grants		4,606 cr	4,606 cr	4,391 cr
Use of General Fund Balance		26 cr	600 cr	1 cr
Budget Requirement		120,197	120,197	125,326
Less				
Reading Share of Business Rate Income		52,577	52,577	60,760
Business Rate Tarrif Payment		22,368 cr	22,368 cr	27,484 cr
Revenue Support Grant		16,826	16,826	10,368
Reading's Share of Collection Fund Surplus/Deficit		692	692	1,682
Council Tax Requirement		72,470	72,470	80,000
<u>Forecast General Fund Balance</u>				
<i>1 April</i>		5,033	5,621	5,021
<i>Use of Balances</i>		26	600	1
31 March		5,007	5,021	5,020

CORPORATE SUPPORT SERVICES DIRECTORATE

Appendix 6

INTERIM MANAGING DIRECTOR - SIMON WARREN

	2016-17	2016-17	2017-18 Budget Breakdown				2017-18
	Estimate	Probable	Employee	Running	Gross	Income	Estimate
	Budget	Budget	Costs	Costs	Expenditure		Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MANAGING DIRECTOR & CUSTOMER SERVICES							
Managing Director's Office	242	271	244	6	250	0	250
Business Improvement Team	1,536	1,436	1,762	7	1,769	-336	1,433
IT Services	4,123	4,073	328	4,305	4,633	-156	4,477
Customer Services	1,238	1,257	1,284	164	1,448	-140	1,308
Entitlement and Assessment	948	997	2,704	688	3,392	-2,234	1,158
Housing Benefit & Council Tax	0	500	0	75,000	75,000	-74,630	370
Reading UK CIC	84	105	0	0	0	0	0
Registration & Bereavement Services	-1,235	-1,361	646	308	954	-2,346	-1,392
Berkshire Records	72	19	623	367	990	-887	103
Voluntary Sector Support Team	1,139	1,243	85	487	572	0	572
MANAGING DIRECTOR & CUSTOMER SERVICES TOTAL	8,147	8,540	7,676	81,332	89,008	-80,729	8,279
FINANCIAL SERVICES							
FINANCIAL SERVICES TOTAL	3,383	3,550	2,524	670	3,194	31	3,225
LEGAL, HUMAN RESOURCES & DEMOCRATIC SERVICES							
Legal Services	1,700	1,755	2,868	1,758	4,626	-2,782	1,844
Committee Administration	356	326	376	13	389	-8	381
Human Resources & Payroll	1,340	1,196	1,120	331	1,451	-218	1,233
Elections/Electoral Registration	410	412	204	321	525	-103	422
LEGAL, HUMAN RESOURCES & DEMOCRATIC SERVICES TOTAL	3,806	3,689	4,568	2,423	6,991	-3,111	3,880
COMMUNICATION							
Marketing + Pub.Relations	474	473	415	8	423	0	423
Mavoralty & Lord Lieutenant	48	45	63	40	102	-54	48
COMMUNICATION TOTAL	522	518	478	48	525	-54	471
Corporate Support Services Directorate Services Total	15,858	16,297	15,246	84,473	99,718	-83,863	15,855
Recharge to non General Fund Services	-3,431	-3,431				-3,431	-3,431
CORPORATE SUPPORT SERVICES DIRECTORATE TOTAL	12,427	12,866	15,246	84,473	99,718	-87,294	12,424

ENVIRONMENT AND NEIGHBOURHOOD SERVICES DIRECTORATE

Appendix 6

DIRECTOR - ALISON BELL

	2016-17	2016-17	2017-18 Budget Breakdown				2017-18
	Estimate	Probable	Employee	Gross			Estimate
	Budget	Budget	Costs	Running Costs	Expenditure	Income	Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>TRANSPORTATION AND STREET CARE</u>							
Neighbourhood Services	3,640	3,813	4,099	1,397	5,496	-2,524	2,972
Streetcare Services	3,631	3,216	2,701	2,597	5,298	-2,364	2,934
Network and Parking Services	-4,424	-4,497	1,147	4,332	5,479	-10,337	-4,858
Waste Disposal	7,899	8,087	195	9,120	9,315	-1,433	7,882
Transportation Services	7,239	7,310	1,080	6,764	7,844	-933	6,911
TRANSPORTATION AND STREET CARE TOTAL	17,985	17,929	9,222	24,210	33,432	-17,591	15,841
<u>PLANNING, DEVELOPMENT & REGULATORY SERVICES</u>							
Sustainability	-45	-23	147	60	207	-238	-31
Corporate Facilities Management	3,532	4,032	3,592	4,425	8,017	-4,513	3,504
Land & Property Development	-863	-1,457	282	253	535	-2,536	-2,001
Regulatory Services	1,389	1,411	2,684	984	3,668	-2,176	1,492
Planning	585	360	1,193	272	1,465	-949	516
Building Control	110	110	510	54	564	-429	135
Health & Safety	214	214	198	63	261	-35	226
Property Development	2	2	290	220	510	-500	10
PLANNING, DEVELOPMENT & REGULATORY SERVICES TOTAL	4,924	4,649	8,896	6,331	15,227	-11,376	3,851
<u>HOUSING & NEIGHBOURHOOD SERVICES</u>							
Libraries	1,464	1,414	926	519	1,445	-210	1,235
Community Safety and Neighbourhood Initiatives	78	28	575	46	621	-540	81
Housing Building Maintenance	0	1	4,625	5,601	10,226	-10,221	5
Housing GF	4,898	4,816	987	5,898	6,885	-1,657	5,228
HOUSING & NEIGHBOURHOOD SERVICES TOTAL	6,440	6,259	7,113	12,064	19,177	-12,628	6,549
<u>ECONOMIC & CULTURAL DEVELOPMENT</u>							
Sports & Leisure	903	853	1,836	921	2,757	-1,768	989
Business Development	50	-8	228	20	248	-350	-102
Arts Venues	446	531	1,193	2,737	3,929	-3,531	398
Town Hall & Museum	783	771	1,201	680	1,880	-1,074	806
Culture & Sport Grants	74	74	0	0	0	0	0
New Directions	38	32	1,205	304	1,509	-1,433	76
ECONOMIC & CULTURAL DEVELOPMENT TOTAL	2,294	2,253	5,663	4,662	10,323	-8,156	2,167
DENS Directorate	537	537	644	0	644	-446	198
ENVIRONMENT & NEIGHBOURHOOD SERVICES DIRECTORATE	32,180	31,627	31,538	47,267	78,803	-50,197	28,606

DIRECTORATE OF CHILDRENS, EDUCATION AND EARLY HELP SERVICES

Appendix 6

INTERIM DIRECTOR - ANN MARIE DODDS

	2016-17	2016-17	2017-18 Budget Breakdown				2017-18
	Estimate	Probable	Employee	Running	Gross	Income	Estimate
	Budget	Budget	Costs	Costs	Expenditure		Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CHILDREN'S SAFEGUARDING							
Children's Management and Training	364	394	397	0	397	0	397
External Placements	6,465	8,711	0	6,791	6,791	-201	6,590
Family Support	3,454	5,966	5,485	695	6,180	-114	6,066
Placement Choice	7,358	7,826	2,925	5,848	8,773	-176	8,597
Safeguarding	2,786	3,777	2,696	306	3,002	-80	2,922
Children's Safeguarding Total	20,427	26,674	11,503	13,640	25,143	-571	24,572
EARLY HELP SERVICES							
Early Help Management	631	631	365	107	472	-50	422
Children Centres	1,238	1,168	1,751	329	2,080	-864	1,216
Targetted Youth Services	876	806	438	45	483	-20	463
Other Early Help Services	1,646	1,560	2,251	410	2,661	-1,154	1,507
Specialist Youth Services	623	567	1,047	220	1,267	-692	575
Early Help Services Total	5,014	4,732	5,852	1,111	6,963	-2,780	4,183
EDUCATION SERVICES AND SCHOOLS							
Education General	681	570	856	696	1,552	-915	637
Early Years	7,145	7,180	1,314	6,768	8,082	-1,036	7,046
School Improvement	1,097	1,173	1,021	621	1,642	-550	1,092
Special Education & Children's Disability Team	16,625	19,685	1,220	16,192	17,412	-257	17,155
Asset Management	227	227	498	218	716	-516	200
Schools - ISB *	49,947	49,947	32	52,113	52,145	0	52,145
Schools Block *	-71,874	-74,274	0	1,230	1,230	-75,331	-74,101
Education Services and Schools Total	3,848	4,508	4,941	77,838	82,779	-78,605	4,174
GOVERNANCE AND BUSINESS SUPPORT							
Business Support Total	1,568	1,568	1,536	0	1,536	0	1,536
Governance and Business Support Total	1,568	1,568	1,536	0	1,536	0	1,536
TRANSFORMATION AND IMPROVEMENT							
LSCB & Safeguarding	819	957	820	81	901	-35	866
Performance Data CSC & Education	200	285	506	21	527	-90	437
Transformation and Improvement Total	1,019	1,242	1,326	102	1,428	-125	1,303
DIRECTORATE MANAGEMENT							
Directorate Management	855	925	773	246	1,019	0	1,019
Directorate Management Total	855	925	773	246	1,019	0	1,019
CHILDRENS, EDUCATION & EARLY HELP SERVICE DIRECTORATE	32,731	39,649	25,931	92,937	118,868	-82,081	36,787

* For further detail on the overall Schools budget please see Appendix 9

DIRECTORATE OF ADULT SOCIAL CARE AND HEALTH SERVICES

Appendix 6

INTERIM DIRECTOR - GRAHAM WILKIN

	2016-17	2016-17	2017-18 Budget Breakdown				2017-18
	Estimate	Probable	Employee	Running	Gross	Income	Estimate
	Budget	Budget	Costs	Costs	Expenditure	£'000	Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ADULT SERVICES							
ASC Management	1,153	1,011	490	1,484	1,974	-622	1,352
Group Homes and Properties	-98	-148	19	83	102	-280	-178
Adult Social Care Activities	5,972	5,462	9,009	1,019	10,028	-4,575	5,453
Safeguarding	421	371	255	115	370	-56	314
Mental Health Support	2,324	2,681	427	1,795	2,222	-193	2,029
Learning Disability Support	13,944	14,143	1,272	12,409	13,681	-1,185	12,496
OP/PD Support	14,028	14,519	0	16,433	16,433	-5,187	11,246
ADULT SERVICES TOTAL	37,744	38,039	11,472	33,338	44,810	-12,098	32,712
Commissioning and Improvement	897	747	1,006	139	1,145	0	1,145
Preventative Services	960	806	171	1,229	1,400	-505	895
Public Health	-292	-292	758	9,424	10,182	-10,705	-523
WELLBEING TOTAL	1,565	1,261	1,935	10,792	12,727	-11,210	1,517
LEARNING & WORKFORCE DEVELOPMENT TOTAL	281	832	356	0	356	-57	299
DIRECTORATE OTHER TOTAL	425	950	379	134	513	0	513
ADULT SOCIAL CARE & HEALTH DIRECTORATE TOTAL	40,015	41,082	14,142	44,264	58,406	-23,365	35,041

DRAFT CURRENT CAPITAL PROGRAMME POSITION

	2016/17 revised budget	2017/18	2018/19	2019/20	Funding 2016/17 £' 000				Total	Funding 2017/18 £' 000				Total	Funding 2018/19 £' 000				Total	Funding 2019/20 £' 000				Total
					Grant	S106/CIL	MRA/Rec	Borrowing		Grant	S106/CIL	MRA/Rec	Borrowing		Grant	S106/CIL	MRA/Rec	Borrowing		Grant	S106/CIL	MRA/Rec	Borrowing	
Safeguarding and protecting those that are most vulnerable																								
Voluntary Sector Support	110	50	50	50				110	110			50	50			50	50			50	50			
Oxford Rd Community Centre	-	160						-	-	10		150	160											
Supported Living - Avenue Site (Ringfenced Grant)	1,659	-			112		1,547	1,659																
Disabled Facilities Grants (Private Sector-Ringfenced Grant)	920	500	500	500	920			920	500				500	380		120	500	380			120	500		
Disabled Facilities Grants (Local Authority Tenants)	390	390	390	390		390		390			390		390				390			390		390		
Day services relocation	358	-			358			358																
	3,437	1,100	940	940	1,390	-	390	1,657	3,437	500	10	390	200	1,100	380	-	390	170	940	380	-	390	170	
Providing the best life through education,early help and healthy living																								
Mainstream School Schemes																								
Primary Schools Expansion Programme - 2013-2017	17,897	1,000				300	17,597	17,897			1,000		1,000											
Moorlands Primary School 1FE Expansion - 2016-2018	50	4,000	300		50			50	4,000				4,000	300			300							
Schools - Fire Risk Assessed remedial Works	266	200	200	200	266			266	200				200	200			200	200		200		200	200	
Critical Reactive Contingency: Health and safety (Schools)	400	1,185	600	600	400			400	1,185				1,185	600			600	600		600		600	600	
Ranikhet School Roof - Repair or Renewal (Lease Obligation)	-	1,377			-			-	972		405		1,377											
Heating and Electrical Renewal Programme	50	2,450			50			50	2,450				2,450											
Additional School Places - Contingency	100	2,660			100			100	2,660				2,660											
Education Asset Management Unit - Cost to Capital	400	400	400	400	400			400	400				400	400			400	400		400		400	400	
Crescent Road Playing Field Improvements	10	215			10			10	215				215											
North Reading School Places feasibility	10	20			10			10	20				20											
Early Years Schemes																								
Alfred Sutton - additional Nursery Class 30 Hrs Childcare, 26 places	25	343	20		25			25	343				343	20			20							
English Martyrs School - additional Nursery Class 30 Hrs Childcare, 26 places	25	234	20		25			25	234				234	20			20							
Meadway Early Years Building Renovation	-	223	12		-			-	223				223	12			12							
SEND Schemes																								
Blessed Hugh Faringdon - Asperger Unit 30 place expansion (SEN)	306	1,455	46		306			306	1,455				1,455	46			46							
Avenue Expansion	400	20			400			400	20				20											
SEN Expansion Scheme	-	100	1,480		-			-	100				100	1,480			1,480							
Other Education Schemes																								
High Ropes Youth Play Initiative	15	460					15	15			460		460											
	19,954	16,342	3,078	1,200	2,042	300	-	17,612	19,954	14,477	-	-	1,865	16,342	3,078	-	-	-	3,078	1,200	-	-	-	
Providing homes for those most in need																								
Housing Revenue Account-Major Repairs	9,479	8,551	8,373	7,092			7,479	2,000	9,479			8,551	8,551			8,373	8,373				7,092	7,092		
Housing Revenue Account-New Build	1,000	8,200	1,800				870	130	1,000			3,046	5,154	8,200		1,800	1,800							
Housing Revenue Account - Lowfield Rd temporary accommodation	100	900						100	100				900	900										
Private Sector Renewals	325	500	500	500	325			325	500				500	500		500	500				500	500		
Dee Park Regeneration	200	200			200			200	200				200	200										
Wholly-owned housing company (set-up costs)	100	-			100			100	100				-	-										
Wholly-owned housing company	750	25,250	20,000	20,000	750			750			25,250		25,250			20,000	20,000				20,000	20,000		
St George's Church Affordable Housing scheme	300	-					300	300																
	12,254	43,601	30,673	27,592	-	-	8,649	3,605	12,254	-	-	11,597	32,004	43,601	-	-	8,373	22,300	30,673	-	-	7,092	20,500	
Keeping the town clean,safe,green and active																								
Central Club	-	220						-					220	220										
Hosier Street Regeneration	3,000	570					3,000	3,000					570	570										
Community Resilience	80	180	80	80				80	180				180	180		80	80				80	80		
The Keep	-	100						-					100	100										
Mapledurham	-	85						-			85		85											
Small Leisure Schemes	638	500	500	500	638			638	500				500	500		500	500				500	500		
Abbey Quarter	300	2,463				300		300	1,476	737		250	2,463											
Tree Planting	73	50	50	50				73					50	50			50				50	50		
Invest to Save Salix (match funding for Energy Efficiency Schemes)	250	250	250	250				250					250	250		250	250				250	250		
Invest to save energy savings - Street lighting	1,370	1,570					1,370	1,370				1,570	1,570											
	5,711	5,988	880	880	-	938	-	4,773	5,711	1,476	1,322	-	3,190	5,988	-	500	-	380	880	-	500	-	380	

DRAFT CURRENT CAPITAL PROGRAMME POSITION

	2016/17 revised budget	2017/18	2018/19	2019/20	Funding 2016/17 £' 000					Funding 2017/18 £' 000					Funding 2018/19 £' 000					Funding 2019/20 £' 000								
					Grant	S106/CIL	MRA/Rec	Borrowing	Total	Grant	S106/CIL	MRA/Rec	Borrowing	Total	Grant	S106/CIL	MRA/Rec	Borrowing	Total	Grant	S106/CIL	MRA/Rec	Borrowing	Total				
Providing infrastructure to support the economy																												
M4 Junction 11	60	60	60	60			60		60			60			60				60		60							
LSTF Contract Retentions	500	-				500																						
Local Traffic Management and Road Safety Schemes	-	200									150	50			200													
Southern MRT (phase 1A, 1B & 2)	1,700	3,920				1,700				3,700	220			3,920														
South MRT (phase 3 & 4) (subject to Growth Deal 3)	-	-																										
Green Park Station (New scheme line)	450	6,875	6,875			450				4,575	2,300			6,875	4,575	2,300												
East Reading MRT Phase 1	300	1,000	5,400	10,200		300				1,000				1,000	5,400				10,200		10,200							
East Reading MRT Phase 2 (subject to Growth Deal 3)	-	-																										
NCN Route 422	220	1,080				220				1,030	50			1,080														
Reading West Station upgrade (subject to Growth Deal 3)	-	200									200			200														
Pinch Point Schemes (Ringfenced grant)	90	-				90																						
Car Parks Partnership	226	226		226				226						226						226	226							
Bridges and Carriageways	1,859	1,973	1,699			1,484				1,383			590	1,973	1,259			440			1,699							
Car Parking Equipment	80	-						80																				
Redlands Pay and Display	-	100											100															
West Reading Transport Study - Southcote/Coley Improvements	-	400									400			400														
Red Routes	-	100											100															
Lease to RTL (Bus Purchase)	3,000	-	4,000					3,000										4,000			4,000							
Superfast Broadband	-	-	20															20			20							
Culture & Leisure facilities	-	200	200	200									200							200	200							
Demountable Pool	160	2,180	60					160				2,180		2,180				60			60							
Leisure Procurement	100	80						100				80																
South Street refurbishment	700	-				700																						
Cemeteries and Crematorium	11	10	80					11					10					80			80							
Rivermead Essential Works	182	378						182					378															
	9,638	18,982	18,620	10,686		5,444		60	4,134	9,638			11,838	3,220	60	3,864	18,982		11,234	2,300	60	5,026	18,620	10,200		60	426	10,686
Remaining financially sustainable to deliver these service priorities																												
ICT Infrastructure (Invest to save)	1,050	3,250	2,500					1,050				3,250						2,500										
Replacement Vehicles	943	2,624	1,090					943				2,624						1,090										
Invest in council buildings/Health & safety works	2,673	3,350	2,500	2,500				2,673				3,350						2,500			2,500							
Purchase of Commercial Property	24,400	22,000						24,400				22,000																
Libraries invest to save proposal	250	-						250																				
Community Hubs	215	952				215				285		667		952														
Capitalisation	1,060	380	230	230				1,060				380		380				230			230							
Accommodation Review - Civic Offices / Avenue / Emmer Green	1,300	200						1,300				200		200														
Accommodation Review - Town Hall	100	1,300	200					100				1,300		1,300				200			200							
Accommodation Review - Henley Road Cemetery	60	600						60				600		600														
Accommodation Review - 19 Bennet Road (Phase 2 tbc)	-	-										-																
Mosaic' System Upgrade	400	100				400				100				100														
	32,451	34,756	6,520	2,730		615			31,836	32,451			385				34,371	34,756			6,520	6,520				2,730	2,730	
	83,445	120,769	60,711	44,028		9,491	1,238	9,099	63,617	83,445			28,676	4,552	12,047	75,494	120,769		14,692	2,800	8,823	34,396	60,711	11,780	500	7,542	24,206	44,028
Less HRA	12,628	18,041	10,563	7,482		112	0	8,739	3,777	12,628			0	0	11,987	6,054	18,041		0	0	8,763	1,800	10,563	0	0	7,482	0	7,482
Less Lease to RTL	3,000	0	4,000	0				3,000	3,000	3,000			0	0	0	0	3,000		0	0	4,000	4,000	0	0	0	0	0	0
Capital Receipts Held for Equal Pay																												
General Fund	67,817	102,728	46,148	36,546		9,379	1,238	360	56,840	67,817			28,676	4,552	60	69,440	102,728		14,692	2,800	60	28,596	46,148	11,780	500	60	24,206	36,546

Appendix 8

Community Infrastructure Levy (CIL) - Draft Spend Protocol

This protocol sets out proposed procedures for dealing with the allocation and monitoring of the spending of income arising from the Community Infrastructure Levy (CIL).

CIL differs fundamentally from S106 in that the funds collected are not tied to a specific development or the provision of specific infrastructure. Unlike infrastructure provided through S106 planning obligations, which must be necessary to mitigate the impact of a particular development and used only for that specific purpose, CIL funds can be used flexibly to fund any infrastructure as defined within the regulations and contained in the Council's Regulation 123 list. They can be pooled freely (unlike S106) to fund infrastructure priorities and collectively between authorities towards larger strategic investments. They should be seen as a contribution to assisting with the provision of overall infrastructure priorities which may well change over time.

Framework for Determining Expenditure of CIL Monies

Authorities are required to set out their priorities for expenditure through a Regulation 123 list. The current Regulation 123 list for Reading Borough was based on an Infrastructure Delivery Plan that was produced as part of the preparation of the local plan, and in consultation with the various spending services. A copy of the Regulation 123 list was approved as part of the papers submitted to the Secretary of State for approval of the Council's CIL Charging Schedule. It is dated March 2014 and is available on the Council's website. The Regulation 123 list refers to the types of infrastructure but does not specify particular schemes or projects. The priorities relate to:

- Transport infrastructure
- Education facilities projects
- Social / Community facilities
- Leisure and Culture facilities
- Open spaces, sports, recreation, green infrastructure, public realm and environmental improvement projects
- Economic Support
- Renewable Energy Infrastructure
- Air Quality

The CIL regulations set out specific requirements on local authorities to monitor, report and publish, annually, details of all funding received and all expenditure of CIL funding. This will be completed through the annual report presented to Policy Committee in the summer of each year.

Regulation 59F of the CIL Regulations 2010 (as amended)) requires that at least 15% of CIL monies should be spent in the 'relevant local area' in which development is occurring. The requirement is that the local authority ensures that at least 15% of receipts are directed to areas subject to development. It should be noted that these monies (which are referred to as the 'meaningful proportion') do not have to be spent on items on the Regulation 123 list, but could be spent on anything to help mitigate the impact the development has on the area.

Proposed Allocation of Expenditure

The principles are that expenditure will be;

80%:

- on infrastructure as defined in the regulations.
- in accordance with priorities set out in the Council's Regulation 123 list at the time the expenditure is authorised; the contents of the Council's Regulation 123 list will reflect the Council's infrastructure priorities as set out in the Infrastructure Delivery Plan and capital programme.

15%

- at least 15% must be allocated to areas in which CIL liable development is taking place.
- can be allocated to 'infrastructure' listed or not listed on the Regulation 123 list.
- spending needs to meet the requirement to 'support the development of the area'.
- A consultation on the approach to how the Council uses the local contribution will be required. The final allocation of any CIL money, including the local contribution will be made by the Council's Policy Committee.
- Allocations for spending the 15% local contribution will be for CIL receipts received up to the end of September in the previous year.

5%

- 5% of receipts will be allocated to cover administration costs.

The Council's February budget report includes the Council capital programme and an indication of how it will be financed overall including any planned use of CIL receipts. The programme shows proposals for the forthcoming year with some forward planning/commitments for the following two years (i.e. a rolling 3 year programme). based on development monitoring and CIL database information. When the Council approves the budget it will also therefore approve in principle the allocation of how 80% of CIL receipts will be spent.

The financial year end report (presented in the early summer) will provide as necessary a listing of development by relevant area where CIL receipts have occurred or where they are expected imminently. It will indicate the level of CIL receipt from each listed development and thus a calculation of the minimum level of 15% that should be allocated to the relevant area. For the purposes of CIL the relevant local area will be based on the attached plan (Appendix C) showing the Borough divided into four areas; Central, North, South and West. The areas are made up of a number of wards and the boundaries follow ward boundaries.

Although spend would normally take place in the 'area' it is likely that some developments, say on the cusp of a boundary, may mean that some flexibility will need to be applied to some cases. In any event, when allocating the 15% local contribution, consideration needs to be given to the location of the development providing the CIL receipt and the impacts that the development has on its neighbourhood.

There is provision within the regulations for the local authority to allocate up to 5% of CIL receipts to the administration of the scheme. Set up costs, the costs of items such as the purchase of software, and the staffing costs involved in administering the scheme can be paid for directly from CIL receipts. Costs will be incurred by

Planning, Finance and Legal Sections and any other sections with an input into the administration of CIL within the authority. Accordingly, up to 5% of CIL receipts will be allocated to cover all administration costs, albeit this figure can be reviewed from time to time.

Infrastructure Prioritisation Criteria (for 80% Allocation)

The use of 80% of CIL will be focused on:

- Education
- Strategic Transport Projects
- Strategic Leisure / Culture

Which accord with the following:

Must be included in the Regulation 123 list
Be included in the Infrastructure Development Plan and/or Approved Capital Programme.
May enable other funds that would not otherwise be available or offer a financial return on investment, e.g. needed to match or draw grant funding
Address a specific impact of new development beyond that which has been secured through a S106 obligation or S278 agreement
Contribute to the delivery of key development sites in the district to realise the Core Strategy / Local Plan proposals

The use of the 15% of CIL which is allocated 'locally' could, as alternatives to the priority projects in the area being funded under the 80% above, be focused on:

- Open space improvements / small scale leisure;
- Local highway improvement projects
- Air quality
- Community improvements
- Renewable energy infrastructure
- Economic Support
- Other measures which help to mitigate the impact the development has on the area.

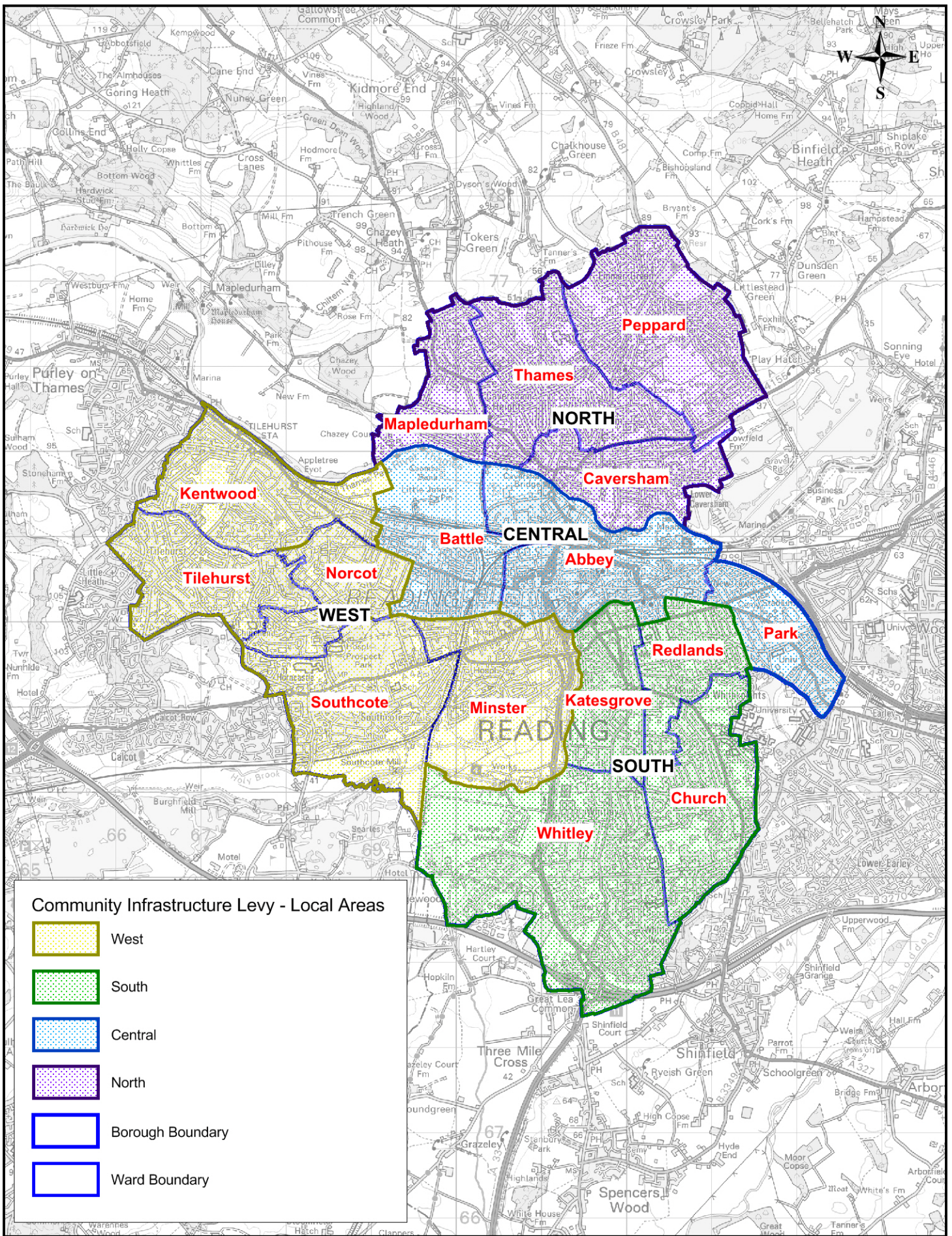
Which must accord with following:

Support: (a) the provision, improvement, replacement, operation or maintenance of <u>local</u> facilities and/or infrastructure; or (b) anything else that is concerned with addressing the demands that development places on a local area.
May be included in the IDP and / or Approved Capital Programme.
May enable other funds that would not otherwise be available or offer a financial return on investment, e.g.

needed to match or draw grant funding
Address a specific impact of new development beyond that which has been secured through a S106 obligation or S278 agreement
Contribute to the delivery of key development sites in the district to realise the Core Strategy / Local Plan proposals

In regards to how the 15% allocation will be processed:

- Council officers will use the information available to put forward projects; these could be from proposals that have been identified via committees, on work programmes, through surveys or elsewhere. Such proposals may include improvements to Parks and Open Spaces or highway schemes, for example;
- Initial proposals will be discussed with Lead Councillors;
- Public consultation on the possible alternative spending priorities under the local community 15% spend will take place in the Summer / Autumn of each year seeking to agree the funds received up to the end of September of the previous year.
- The final allocation of funds will be made by the Policy Committee. This could be on an annual or biannual basis or as and when depending on the priority of the scheme.



Title: Community Infrastructure Levy - Local Areas

Drg.No.:

Date: 20/01/2017

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Dedicated Schools Grant

The Schools' Budget is funded through a combination of the Dedicated Schools Grant (DSG) and income from the Education Funding Agency (EFA).

The DSG is ring-fenced in order to fund education provision and is split into three blocks:

- the Early Years Block;
- the Schools Block; and
- the High Needs Block.

Councils can transfer funding between the 3 blocks after consultation with the Schools Forum but cannot divert funding away from the DSG.

The Schools Block and schools funding formula for 2017-18 are based on the October 2016 census of pupil numbers. The provisional Early Years Block funding published by the DfE is based on January 2016 census. The funding of free entitlement to 3 and 4 year olds through the Early Years National Funding Formula (EYNFF) will be based on participation each term.

The table below provides information on the funding available for each block.

<u>2017-18 DSG funding available as at January 17 (£m) (before academy recoupment)</u>	Early Years (Provisional)	Schools Block	High Needs	2017-18 Total
Schools Block Guaranteed unit of funding per pupil		83.52		83.52
Transfer of Education Services Grant		0.31		0.31
High Needs			18.19	18.19
Early Years 15hrs Free entitlement	9.13			9.13
Early Years 2 Year old entitlement	1.53			1.53
Early Years Pupil Premium	0.11			0.11
Maintained Nursery Transition Grant	0.29			0.29
Disability Access Fund	0.03			0.03
Indicative 30hrs Allocation from Sept 17 (Additional 15hrs)	1.38			1.38
Total funding available	12.47	83.83	18.19	114.49

The DSG for 2016-17 was £108.3m with the agreed split being Early Years (£9.8m), Schools Block (£81.5m) and High Needs (£17.0m).

Schools' Block

The Education Services Grant, which funds statutory and general duties within the Local Authority across all maintained schools and academies, will no longer exist as from 2017-18, the funding of statutory duties will be moved into the DSG. There has to be agreement from the Schools Forum to transfer this statutory element back to the Local Authority's budget. The general duties element will be cut completely as from 2017-18. This will

increase the pressure on Local Authority's budgets. Reading has asked maintained schools for a de-delegation in 2017-18 to assist with this change.

There are set criteria, to be approved by the Schools Forum, for any funding that is centrally retained; this expenditure cannot be increased, which places additional pressures on the Local Authority's budget. There are exceptions to this which include admissions, Equal Pay back schemes and the growth fund.

The growth fund is set at £0.9m (in 2016-17 this was £0.97m) which includes the planned primary schools expansion programme and provision for schools experiencing a short term reduction in pupil rolls. These elements were approved by Schools Forum in January 2017.

All of the central retentions and de-delegations proposed by the Local Authority were agreed by primary and secondary members of the Schools Forum in January 2017. The table below shows the amount of centrally retained and de-delegated funding agreed by the Schools Forum: -

	Amount £m
Central Retentions-	
Growth Fund	0.90
Contribution to combined services	0.63
Prudential Borrowing	0.05
Admissions	0.16
Servicing of Schools' Forum	0.02
Education Services Grant - statutory duties	0.31
Copyright Licenses (CLA and MPA)	0.10
Total Central Retention	2.17
De-delegations	
Behaviour Support (Primary Only)	0.18
Support for under-achieving and EAL ethnic groups (Primary Only)	0.08
Staff Supply cover - Union duties (Primary Only)	0.04
School Improvement (Primary and Secondary)	0.23
Schools in Financial Difficulty (Primary and Secondary)	0.05
Education Services Grant - general duties (Primary Only)	0.15
Total de-delegated Retentions	0.73

The total level of central retention is £2.17m and maintained schools agreed the de-delegation element at £0.73m.

Schools Forum were consulted in January 2017 about the Local Authority's proposal to transfer all available unallocated budget from the Schools Block into the High Needs Block to pay for the continuing deficit, which is estimated to be £3.6m at 31 March 2017.

Academies and free schools receive funding using the same local formula as maintained schools. The total formula funding (before de-delegations) by phase is: Primary £51.4m and Secondary £29.3m.

2017-18 Pupil Premium illustrative allocation tables are expected to be published by the DfE in the summer term 2017. The confirmed rates will remain at the 2016-17 levels.

Grants, including Universal Infant Free School Meals and School Sports Grants, are largely passed directly to schools using the DfE allocation approach.

Early Years Block

A new national funding formula for Early Years will be implemented from April 2017. The national formula consists of a universal base rate with adjustments to reflect the variation in local costs. The new formula states that by 2019 all providers within the Borough will be paid the same rate for the free Early Years entitlement. Reading has adopted this process and has moved to one rate for all from April 2017 (this will be £4.80 per hour). There is an increase to all providers except for the 5 Local Authority maintained nurseries, who will receive a transitional grant until 2019. This change along with the increase in free entitlement of up to 30 hours per week for working parents from September 2017 has brought an additional £2.5m into the Early Years Block.

Two year old funding will continue and the rate will increase from £5.36 to £5.55 per hour from April 2017.

Early Years Pupil Premium will continue at the same rate as 2016-17 and the criteria will be used to fund the deprivation supplement within the national formula.

High Needs Block

The High Needs Block is funding the Council receives from the Education Funding Agency (EFA). This includes the funding previously allocated for Special Schools, Resource Units and funds held centrally for Cranbury College. Other services such as post-16 SEN funding are also funded from this block.

The Council has agreed the number of places available for SEN and alternative provision within the Borough's boundaries, which will guarantee funding at £10k per place. The Council, as a commissioner of specialist provision, holds a central budget for SEN Services as part of the High Needs Block in order to provide top up funding for those children and young people assessed as requiring this support.

Like many other authorities in the country, the high needs block has come under significant financial pressure in 2016-17 with an expected in-year overspend of £2.4m (and a deficit of £3.6m in total due to the £1.2m deficit from 2015-16). This is a result of increased population, limited available provision within the Borough, increased demand and level of need, extending provision to 16 to 25 year olds and that funding for this block is largely set at the 2011/12 level.

DSG deficit and recovery plan

At the end of this financial year, it is anticipated there will be a net DSG deficit of £3.6m, which will require approval from the Schools Forum in March 2017. Schools Forum will be asked to partially fund the deficit from the schools block which reduces the overall amount that each school receives.

This issue represents a significant risk to the Local Authority and Schools within the Borough as any shortfall is likely to impact significantly on future funding at a time of a tightening budgets together with future changes in national funding from 2018-19. Currently the DfE is consulting nationally on a High Needs National formula, which ends in March 2017. This formula will not take account of a historic deficit position. Therefore, the Local Authority and Schools will need to address this in a measured and disciplined way over the short to medium term.

APPENDIX 10: HOUSING REVENUE ACCOUNT

	2016-17 Budget	2016-17 Probable	2017-18 Budget
Expenditure			
	£'000	£'000	£'000
Responsive & Planned Repairs (1)	5,518	5,650	5,865
Major Repairs (1)	7,843	7,782	7,541
Major Repairs - Hexham Road	1,400	1,400	1,400
Major Repairs c/fwd (2)	0	-539	0
Major Repairs - Hexham Road c/fwd (2)	-1,200	-1,200	0
Emergency Provision	200	200	200
Total Repairs	13,761	13,293	15,006
Managing Tenancies	1,814	2,082	1,926
Management, Policy & Support	4,510	4,280	4,259
PFI	6,943	6,675	6,746
Rent Collection	986	943	963
Building Cleaning, Warden, Concierge & Energy Costs	2,118	1,944	2,017
Rents, rates and other	283	333	303
Total Supervision & Management	16,654	16,257	16,214
Capital Financing costs (3)	10,600	10,367	10,500
TOTAL HRA EXPENDITURE	41,015	39,917	41,720
Income			
Dwelling rents (4)	34,610	35,553	34,300
Garages	450	435	443
Heating Charges	200	194	200
Shop Rents	190	201	200
Total Rents	35,450	36,383	35,143
PFI Allowance	3,997	3,997	3,997
Interest on Revenue Balance	110	110	110
Service Charges	450	882	803
Other Income	168	185	185
Total Other Income	4,725	5,174	5,095
TOTAL HRA INCOME	40,175	41,557	40,238
Net Expenditure/(Income)	840	(1,640)	1,482

(1) Outlined in 2017/18 Programme of Works to Council Housing Stock

(2) There has been a shift in the spend profile for some of the major repairs projects. For example £1.2m previously agreed expenditure is being carried forward into 16/17.

(3) The scope for additional voluntary debt repayment will be reviewed.

(4) Social rents are subject to a 1% reduction (2017/18 is year 2 of 4) as outlined in the Welfare Reform and Work Act 2016

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 FEBRUARY 2017	AGENDA ITEM:	7
TITLE:	PROPOSED SAVING TO HOMELESSNESS PATHWAYS SERVICES		
LEAD COUNCILLOR:	COUNCILLOR RICHARD DAVIES	PORTFOLIO:	HOUSING
SERVICE:	HOUSING AND NEIGHBOURHOODS	WARDS:	BOROUGHWIDE
LEAD OFFICER:	VERENA HUTCHESON	TEL:	0118 937 4136
JOB TITLE:	HOMELESSNESS AND HOUSING PATHWAYS MANAGER	E-MAIL:	verena.hutcheson@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Council commissions a range of Homelessness Support services - these include Homelessness Pathway accommodation to meet the needs of vulnerable single homeless residents and to support the reduction of rough sleeping numbers in the Borough; an Outreach service for rough sleeping in Reading; and a Floating Support service to prevent homelessness. These are referred to collectively as 'Homelessness Support services'. Interim and extended contracts for these services end between March and June 2018.
- 1.2 A review of Homelessness Support services has been recently undertaken by officers. This will lead to a full competitive tender exercise and implementation of new contracts from 1 April 2018. As part of this process, it is proposed that all Homelessness Support services are reconfigured and a more flexible model of support service adopted to better meet the needs of individuals, in line with current best practice, and to allow savings to be achieved which are consistent with the Council's legal duties.
- 1.3 In the wider context of the Council's financial position, options for reducing spend in this area have been considered. A saving of £244,550 against the total commissioning budget for Homelessness Support services of £1.49m is proposed as the desired level of saving, reducing the total budget to £1.25m, if possible.
- 1.4 The report seeks authorisation to undertake a public consultation exercise with stakeholders, Homelessness Pathway residents, other service users and providers on the proposed savings for all Homelessness Support services.

2. RECOMMENDED ACTION

- 2.1 That Committee authorises officers to undertake public consultation on proposals to reconfigure Homelessness Support services in Reading as set out in Section 6 of this report to deliver a target saving in the region of £245,000.

3. POLICY CONTEXT

- 3.1 The Council is committed to reducing homelessness and rough sleeping numbers in Reading as far as possible. The three-stage Homelessness Pathway, for supporting homeless single people and established couples through supported accommodation and into independent accommodation, was approved by Cabinet on 28 November 2011 (Minute 110 refers). The Homelessness Pathway approach has been fully implemented and has been successful in increasing the overall number of bed spaces available and in integrating services to provide improved outcomes for homeless people whilst achieving efficiency savings.
- 3.2 The last holistic review of the Homelessness Pathway and associated services and processes was in 2011, therefore a needs analysis and a review of service efficiencies and national/local best practice models have been recently undertaken to ensure that Supported accommodation, Outreach services for rough sleepers and Floating Support services meet the needs of single homelessness in the most effective and cost efficient way.
- 3.3 At the meeting of Policy Committee on 26 September 2016, the Council's budget gap position was estimated at £41.5m for the period 2017-20, prior to the implementation of any savings already agreed for the period. £23.4m of savings had been agreed previously and were in the process of being implemented. The meeting of Policy Committee on 5 December 2016 outlined the need to identify further savings to cover the estimated £18.4m gap over the next three years for 2017-20. One of the broad areas identified for savings was reductions in services. This Policy Committee report stated that in order to achieve substantial savings, measures being brought forward included cuts in services or service reductions.
- 3.4 As part of identifying overall revenue savings, across Council departments, savings have been identified from the Housing Needs General Fund budget with proposed savings from Homelessness Support services of £244,550, approximately 17% of total Homelessness Support service contract values, provided such saving is consistent with the Council's legal duties.

4. THE PROPOSAL

(a) Current Position

- 4.1 The Council currently commissions Homelessness Support services to a total value of £1,489,149. This includes:
- Homelessness Pathway accommodation with support providing 217 bed spaces for individuals/couples who are homeless, made up of 73 Stage 1 bed spaces; 7 Stage 1A bed spaces; 71 Stage 2 bed spaces; 61 Stage 3 bed spaces and 5 complex and multiple needs bed spaces. At Stage 1, individuals are provided with intensive support within a 24-hour staffed environment and at Stages 2 and 3 individuals are supported with the development of basic independent living skills to move on from the Pathway. The current total contract value is £900,873.

- Rough sleeper Outreach services which supports rough sleepers to access Supported accommodation or reconnect to their area of origin. The current contract value is £192,000.
 - Cross-tenure Floating Support which supports individuals, couples and families with tenancy sustainment and homelessness prevention. The current contract value is £396,276.
- 4.2 A review of Homelessness Support services has been undertaken and a full competitive tender exercise will follow with implementation of new contracts from 1 April 2018. It is presently considered that Homelessness Support services would be reconfigured to offer a more flexible model, in line with current best practice. This would allow the desired level of savings to be achieved.

(b) Options Proposed

- 4.3 The option proposed is for public consultation to be undertaken regarding the desired level of savings and remodelling of existing Homelessness Support services. This would include current Homelessness Support service providers, stakeholders and service users.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The proposal will contribute to the service priorities set out in the Council’s Corporate Plan 2015-18:
- Safeguarding and protecting those that are most vulnerable;
 - Providing homes for those in most need;

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 Consultation will be undertaken with stakeholders, Homelessness Pathway residents, other service users and providers. A formal 30-day consultation is planned from mid-February 2017 via an on-line questionnaire, provider dialogue and workshop activities with current service users. Key stakeholders will be made aware of the consultation and opportunities to input. Feedback will be analysed and aggregated with a summary and recommendations reported back to a subsequent committee.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to –
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 Any reduction in resourcing to homeless services should be considered in the context of several complex risks to the general characteristics of this client group. Investment in homelessness services is universally recognised to support outcomes for health - most significantly mental health and substance abuse, community safety, social care and offending services. A full Equality Impact Assessment (EIA) is required due to the

potential negative impact on a number of vulnerable groups. This will be informed by the consultation.

- 7.3 The Council must give careful consideration to (1) the requirement to engage with relevant individuals i.e. people who may be affected by any decision and (2) the aims of the Public Sector Equality Duties ('PSED') during the decision-making process. The PSED is a continuing one and must be met both before and at the time the proposal is being considered by the decision-maker.

8. LEGAL IMPLICATIONS

- 8.1 Under Part 7 of the Housing Act 1996, as amended, local authorities have a statutory responsibility to secure accommodation for homeless households in priority need who are unintentionally homeless and to whom a homelessness duty has been accepted i.e. a 'main homelessness duty'. This main homelessness duty continues until a settled housing solution is found for the homeless household or until the duty otherwise ends. Local authorities must ensure that advice and assistance is available free of charge to households which are either homeless or threatened with homelessness.
- 8.2 Where the main homelessness duty is not owed the local authority is required to make an assessment of housing needs and to provide advice and assistance to the homeless household only.
- 8.3 Under sections 1 and 3 of the Homelessness Act 2002, local authorities must have in place a strategy for preventing homelessness in their district. Such strategy applies to all at risk of homelessness, and not only to those to whom the main homelessness duty is owed. Local authorities are encouraged by the Department for Communities and Local Government (DCLG) to offer prevention assistance to those at risk of homelessness, including single person households and those not deemed to be in priority need.
- 8.4 The consultation proposed is non-statutory. However, once embarked upon, in order to be fair it must: be undertaken while proposals are at a formative stage; let those with a potential interest in the subject matter clearly know what the proposal of the Council is; explain why the proposal is under positive consideration; give sufficient reason to elicit an informed response; and allow sufficient time for an informed response to be made. In addition, the outcome of the consultation must be conscientiously considered by the decision-maker.

9. FINANCIAL IMPLICATIONS

The financial implications arising from the proposals set out in this report are set out below:

9.1 Revenue Implications

The indicative profiling of the proposed savings amount of £244,550 from Homelessness Support services, should this be agreed, is shown in the following table. This takes into account the timescales for procurement and implementation:

	2016/17	2017/18	2018/19	2019/20
Saving	0	0	£183.4k	£61.1k
Commissioning Budget	£1,490k	£1,490k	£1,307k	£1,246k

9.2 Value for Money (VFM)

The decision to consult on proposed savings to Homelessness Support services, including the Homelessness Pathway, the provision of Outreach service for rough sleeping in Reading; and the Floating Support service to prevent homelessness gives the opportunity to remodel Homelessness services to meet the needs of those accessing services, as well as proposing how to deliver these services in the most efficient and cost effective way. The re-procurement exercise itself will ensure Value for Money.

10. BACKGROUND PAPERS

10.1 None.

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 FEBRUARY 2017	AGENDA ITEM:	8
TITLE:	CONTRACT AWARD - LOWFIELD ROAD TEMPORARY ACCOMMODATION PROJECT, CONSTRUCTION OF 28 TEMPORARY ACCOMODATION UNITS AT LAND OFF LOWFIELD ROAD IN CAVERSHAM		
LEAD COUNCILLOR:	CLLR DAVIES	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ZELDA WOLFLE	TEL:	0118 937 2285
JOB TITLE:	HOUSING OPERATIONS MANAGER	E-MAIL:	zelda.wolfle@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report seeks approval for the award of a contract for the provision of 28 Temporary Accommodation units at land off of Lowfield Road in Caversham.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee resolves to award a contract to Morris & Blunt Limited for the supply and installation of 28 Temporary Accommodation units and associated groundworks, landscaping and infrastructure at land off Lowfield Road in Caversham.

3. LOWFIED ROAD TEMPORARY ACCOMODATION PROJECT

- 3.1 The Lowfield Road Accommodation Project aims to provide 28, 2 bed accommodation units on land off Lowfield Road in Caversham. Temporary Planning permission for a period of 5 years has been granted for 28 modular units, consisting of 7 blocks of 4 units, 2 storeys high, along with road alterations, planting, landscaping and the provision of a children's play area. The 28 units are intended solely to provide temporary accommodation for those families currently in bed and breakfast accommodation.
- 3.2 Research of the market place concluded that a number of options existed for dealing with the challenge of providing low cost modular accommodation units which could be relocated in the event that the land was required for permanent development or a change of use occurred. From this exercise it was established that steel construction modular accommodation units offered the best value for money and therefore the material specification for the invitation of tenders was written around this type of unit.

- 3.3 In accordance with the Council's Contracts Procedure Rules and the Public Procurement Regulations 2015, expressions of interest were sought from interested suppliers and contractors and tenders invited against a specification of the Council's requirements. 6 tenders were received, ranging in price from £1.95m through to £3.6m against an agreed spend for the project of £1.86m.
- 3.4 The responses received varied in quality from comprehensive to outline only; in all cases the tenders submitted either did not address the Council's requirement for a steel construction modular unit as indicated in the material specification and be fully compliant with the Planning permission granted or failed to provide sufficient detail of their solution to establish whether or not the specification requirements would be met. Therefore the Council is unable to accept any of the tenders on the grounds that the responses significantly exceed the available budget or are not fully compliant with the requirements of the Council's specification.
- 3.5 Having conducted a fully compliant procurement process and not obtained suitable tenders that meet the Council's requirements, an alternative course of action is needed. The Council could choose to retender the contract, but this would cause further delay to the project which is intended to meet acute need. Having tendered unsuccessfully already, the Council can choose to negotiate a contract directly with a single provider without further advertisement provided that the terms of any such contract are not substantially altered. The Council is proposing to negotiate a contract directly with a potential provider on the basis that the Contract is urgently required and the delay in preparing and running a fresh competitive procurement is unlikely to deliver a value for money solution for the Council.
- 3.6 Under the Section 4 Exemptions in the Contracts Procedure Rules, exemption from the requirement to tender can be applied where there is genuine urgency and/or there are demonstrable benefits in service or value for money or price are likely to be obtainable by way of direct negotiation with the potential supplier or contractors.
- 3.7 In considering this approach we have looked at the contractors who have executed contracts recently and/or those who are currently working on contracts for the Authority of a similar value. In carrying out this exercise, the need for a general contractor was realised, one that can carry out a variety of tasks, from site clearance to groundworks to landscaping and deal with any issues that arise out of the supply of the modular units. In addition any contractor chosen would have to have experience of developing similar sites and dealing with typical issues that arise.
- 3.8 Morris and Blunt Ltd (MBL) who are currently working on the refurbishment of flats at Hexham Road were identified. MBL have completed two phases of Hexham Road (one negotiated, one tendered) and are about to start a third, each contract's value is similar to the Lowfield Road requirement, and in addition they are experienced in similar development projects. To establish a link to a competitively tendered project and therefore value for money MBL have agreed to use rates already accepted on the Hexham Road project.

3.9 The timescale for the project has been recast due to the compound effect of a number of delays. Most significantly as a result of Planning requirements and due to non-compliant tender returns; the need to then appraise options subsequently; and the requirement to implement the revised approach. Scheme completion is now anticipated by late summer, subject to the proposal from the intended contractor.

4. CONTRIBUTION TO STRATEGIC AIMS

4.1 'Safeguarding and protecting the most vulnerable' and 'providing homes for those in most need' are both corporate plan priorities and the contract will support these aims by:

- Providing 28 accommodation units for families in emergency accommodation,
- Reducing the dependency on Bed and Breakfast accommodation and reducing the spend on such provision.

5. COMMUNITY ENGAGEMENT AND INFORMATION

5.1 During the Planning Application process comments were invited from the Caversham community and from the Registration and Bereavement Services Manager in respect of the adjoining Cemetery.

6. EQUALITY IMPACT ASSESSMENT

6.1 There is no Equalities Impact Assessment required for this contract.

7. LEGAL IMPLICATIONS

7.1 This contract has been procured in accordance with the Public Contracts Regulations 2015, procedures and RBC Contracts Procedure Rules.

8. FINANCIAL IMPLICATIONS

8.1 The value of the contract is within the approved spend for this project, by entering into a negotiated procurement, all known risks have been included, for those unknowns a contingency sum is included. Spend of £1.2m to support the development has been approved. It was further agreed that should the capacity of the development allow for additional accommodation beyond the proposed 18 units further spend approval be delegated to the Director of Environment and Neighbourhood Services and the Head of Finance in consultation with the Lead Councillor for Housing. This equates, pro rata, to a budget of circa £1.87m for 28 units.

9. BACKGROUND PAPERS

9.1 Report to the Housing, Neighbourhood and Leisure Committee dated 18th November 2015.

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 FEBRUARY 2017	AGENDA ITEM:	9
TITLE:	CONTRACT AWARD - MANAGED STORE FACILITY FOR THE SUPPLY OF CONSTRUCTION MATERIALS		
LEAD COUNCILLOR:	CLLR DAVIES	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ZELDA WOLFLE	TEL:	0118 937 2285
JOB TITLE:	HOUSING OPERATIONS MANAGER	E-MAIL:	zelda.wolfle@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report seeks approval for the award of a contract for the provision of a Managed Store Facility for the Supply of Construction Materials following a competitive tendering exercise. This largely relates to the supply of construction materials to Housing Property Services trades staff for the repair and maintenance of the Council's Housing Stock.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee provide delegated authority to the Director of Environment and Neighbourhood Services in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal Services, to award a contract to Travis Perkins Trading Company Limited for the provision of a Managed Store Facility for the Supply of Construction Materials for an initial period of 5 years with an option to extend for two further consecutive periods each of 2 years in accordance with the Public Contracts Regulations 2015.

3. MANAGED STORE FACILITY FOR THE SUPPLY OF CONSTRUCTION MATERIALS

3.1 Introduction

- 3.2 Reading Borough Council's Housing Property Service teams manage approximately 5,600 Council properties which are let throughout the Borough. Day to day repairs, planned maintenance and voids repairs works are carried out to these properties by the Council's in-house service and elements are sub-contracted out.

- 3.3 The Housing Property Service employs approximately 55 trades operatives who carry out a range of repairs and maintenance works to the Council Housing stock. The constructions materials required for these works are currently procured though a contract with the Wolseley Group following an original

tender process in 2007. This contract has come to an end and therefore a re-tender exercise has been carried out with a view to letting a new term contract.

3.4 The current annual value of material procured through the stores is circa £1.2m. The stores are primarily used by the Housing Property Services teams for the procurement of:

- General Building Materials, including Bricks, Blocks, Cement products, and Roofing Materials.
- Kitchen and bathroom fixtures and fittings.
- Wide range of gas and plumbing spares.
- Electrical Materials and Equipment
- Various flooring materials.
- Carpentry and Ironmongery.
- Personal Protective Equipment (PPE) and Uniform
- Hire of Specialist Equipment

3.5 Additionally, the stores function is available to other sections of the Council for purchase of materials for their areas of works. These have included PPE and uniforms, cleaning products, plastic bags and electrical products.

3.6 The Contract allows for both a counter service to allow operatives to attend the store to collect materials as well as a delivery service throughout the borough.

3.7 The Stores function assists in the management of Property Services Operatives' van stocks of construction materials through mobile working solutions to optimise efficiency.

3.8 The stores supplier invoices the Authority on a monthly basis using consolidated invoicing, minimising the number of orders and invoices that have to be processed for materials procurement.

4.0 CONTRIBUTION TO STRATEGIC AIMS

4.1 The contract will support the achievement of the Council's strategic aims of 'providing homes for those in most need' and 'remaining financially sustainable to deliver service priorities' by:

- Providing quality materials at cost effective prices, using superior buying power and logistics organisation to allow the Authority to continue with the efficient maintenance and repair of its housing stock.
- Reducing the costs involved in the back office function, avoiding the need to raise and process multiple orders and invoices for construction materials.

5.0 COMMUNITY ENGAGEMENT AND INFORMATION

5.1 Travis Perkins propose a community investment fund, as an added benefit of the contract. This is an extract from their bid which refers to this proposal:

"As well as through our business operations with RBC, we would like to support the partnership through the community, providing a legacy fund of

£12K per annum where annual spend of £1m+ is achieved. Working in partnership with you to deliver sustainable benefits to your communities"

This item will be discussed during the implementation period with options brought forward for consideration during the contract.

- 5.2 Travis Perkins proposes to pay all staff working on this contract the Living Wage or above.

6.0 EQUALITY IMPACT ASSESSMENT

- 6.1 There is no Equalities Impact Assessment required for this contract.

7.0 LEGAL IMPLICATIONS - PROCUREMENT PROCESS

- 7.1 This contract has been procured in accordance with the Public Contracts Regulations 2015.

- 7.2 To replace the existing arrangements, a procurement process has been undertaken using the Cirrus Consortium Materials Framework (Lot 5 - Managed stores). A further competition has been run amongst the 3 suppliers on the framework. As the Council expects to require a managed store facility for the supply of construction materials at a level above the relevant OJEU threshold, a formal procurement compliant with the Public Contracts Regulations 2015 was required to ensure that future arrangements continue to comply. The further competition under the framework is a suitable compliant process.

- 7.3 The evaluation of the tenders is now complete and the Committee is asked to award the contract to the successful tenderer.

8. FINANCIAL IMPLICATIONS

- 8.1 No volume of spend is guaranteed under the contract as annual expenditure will depend on the actual level of maintenance and repair works carried out to the entire housing stock for the particular year. It is incumbent on the stores provider to work with the Authority to ensure that materials are procured in the most cost effective manner.

- 8.2 Spend through the stores function is through existing repairs and maintenance budgets.

- 8.3 The tendered price of the successful bidder was approximately £1.24m, which was in line with the estimated tender price based on previous years' costs and volumes. Prices paid for materials under the new contract will continue in line with the original contract therefore. We conclude that the offer of the successful tenderer represents good value for money.

9. BACKGROUND PAPERS

- 9.1 Procurement Documentation including, Invitations to Tender and Procurement Project approval forms.
Cirrus Consortium Materials Framework information sheet.

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF EDUCATION, ADULT & CHILDREN'S SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 FEBRUARY 2017	AGENDA ITEM:	10
TITLE:	REVIEW OF CARE AND SUPPORT CHARGING AND FINANCIAL ASSESSMENT FRAMEWORK - INFORMATION REPORT		
LEAD COUNCILLOR:	COUNCILLOR EDEN	PORTFOLIO:	ADULT SOCIAL CARE
SERVICE:	ADULT SOCIAL CARE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	STEVE SAUNDERS	TEL:	0118 937 3284
JOB TITLE:	PRINCIPAL PERSONAL BUDGET SUPPORT OFFICER	E-MAIL:	Stephen.saunders@reading.gov.uk

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Reading Borough Council consulted on and implemented a Charging and Financial Assessment Framework as part of implementing the Care Act 2014 in Reading. The Act and associated Regulations and Guidance set out the principles and rules on Charging and Financial Assessment which all Councils needed to follow, and set out the discretionary elements which Councils could decide locally.

The Council's Adult Care and Support Charging and Financial Assessment Framework, implemented in April 2015 and subsequently revised in April 2016, incorporated some of the local decisions made in the Councils previous charging policies - such as the Fairer Charging Policy for Adult Care and Support.

The impact of government cuts means Councils are currently facing an unprecedented financial challenge and subsidising of services, such as those listed in this report, is no longer affordable. Many Councils are reviewing services to identify where changes can be made so they can continue to run within significantly reduced budgets. These reviews are critical to ensure Councils are financially sustainable in the coming years.

In Reading, Adult Care has been undergoing a Transformation Programme to do just that, and as part of this programme, a review of the Charging and Financial Assessment Framework for Adult Care and Support is taking place. Four proposed changes went out for public consultation on 13th December for 90 days. The outcome of this consultation and the recommended actions including proposed amendments to the policy detailed in this report will go to ACE Committee on 20th March 2017 for final approval for implementation from 1st April 2017.

- 1.2 The proposed changes, if agreed and fully realised, would result in estimated additional annual income of £630,336.

2. RECOMMENDED ACTION

That Policy Committee notes the content of this report for information and notes that delegated authority has previously been given to ACE Committee on 20th March 2017 to make a final decision post consultation.

3. POLICY CONTEXT

3.1

- **Care Act 2014, sections 14, 17, 69 and 70.**

Within this statutory framework, the Council has the flexibility to implement a charging and financial assessment policy taking local circumstances into account.

- **Adult Social Care Transformation Programme.**

Includes projects aimed at delivering adult social care in the most efficient and cost effective way whilst meeting our statutory obligations.

- **RBC Care and Support Charging and Financial Assessment Framework, effective from 1st April 2015.**

This is the local policy put in place following public consultation on ASC charging at the end of 2014/start of 2015.

- **Provision of Free Preventative and Carer Support Policy, agreed at March ACE Committee 2015**

This sets out the adult social care services the Council offers free of charge to people with support needs, whether or not they are eligible for adult care services.

4. PROPOSALS CURRENTLY OUT TO CONSULTATION (ends 13th March 2017)

4.1 Removing allowances and disregards from the Financial Assessment.

- a. Treatment of income from borders and lodgers - Proposal to remove the current disregard of the first £20 of income from lodgers.
- b. Allowances for housing costs - Proposal to consider actual costs of rent (net of benefit), mortgage payment (net of benefit), Council Tax (net of benefit) and consider Life Insurance and Buildings and contents insurance expenses as part of everyday living costs covered within the Minimum Income Guarantee.
- c. Assessment of couples (adults who live with a spouse/partner) - If someone has a partner they live with, proposal to assess their individual financial situation (including 50% of any joint income and joint capital assets). We propose to offer an affordability check to them and their partner to ensure that the assessed charge does not leave them and their partner's combined financial situation below minimum income levels. If the affordability calculation indicates that the charge would bring joint financial resources below minimum

income levels we would make an allowance in their individual financial assessment to lower their charge to a level that is affordable.

- d. Treatment of disability benefits and disability related expenses (DRE) - For people who receive any Attendance Allowance (AA) or Disability Living Allowance (DLA) or Personal Independence Payment (PIP) we propose applying a standard Disability-related expense in their financial assessment of £5 per week unless a full disability-related expense assessment is requested. We propose making some small amendments to our local Disability-Related Expense (DRE) Guidance - although these are still in line with Care Act Regulations, Statutory Guidance and national best practice¹.

Estimated additional income to Reading Borough Council - £448,000 per annum

Things to consider - More service users would be assessed to pay something towards services (estimated increase from 54% to 68%).

People with low incomes and savings will not be affected by these changes.

4.2 Assistive Technologies and Telecare.

If we arrange a Telecare system to be installed (such as sensors & alarms linked to a phone system to alert in an emergency) we propose to include the ongoing Telecare service cost as part of a Personal Budget for care and support - which is subject to a financial assessment of someone's ability to pay for their services. We will continue to provide other preventative services as per the Provision of Free Preventative and Carer Support Policy (agreed at March ACE 2015)

Estimated additional income to Reading Borough Council - £7,000 per annum

Things to consider - Inclusion in and therefore charging against a Personal Budget will bring Telecare in line with other ongoing care services.

4.3 Respite breaks/short stays in registered care homes

If a care and support plan includes a short stay in a registered care home (e.g. for planned respite care), the proposal is to charge (subject to a financial assessment of someone's ability to pay) the cost of the care home. They would pay the lower of the full cost of the care home accommodation or their Assessed Maximum Weekly Charge (if any).

Estimated additional income to Reading Borough Council - £25,788 per annum

Things to consider - Any possible increase in income may be reduced if some people choose not to access respite or arrange and pay privately.

4.4 Meals and refreshments provided at council day centres.

For attendance at one of our day centres, we propose charging for meals and refreshments separately. People would be charged either:

- the full cost day centre rate (**EXCLUDING** the cost of meals/refreshments); or

¹ National Association of Financial Assessment Officers Best Practice Guides

- their 'Assessed Maximum Weekly Charge' (if any) for non-residential care if this amount is lower than the full cost AND if attendance at a day centre is part of their care and support plan to meet eligible need(s).

AND, a small flat-rate charge to cover the cost of meals and refreshments (paid to the day centre).

Estimated additional income to Reading Borough Council - £27,378 per annum

Things to consider - Risk of slightly lowered attendance as for some, meals will no longer be free.

5. OTHER AMENDMENTS TO THE ADULT CARE AND SUPPORT CHARGING AND FINANCIAL ASSESSMENT FRAMEWORK

5.1 Backdating charging to when the care service began.

We currently choose to apply any means tested charge from the day the Financial Assessment is completed. The proposal is to apply any means tested charge from the start date of the care and support service. The application of the charge from the start date of the service would be applied to all people who have a new care and support service starting from 1 April 2017.

Estimated additional income to Reading Borough Council - £100,000 per annum

Things to consider - The Department of Health expects local authorities to avoid creating large and unexpected bills for people. Consideration will need to be given to cases where there has been a significant delay in completing their Financial Assessment.

5.2 Amendment to the administration fee for Deferred Payments and Interim Funding.

The Care Act allows Local Authorities to charge a fee to cover the costs it incurs in operating Deferred Payment schemes. This may include legal fees (including the cost of peoples' time in drawing up the legal documents), Land Registry fees, asset valuation fees, and 'other administration costs' including postage, printing, overheads and peoples' time in setting up and maintaining the arrangements.

New legal and administration fees are based on average timings and costs for Deferred Payment/Interim Funding cases that have been dealt with since April 2015, and have been benchmarked against both comparator Local Authorities and neighbouring authorities.

The Council's Legal Services department costs for a 'basic' Deferred Payment Agreement are £400. (The published basic legal fee for 2015/16 and 2016/17 is £300). The Council's published example of legal fees for a 'basic' Deferred Payment Agreement will reflect the £400 cost from 1st April 2017.

It is proposed that the Council increases 'Other Administration Fees' as follows:

- Increase the Administration Set-up Fee for a DPA from £83.00 to £135.00.

(This would bring the cost of setting up a 'basic' DPA to £535 from 1st April 2017, exclusive of Land Registry fees and valuation fees. An increase from £433).

- Increase the Annual Administration Fee for DPAs and Interim Funding from £100.00 to £225.00.

Estimated additional income to Reading Borough Council - £3,520 per annum

Things to consider - Estimated additional income may be lower if more people make alternative private care home funding arrangements instead

5.3 Amendment to the administration fee for Self Funders.

The Care Act allows Local Authorities to apply an administration fee to cover its costs. Current fees: Set up fee: £182. Ongoing annual fee: £65.

Administration costs for self funders have been reviewed. New fees calculated by estimating time per year to source care options, confirm arrangements, generate a purchase order, set up client invoicing, pay invoices to care providers, ongoing client invoicing, amendments to care arrangements (change to hours, schedule or care provider), suspensions/restarts of care, client invoicing queries and reconciliation of charges. Proposed new fees: Set up fee: £250. Ongoing annual fee: £200.

This has been benchmarked against other Local Authorities and these fees are lower than Bracknell, Hampshire and Wokingham.

Estimated additional income to Reading Borough Council - £8,650 per annum

Things to consider - Estimated additional income may be lower if people instead choose to arrange their own support.

5.4 Clarity on how charges for support will be calculated and reconciled.

Proposed wording to be added to the Charging and Financial Assessment Framework for Adult Care and Support:

'Where applicable, your assessed contribution will be applied to the contract agreement between the Council and the provider of your service. These contracts set out the circumstances under which providers can claim payment for services not provided to the service user.

For day centre services and respite/short breaks in a registered care home, your assessed charge will not be applied if the service user, or someone on their behalf, gives the service provider and/or Reading Borough Council at least 7 days' notice.

Hospital Admissions

Where the service user is admitted to hospital as an emergency, your assessed contribution will not be applied as long as the service user, or someone on their behalf, notifies the service provider and/or Reading Borough Council as soon as possible so that your care can be suspended until your discharge date.'

Estimated additional income to Reading Borough Council - £10,000 per annum

Things to consider - Adding this to the Charging and Financial Assessment Framework will assist with dispute resolution.

5.5 Charge for service from the Community Reablement Team (CRT) after the service users goals have been met.

Once CRT goals have been met, if the service from the carers does not end, an hourly cost of the service is applied. The service user will be financially assessed to means test whether they should make a contribution towards this care. The proposal is for different hourly rates to be applied to the continuation of the service dependant on the circumstance.

1. If Reading Borough Council is making arrangements for ongoing care an hourly rate of £16.88 is applied for care from CRT in the meantime. (£16.88 is the average cost of our Home Care Framework)
2. If the client is self-funding and wants to make their own future care arrangements and if, after a reasonable period of notice care arrangements haven't been made, an hourly rate of £37.55 will be applied to any care provided by CRT after that point.

£37.55 is the actual hourly cost of the carers as reablement carers are trained to very high standards to perform reablement work. This will allow CRT carers to be freed up to help other people meet their reablement goals.

Estimated additional income to Reading Borough Council - Negligible

Things to consider - Not anticipated that anyone would pay the higher rate for any extended period of time.

5.6 Review of the provision of Independent Financial Information and Advice.

Proposal to continue working partnership with My Care My Home to provide Reading Borough residents with independent financial information and access to regulated financial advice in respect of paying for care and support. New Memorandum of Understanding can be drawn up ready to be in place from 1st April 2017.

Estimated additional income to Reading Borough Council - £0

Things to consider - Current provision comes at nil cost to Reading Borough Council.

6. CONTRIBUTION TO STRATEGIC AIMS

6.1 Aim 1. Safeguarding and protecting those that are most vulnerable;

The changes proposed are intended to continue to meet the fundamental principles of charging and financial assessment set out in the Care Act 2014 - That is to :-

1. ensure that people are not charged more than it is reasonably practicable for them to pay for care and support;
2. be comprehensive - to reduce variation in the way people are assessed and charged;
3. be clear and transparent - so people know what they will be charged;

4. apply the charging rules consistently - so those with similar needs or services are treated the same and minimise anomalies between different care settings; and

Aim 6. Remaining financially sustainable to deliver these service priorities.

5. be sustainable for the Council in the long-term.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".
- 7.2 A public engagement exercise will raise awareness of the changes proposed to the Council's Adult Social Care charging policies, provide the opportunity to address queries and concerns about how these changes will be applied, and obtain community feedback to inform how Reading Borough Council should apply the discretionary charging powers conferred on local authorities by the Care Act.
- 7.3 A public 90 day consultation has been launched to seek the public's views on 4 of the proposals set out in this report.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Members are under a legal duty to comply with the public sector equality duties set out in the Equality Act 2010. In order to comply with these duties, Members must seek to prevent discrimination, and protect and promote the interests of 'protected' groups.
- 8.2 An equality analysis will need to be prepared, so that Members can give conscious and open minded consideration to the impact of the equality duty before implementing a new Adult Social Care Charging and Financial Assessment Framework. An initial Equality Impact Assessment indicates that the proposed changes could have a disproportionate adverse impact on people with disabilities and older adults. The final equality analysis will be informed by the public consultation to help the Council to understand and address the issues relevant to its obligations as a public body under the Equality Act.

9. LEGAL IMPLICATIONS

- 9.1 As well as introducing a number of new duties, the Care Act confers a series of powers on local authorities in relation to the provision of Adult Social Care, including when and how charges may be applied.

Section 14 of the Care Act 2014 gives local authorities the power to charge for care and support provided to adults.

Where local authorities exercise their discretion under Section 14 of the Care Act to charge adults for care and support services provided, Section 17 of the

Act specifies the duty to carry out a financial assessment of the adult's ability to pay for those services provided to them. The Care and Support (Charging and Assessment of Resources) Regulations 2014 and guidance on Charging and Financial Assessment should be adhered to when developing charging policies.

The exercise of a power by a local authority involves local discretion, so it is the adoption of local policy to describe how this discretion will be exercised which gives the Council a full and proper mandate to act. The public consultation will inform how Reading Borough Council exercises its charging discretions under the Care Act with effect from April 2017, so providing clarity and certainty.

10. FINANCIAL IMPLICATIONS

- 10.1** The review of the Charging and Financial Assessment Framework for Adult Care and Support is part of a Fees and Charges project with an income target of £400,000 in 2017/18. The proposed changes, if agreed and fully realised, would result in estimated additional annual income of £630,336.

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT & NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 FEBRUARY 2017	AGENDA ITEM:	11
TITLE:	BUDGET SAVING PROPOSAL - CONSULTATION RESULTS FOR THE REMOVAL OF THE READYBIKE SUBSIDY		
LEAD COUNCILLOR:	COUNCILLOR TONY PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT
SERVICE:	TRANSPORTATION & STREETCARE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	EMMA BAKER	TEL:	0118 937 4881
JOB TITLE:	SENIOR TRANSPORT PLANNER	E-MAIL:	emma.baker@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Corporate Plan and budget for 2016-2019 were set at Council on 23 February 2016. The report outlined the need to develop delivery plans during the 2016/17 year to reduce our overall budget envelope over the period to 2019/20 to bridge the budget gap in all years to 2019/20. Policy Committee agreed that a range of budget saving proposals be investigated further on 18 July 2016, including the removal of the ReadyBike subsidy.
- 1.2 Consultation on the proposal to remove the ReadyBike subsidy was carried out during September. This report summarises the results from the consultation and outlines our recommendation to implement the proposed changes to the scheme.
- 1.3 Appendix A - Equality Impact Assessment scoping report for the removal of the ReadyBike subsidy.

2. RECOMMENDED ACTION

- 2.1 That the Committee provides approval to give notice on the current contract for the operation of the ReadyBike cycle hire scheme.
- 2.2 That approval is given to undertake a full procurement process to identify a suitable contractor to operate the scheme commercially without a Council subsidy, in line with original budget saving proposal.
- 2.3 That delegated authority is given to 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 to enter into contract for the operation of Readybike scheme if a suitable contractor can be identified.

3. POLICY CONTEXT

- 3.1 On 18 July 2016, Policy Committee approved a range of budget saving proposals and authorised Officers to undertake public consultation, including the removal of the

ReadyBike subsidy. Members of the public were invited to respond to the proposal during a month long consultation held throughout September 2016.

4. THE PROPOSAL

Consultation

- 4.1 The online consultation for budget saving proposals that took place from 29th August to 30th September 2016 resulted in the submission of 175 responses to the proposal to remove the ReadyBike subsidy. A summary of consultation responses is outlined below.
- 4.2 Overall approximately 14% of respondents were in favour of the proposal to remove the ReadyBike subsidy whereas 84% were positive about the scheme and therefore supportive of the Council investigating other funding options in order for the scheme to continue. It was unclear whether the remaining 2% of respondents were supportive or unsupportive.
- 4.3 Of the 175 ReadyBike respondents, around 62% live in Reading Borough with a further 13% living in the Greater Reading area. It should be noted that some respondents appeared to use business addresses rather than residential addresses, including several postcodes for Thames Valley Business Park, which may affect the percentage of respondents who reside in Reading Borough or other geographical areas. The main age profile of respondents was 35-44 years (30%) followed by 25-34 years (25%). The majority of respondents considered themselves to be service users (45%) with the second highest category being residents (43%).
- 4.4 Those that were supportive of the proposal to remove the subsidy were largely of the opinion that there would be little or no impact if the scheme was to no longer continue. A couple of respondents also noted the limitations of the existing scheme in terms of network coverage in West Reading. Suggestions or alternative options for delivering the service focussed on infrastructure improvements to address concerns around safety and cycle theft, securing alternative funding sources, namely sponsorship and partner contributions or removing the subsidy. Several respondents in this category also suggested improved consultation for future schemes.
- 4.5 Those who were unsupportive of the proposal believed that a wide range of users would be affected including regular commuters or those using the bicycles for occasional commuting, business or leisure trips. These respondents typically highlighted the benefits of ReadyBike in terms of encouraging journeys by sustainable modes that might otherwise be undertaken by motorised vehicles. The main motivational factors for using ReadyBike included limited storage, fear of cycle theft and affordability. The responses to the request for suggestions or alternative options for delivering the service reflected those who were in support of the remove of the subsidy, including securing alternative funding and delivering improved infrastructure to encourage increased take-up of the scheme and support scheme development. Many respondents believe that the removal of the subsidy would be a backwards step for cycling and our environmental credentials.

Next Steps

- 4.6 The Council has invited expressions of interest to understand the level of interest from contractors to operate and maintain the scheme with no financial support from the Council, and two responses were received. The invitation to express interest set out that the Contractor would be expected to utilise existing cycle hire infrastructure and to operate ReadyBike as a self-financing scheme funded by commercial income or

alternative funding sources, such as but not limited to scheme sponsorship and advertising.

- 4.7 The existing contract to operate the scheme has a six month notice period, therefore it is recommended that officers provide notice to the current contractor and in parallel with the notice period undertake a full procurement exercise to secure a suitable contractor to operate the scheme beyond the existing contract. It should be noted that ReadyBike will cease to operate if a suitable contractor cannot be identified to operate the scheme commercially beyond summer 2017.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Budget saving proposals have been developed to target key areas to ensure we can continue to deliver our priorities and protect services alongside addressing budget challenges. These proposals will continue our focus on our service priorities whilst our budget is being reduced. The proposals will enable us to:

- Remaining financially sustainable to deliver these service priorities.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 The online consultation resulted in the submission of 175 responses in regards to the proposal to revert back to remove the ReadyBike subsidy. The consultation enabled organisations, service users and the wider community to put forward options on how to reshape the service offered by ReadyBike and to comment on who would be affected by the changes and what the likely impacts would be.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 7.2 The equality duty is relevant to the development of the Proposals for Change, including the proposal to remove the ReadyBike subsidy. Consultation responses have informed an initial Equality Impact Assessment (Appendix A) that suggests protected groups will not be affected differently than other groups.

8. LEGAL IMPLICATIONS

- 8.1 The existing ReadyBike Contract is due to expire in June 2017 at which point we recommend that the subsidy is removed.

9. FINANCIAL IMPLICATIONS

- 9.1 As reported at Policy Committee on 18 July 2016 the proposal to remove the ReadyBike subsidy would result in budget savings of £130k in 2017/18.

10. BACKGROUND PAPERS

- 10.1 Policy Committee 'Budget Proposals 2016-20 to Narrow the Budget Gap' 18 July 2016.



Provide basic details

Name of proposal/activity/policy to be assessed

Budget Saving Proposal to Remove the ReadyBike Subsidy

Directorate: DENS

Service: Transportation & Streetcare

Name and job title of person doing the assessment

Name: Emma Baker

Job Title: Senior Transport Planner

Date of assessment: November 2016

Scope your proposal

What is the aim of your policy or new service/what changes are you proposing?

The removal of the ReadyBike subsidy was identified as a potential budget saving proposal at Policy Committee on 18th July 2016. The Committee agreed that Officers should further investigate the proposal by undertaking public consultation seeking the views of residents, users and other interested parties. The consultation was carried out between 29th August and 30th September 2016.

Who will benefit from this proposal and how?

No one will directly benefit from the proposal.

What outcomes does the change aim to achieve and for whom?

If approved the removal of the ReadyBike subsidy will help to bridge the funding gap from July 2017.

Who are the main stakeholders and what do they want?

There were 175 responses to the consultation regarding the proposal to remove the ReadyBike subsidy. Of the 175 respondents, around 62% live in Reading Borough with a further 13% living in the Greater Reading area. The main age profile of respondents was 35-44 years (30%) followed by 25-34 years (25%). The majority of respondents considered themselves to be service users (45%) with the second highest category being residents (43%).

Approximately 14% of respondents were supportive of the proposal to remove the subsidy. These respondents were largely of the opinion that there would be little or no impact if the scheme was to no longer continue.

The majority of respondents were unsupportive of the proposal to remove the subsidy, but were broadly supportive of us seeking sponsorship or other external funding in order to

continue operating the scheme. Those who were unsupportive of the proposal believed that a wide range of users would be affected and suggested securing alternative funding and delivering improved infrastructure to encourage increased take-up of ReadyBike and support scheme development.

Assess whether an EqlA is Relevant

How does your proposal relate to eliminating discrimination; promoting equality of opportunity; promoting good community relations?

Do you have evidence or reason to believe that some (racial, disability, gender, sexuality, age and religious belief) groups may be affected differently than others? (Think about your monitoring information, research, national data/reports etc.)

Yes / No (delete as appropriate)

Is there already public concern about potentially discriminatory practices/impact or could there be? Think about your complaints, consultation, and feedback.

Yes / No (delete as appropriate)

If the answer is Yes to any of the above you need to do an Equality Impact Assessment.

If No you **MUST** complete this statement

An Equality Impact Assessment is not relevant because the proposals do not negatively impact on any one user group deemed as having protected characteristics.

Signed (completing officer)

Date November 2016

Signed (Lead Officer) Emma Baker

Date November 2016

Assess the Impact of the Proposal

Your assessment must include:

- Consultation
- Collection and Assessment of Data
- Judgement about whether the impact is negative or positive

Think about who does and doesn't use the service? Is the take up representative of the community? What do different minority groups think? (You might think your policy, project or service is accessible and addressing the needs of these groups, but asking them might give you a totally different view). Does it really meet their varied needs? Are some groups less likely to get a good service?

How do your proposals relate to other services - will your proposals have knock on effects on other services elsewhere? Are there proposals being made for other services that relate to yours and could lead to a cumulative impact?

Example: A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel.

Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable.

This combined impact would not be apparent if decisions are considered in isolation.

Consultation

How have you consulted with or do you plan to consult with relevant groups and experts. If you haven't already completed a Consultation form do it now. The checklist helps you make sure you follow good consultation practice.

[My Home > Info Pods > Community Involvement Pod - Inside Reading Borough Council](#)

Relevant groups/experts	How were/will the views of these groups be obtained	Date when contacted
The general public, including existing ReadyBike users and local residents	A press release highlighting the consultation was published and the information shared use existing delivery partners.	Consultation was held from 29 th August to 30 th September 2016

Collect and Assess your Data

Using information from Census, residents survey data, service monitoring data, satisfaction or complaints, feedback, consultation, research, your knowledge and the knowledge of people in your team, staff groups etc. describe how the proposal could impact on each group. Include both positive and negative impacts.

(Please delete relevant ticks)

Describe how this proposal could impact on Racial groups

The proposal will not impact on racial groups.

Is there a negative impact? Yes No ~~Not sure~~

Describe how this proposal could impact on Gender/transgender (cover pregnancy and maternity, marriage)

The proposal will not impact on gender or transgender groups.

Is there a negative impact? Yes No ~~Not sure~~

Describe how this proposal could impact on Disability

The proposal will not negatively impact people with disabilities.

Is there a negative impact? Yes No ~~Not sure~~

Describe how this proposal could impact on Sexual orientation (cover civil partnership)

The proposal will not impact on sexual orientation.

Is there a negative impact? Yes No ~~Not sure~~

Describe how this proposal could impact on Age

The proposal to remove the ReadyBike subsidy will not negatively impact people of a certain age.

Is there a negative impact? Yes No ~~Not sure~~

Describe how this proposal could impact on Religious belief?

The proposal will not impact on religious beliefs.

Is there a negative impact? Yes No ~~Not sure~~

Make a Decision

If the impact is negative then you must consider whether you can legally justify it. If not you must set out how you will reduce or eliminate the impact. If you are not sure what the impact will be you MUST assume that there could be a negative

impact. You may have to do further consultation or test out your proposal and monitor the impact before full implementation.

Tick which applies (Please delete relevant ticks)

1. No negative impact identified	Go to sign off	✓
2. Negative impact identified but there is a justifiable reason		
You must give due regard or weight but this does not necessarily mean that the equality duty overrides other clearly conflicting statutory duties that you must comply with.		
Reason		
3. Negative impact identified or uncertain		
What action will you take to eliminate or reduce the impact? Set out your actions and timescale?		

How will you monitor for adverse impact in the future?
Feedback on the removal of the subsidy will continue to be monitored.

Signed (completing officer)	Date	November 2016
Signed (Lead Officer) Emma Baker	Date	November 2016

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF CHILDREN'S SERVICES, EDUCATION AND EARLY HELP SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 FEBRUARY 2017	AGENDA ITEM:	12
TITLE:	SCHOOL ADMISSIONS ARRANGEMENTS 2018/19		
LEAD COUNCILLOR:	CLLR TONY JONES	PORTFOLIO:	EDUCATION
SERVICE:	EDUCATION	WARDS:	BOROUGHWIDE
LEAD OFFICER:	RICHARD BLACKMORE	TEL:	0118
JOB TITLE:	HEAD OF EDUCATION	E-MAIL:	Richard.Blackmore@reading.gov.uk

1. PURPOSE AND SUMMARY OF REPORT

- 1.1 This report invites the Committee to determine;
- The admissions arrangements for Community Primary Schools in Reading for the school year 2018/19.
 - The co-ordinated scheme for primary and Junior schools for the 2018-19 school year.
 - The co-ordinated scheme for Secondary schools for the 2018-19 school year.
 - The Relevant Area.
- 1.2 These arrangements for 2018/19 comply with the School Admissions Code 2014.

2. RECOMMENDED ACTION

- 2.1 Policy Committee is recommended to determine the scheme attached at Annexes A, B and C as the admissions arrangements for community schools in Reading and the local arrangements for complying with the national co-ordinated primary school admission procedures for the allocation of primary school places for residents of Reading Borough.
- 2.2 Policy Committee is recommended to determine the scheme attached at Annex D as the local arrangements for complying with the national coordinated secondary admissions procedure for the allocation of secondary school places for residents of Reading Borough.

2.3 Policy Committee is recommended to determine the relevant area as attached in Annex E which sets out the organisations that must be consulted for any admissions arrangements for schools in Reading.

3. POLICY CONTEXT

- 3.1 School admissions are the subject to detailed requirements, set out in law and particularly the School Admissions Code 2014, published by the Government and approved by Parliament. As part of those requirements, local authorities must draw up schemes for co-ordinating admissions to all maintained schools in their area. The purpose of co-ordinated schemes is to ensure that every parent/carer of a child living in Reading who has completed and submitted an on time application receives one offer of a school place at the conclusion of the normal admissions round. The schemes set out a process and timescale to enable the offer of a single school place. They do not affect the right of individual admission authorities to set and operate their own admission arrangements but they do include arrangements for resolving multiple offers, where a place can be offered at more than one school.
- 3.2 In addition, the Council is also required to determine the admission policy for community schools which includes the number of places to be made available at each school and the oversubscription criteria to be applied where there are more applicants than places available. Where the over-subscription criteria include catchment areas these must also be approved. The governing bodies of academies, voluntary aided and foundation schools are required to determine their own admission number and oversubscription criteria. Those schools also operate their own arrangements as part of the coordinated scheme - and where they are oversubscribed, continue to decide which applicants best meet their oversubscription criteria.
- 3.3 During January and February 2015 the Council consulted with neighbouring authorities, individual schools within Reading and on the borders of Reading that are their own admissions authorities and diocesan authorities for the 2016/2017 community school policy. The local community were consulted by making the policy available on the Council website. The School Admission Forum at their meeting on 26 March 2015 considered all responses to the consultation and the policies as presented reflect the Forum's discussions and decisions.
- 3.4 As the policy was adapted for 2016 entry to community schools this has only included complete admissions round. It has not been possible to collate meaningful comparable data on the impact of these changes. The admissions forum approved the decision not to consult on changing the admissions policies for 2018/19 entry on 7 June 2016. This decision not to consult complies with the School Admissions Code (2014) as there are no significant changes to the admissions policy.

4. THE PROPOSAL

4.1 Admission Policy for Community Primary, Infant and Junior Schools 2018-2019.

The policy has no significant changes from the proposals for 2017/18. There has been the addition of a date on which the pupil premium supplementary form needs to be returned in order to be considered for on time applications. This is the same date as the last date agreed for accepting late changes to applications and as such is not a change of policy but is included for clarification purposes.

Details of how applications will be dealt with for Crown Servants and Armed forces personnel have been included but these are to take account of a statutory requirement.

The policy now includes priority for Pupil Premium and Early Years Pupil Premium, rather than Early Years Pupil Premium only to account for In Year Admissions. This is not a significant change as the consultation for 2016 entry dealt with this issue and this is in line with the policy determined for Infant to Junior Admissions. This therefore is not a significant change.

4.2 Primary and Secondary School Co-ordinated schemes

There have been formatting changes and these schemes have been amended to reflect appropriate dates. The formatting changes have not changed the policies but have mirrored each other to provide clarity for parents. Both policies were approved on the previous consultation for 2016/17 entry and there are no significant changes, any additional content is to reflect the statutory duty in the School Admissions Code (2014).

4.3 Relevant Area

The Relevant area outlines the organisations that must be consulted by all schools in Reading when consulting on admissions policies.

5. VIEWS OF THE READING SCHOOL ADMISSIONS FORUM

5.1 The Reading School Admissions Forum offers the following advice to the Council in determining the Admission Arrangements for September 2016:

That Policy Committee recommend approving the proposed admission Arrangements for primary and secondary school admissions in 2018/19.

6. CONTRIBUTION TO STRATEGIC AIMS

6.1 The admission schemes contribute to the aims of establishing Reading as a Learning City and a stimulating and rewarding place to live and visit and to promote equality and social inclusion. The drive to submit applications online is in line with the Reading Borough Council Digital Strategy.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 As reported above, previous policies have been the subject of consultation. Information on the arrangements will be published in Guides for Parents and Carers later in the year.

8. LEGAL IMPLICATIONS

- 8.1 Compliance with School Admissions Code 2014

9. FINANCIAL IMPLICATIONS

- 9.1 None arising directly from this report.

10. BACKGROUND PAPERS

None.

ADMISSION POLICY FOR COMMUNITY INFANT, JUNIOR AND PRIMARY SCHOOLS 2018-2019

Reading Borough Council is the Admission Authority for Community Schools and the following policy is proposed for admissions to these schools in 2018/2019.

Cohort

Applications for children born between 1-9-2013 and 31-8-2014 will be considered for admission to a reception class 2018-2019 as part of the 2018/19 routine admission round.

Applications for admission to junior schools in September 2018 will be considered for those born between 1.9.20010 and 31.8.2011.

Admission of children outside the normal age to Reading Borough Council Community Primary Schools

Parents may seek a place for their child outside of their normal age group, for example, if the child is gifted and talented or has experienced problems such as ill health. In addition, the parents of a summer born child may choose not to send that child to school until the September following their fifth birthday and may request that they are admitted out of their normal age group – to reception rather than year 1 in September 2019.

Reading Borough Council as the Admission Authority for community primary schools will consider each case individually and make a decision in every case that is in the best interest of the child, taking into account

- The parents'/carers' views;
- Information about the child's academic, social and emotional development from their current setting;
- The child's medical history and the views of a medical professional (where relevant);
- Whether they have previously been educated out of their normal age group;
- Whether they may naturally have fallen into a lower age group if they had not been born prematurely.

In each case the Headteacher of the school to which the parents are seeking admission will be consulted and their views will be taken into account.

Where the request is for a summer born child to start school in a reception class in September 2019, then the parents'/carers' reasons will be carefully considered and if they are confident it is in the best interest of their child to start school for the first time when they are five then this will be the deciding factor if the other evidence is balanced. In circumstances where professionals have significant concerns the request may not be approved.

To request a child's admission is delayed to start in September 2019 parents/carers must apply in writing giving their reasons and supply any supporting documents i.e. information from their child's education setting or medical evidence. At the same time they are recommended to make an

application for a reception place, in the normal way for September 2018 by 15 January 2018 so that the application can be forwarded to the headteacher(s) for consideration. Each case will be carefully considered and parents/carers will be informed of the decision in writing, before the national offer day, setting out clearly the reasons for the decision. If the request is agreed then **parents must formally accept this and, if so**, the application submitted for September 2018 will be withdrawn before a place is offered and a new application must be submitted for September 2019. Parents **will not be made aware of the school they would have been allocated before the decision is accepted or declined**. The decision made by Reading Borough Council is not binding on any other Admission Authority and therefore schools may come to different decisions based on the evidence. If refused, parents must decide whether to accept the offered place **for Reception 2018** or refuse it and make an in year application for Year 1 in September 2019.

Over-Subscription Criteria for Community Primary and Infant Schools

Children with a statement of special educational needs or Education, Health and Care Plan (EHC) that names the school will be allocated a place above all other children.

The Oversubscription Criteria take no account of the parents’/carers’ order of preference and applications for each school named by the parents/carers will be ranked according to the criteria set out below if there are more applications than places available.

Category		Notes
1	Looked after Children in the care of a Local Authority or Children who were looked after but ceased to be so because they were adopted (or became subject to a child arrangement order or special guardianship order) immediately after they had been looked after.	Provided appropriate evidence is submitted – See Note 1
2	Children who have strong medical or social grounds for admission.	See Note 2
3	Children whose permanent home address is in the catchment area of the school and have a sibling at the school at the time of application who is expected to be attending the school when the child is due to start school.	This category may apply in other circumstances - See Notes 3 and 4.
4	Children whose permanent home address is in the catchment area of the school.	
5	Children whose permanent home address is not in the catchment area of the school but have a sibling at the school at the time of application who is expected to be attending the school when the child is due to start school.	See Note 4
6	Children in receipt of Early Years Pupil Premium (EYPP) at the time application who attends the nursery unit at the school	
7	Other Children	

Priority within the Over-subscription criteria

Within each of the above categories 1-5 and 7, priority will be given to children who are in receipt of

the Early Years Pupil Premium (EYPP) or Pupil Premium (PP) at the time of application. To be considered for this priority parents/carers will be required to complete a Supplementary Information Form which **must be endorsed by the child's current school or nursery** confirming that they receive **Early years or** pupil premium for the child. This form must be completed and returned to the admissions team prior to 2nd February 2018 in order to be awarded this priority **on time** for the routine admissions round, any applications received later than this date will be awarded the priority after the 1st May.

Over-Subscription Criteria for Community Junior Schools – Geoffrey Field Junior School

Children with a statement of special educational needs or Education, Health and Care Plan (EHC) that names the school will be allocated a place above all other children.

The Oversubscription Criteria take no account of the parents'/carers' order of preference and applications for each school named by the parents/carers' will be ranked according to the criteria set out below if there are more applications than places available.

Older siblings still attending the linked junior school will be considered as siblings for admission to the infant school.

Category		Notes
1	Looked after Children in the care of a Local Authority or Children who were looked after but ceased to be so because they were adopted (or became subject to a child arrangement order or special guardianship order) immediately after they had been looked after.	Provided appropriate evidence is submitted – See Note 1
2	Children who have strong medical or social grounds for admission.	See Note 2
3	Children whose permanent home address is in the catchment area of the school and have a sibling at the school, or Geoffrey Field Infant School at the time of application who is expected to be attending the school when the child is due to start school.	This category may apply in other circumstances - See Notes 3 and 4.
4	Children whose permanent home address is in the catchment area of the school	
5	Children whose permanent home address is not in the catchment area of the school but have a sibling at the school or Geoffrey Field Infant School at the time of application who is expected to be attending the school when the is due to start school.	See Note 4
6	Children who are attending Geoffrey Field Infant School at the time of application.	
7	Other Children.	

Priority within the over-subscription criteria

Within each of the above categories 1-5 and 7, priority will be given to children who are in receipt of Pupil Premium (PP) at the time of application. To be considered for this priority, parents /carers will be required to complete a Supplementary Information Form which must be endorsed by the child's current school or nursery confirming that they receive pupil premium for the child. This form must

be completed and returned to the admissions team prior to 2nd February 2018 in order to be awarded this priority **on time** for the routine admissions round, any applications received later than this date will be awarded the priority after the 1st May.

Notes relating to the above over-subscription criteria.

Note 1 – Category 1 – Looked After Children and Previously Looked After Children

A 'Looked After' child is a child who a) in the care of a local authority, or b) being provided with accommodation by a local authority in the exercise of their social services functions as defined in Section 22(1) of the Children Act 1989 at the time of making an application for a school place.

A previously 'Looked After' child is a child who was looked after, but has been adopted or became subject to a child arrangement order or special guardianship order immediately following having been 'Looked After'. Confirmation by the local authority that last looked after the child that the child was looked after immediately prior to the issuing of one of the following orders:

These are children adopted under the Adoption Act 1976 (Section 12) and children adopted under the Adoption and Children's Act 2002 (Section 46).

The Children and Families Act 2014 amended the Children Act 1989 and replaces residence orders with child arrangement orders.

Confirmation from the Local Authority that the child is in care or was in care from the Local Authority that last looked after the child must be submitted to the School Admission Team.

Note 2 – Category 2 Medical / Social Reasons

Children with a chronic medical condition or strong social grounds in the family will be considered in this category provided a written request from a professional (i.e. Educational Psychologist, Social worker, Doctor) supporting the child or family is submitted. The request must state that the named school is the only school for the child because of the medical or social reasons of the child or family and that no other school can meet their needs. It is not enough for the professional to report what the parent/carer has told them.

In addition this category includes children who are subject to a child arrangement order or special guardianship order awarded to a family member in order to prevent the child being taken into care by a Local Authority. A copy of the order must be provided.

No individual officer will take responsibility for determining whether a case is ranked category. A panel of officers will make the final decision. Evidence must be provided by 2nd February 2018 to be considered as on time for national offer day. If evidence is received by the team after this date then it is at the discretion of the panel as to whether to accept these documents for on time allocations. The admissions team will not prompt parents to send evidence to support admission under this category but they may ask for further evidence if this is required to make a decision. If evidence is received before the 2nd February 2018 then parents will be informed, in writing, before national offer day as to whether this has been **granted. This is not a guarantee of a place at a particular school.**

Note 3 – Category 3 – Siblings

Children whose home address is in the former catchment area of a school and have a sibling at the school and that sibling was admitted to the school from the same address will be treated as category 3 of the over-subscription.

Note 4 – Category 3 – Siblings

If parents/carers applied for a place at their catchment area school for their child and it was not possible to offer a place at that school because the school was over-subscribed a sibling protection applies. Where the child was admitted to a lower preference Reading community primary school, or allocated a place by the authority at an alternative Reading community primary school the application for any younger siblings for that school will be treated as catchment area and considered as category 3. Parents/carers must inform the Admission Team at the time of application if they consider this exemption applies.

Catchment area

The catchment area of the schools can be seen from attached maps. These are a guide only. Exact catchment area information for individual address can be found on Reading Borough Council's website.

Tiebreaker

If a school does not have enough places for all children in a particular category, places will be allocated to those living nearest the school. The distance is measured in miles as a straight line between the Ordnance Survey data point for the child's home address and the school using Reading Borough Council digital mapping software. This distance is measured to three decimal places. In the rare event that it is not possible to decide between the applications of those pupils who have the same distance measurement then the place will be offered using random allocation. A member of Committee services staff for Reading Borough Council will supervise the selection process.

Multiple births (twins, triplets etc.)

Places are offered according to the oversubscription criteria, In the event that this would result in splitting multiple birth families, in the majority of cases the other child/children will be offered a place. In very exceptional circumstances, where the admission of more than one additional child to the year group causes prejudice to the provision of efficient education and efficient use of resources it may not be possible to offer all multiple birth children a place.

In the event that siblings with a different date of birth, but in the same year group, are split by the over-subscription criteria, during Key Stage 1, if admission would take a class over 30 (up to and including Year 2) – one child will be offered a place, selected by random selection which will be made in the presence of a representative of Reading Borough Council's Committee services. It is open to the parents to decline this offer and seek places for all their children at another school or suggest the place is given to one of the other siblings. The other sibling(s) name(s) will put on the waiting list. If the admission is in Key Stage 2 or admission of the other siblings will not contravene infant class size regulations then each case will be considered and in most cases the other child/children will be offered a place provided the admission will not prejudice the provision of efficient education and efficient use of resources.

Parent/Carers

A parent/carer is any person who has parental responsibility or care of the child. Parental responsibility for a child is set out in the Children Act 1989.

Home address

Is the permanent address of the parent/carer and their child. In cases where the child lives at a different address for some days of the week this must be the address where the child spends the majority of their school week. Temporary addresses cannot be used to obtain a school place whilst retaining a previous permanent home within Reading unless evidence is produced to show that this address is no longer available to the family i.e. the property has been rented out. Where an

application has been submitted which shows a new temporary address, evidence of a rental agreement of at least a year that goes beyond 1 September 2018 will be required. Where a family claims, or it is evident that, a child is resident at more than one address, justification and evidence of the family's circumstances (e.g. legal separation) will be required. Reading Borough Council reserves the right to seek additional evidence of proof of address including the use of the data held by Reading Borough Council Tax.

The home address **should be the child's current address is assumed** to be the address on the national offer day. Any change of address after submitting the application must be notified to the Admissions Team at Reading Borough Council and the application will be reviewed using the new address. Any place offered based on misleading information with the intention of deception or fraud concerning a permanent home address will have the place withdrawn.

Siblings

Siblings are older siblings for purposes of admission criteria during the routine admission rounds, except those for Geoffrey Field Junior School which will consider a younger sibling at Geoffrey Field Infant School. In year applications will consider younger siblings but not a sibling attending the nursery class of a school.

Siblings are children who have either the same mother or father, or they are children who live together in a family unit and with their parent/carer(s). Siblings must live at the same permanent home address as each other. If they do not live at the same address, then they are not treated as siblings for the purposes of admission.

Deferring a Place

There is a legal requirement to offer a full-time place to every child whose parents wish to take up that option from the September following a child's fourth birthday. Places offered in a Reading school are on a full-time basis from September 2018 as a "rising 5" admission. Children do not need to be in statutory education until the September, January or April after their fifth birthday. When children are offered "rising 5" places, parent/carers may defer the place until January 2019 or April 2019 or until their child reaches statutory school age whichever is earlier, but may not defer after April 2019 as admissions beyond that are in the next school year. If Parents will then need to re-apply for a place in Year 1, which may not have any places because the places will have been allocated to children in the previous year as part of the routine admissions round.

Part Time Admissions

If parents/carers consider it is in their child's best interest to attend school on a part-time basis their request will be considered. If parents choose this option they cannot insist on part-time provision that is individually tailored to their needs. They will be offered a minimum of 15 hours spread over every morning or similar depending on what meets the school's needs. Parents/carers must discuss this with the Headteacher of the allocated school to agree the best arrangements.

Waiting Lists

After 17th April 2018 'waiting lists' will be created for Reading schools where it has not been possible to offer a place at the parents/carers first or a higher preference school to the school offered. A child's position on the waiting list is determined according to the over-subscription criteria and will be re-ranked when new children are added to the list as a result of late applications or change of preference. When a place becomes available this will be offered to the next child on the waiting list. After the 1 September 2018 children identified for placement as part of the Fair Access Protocol can be placed above those on the waiting list. Positions on the waiting lists may go up or down due to pupil withdrawals, new or revised applications. Reading Borough Council will keep waiting lists until end of July 2019 (End of Term 6 for reception classes). After this date the waiting lists will be abandoned. Parents/carers must then re-apply for a place in Year 1 as an In Year

Admissions application if they are still interested in obtaining a place for their child.

Returning Crown Servants and armed forces personnel

Families of crown servants returning from overseas to live in the Reading borough or applicants relocating in the armed forces may apply for a place in advance of their move provided the application is accompanied by an official letter confirming the posting to the UK and the expected relocation date. A school will be offered in advance of a move and held until the appropriate time. If the schools listed on an application form are oversubscribed, the family will need to provide an address in order to be ranked accordingly. Where a parent is unable to provide confirmation of a relocation address, an indication of the area may be provided, narrowed down as far as possible, to which the family intend to return. Preferences will be processed but applications will be considered under criterion 7 (other children) until the parent is able to provide confirmation of the new address such as proof of exchange of contracts or a signed rental agreement. If a place cannot be offered at a preferred school; an alternative school will be offered and the right of appeal for a place at the preferred schools will be advised. It is the responsibility of parents to keep the school admissions team informed of any changes to their planned address during the application process.

In Year Admission Arrangements for the school year 2017-18.

Parents/carers seeking admission for their child into Year 1 – Year 6 in a community primary school in Reading Borough must apply to Reading Borough Council. Parents/carers may apply direct to some Voluntary- Aided or Academy schools in the Borough but the majority of these schools have opted to be part of the co-ordinated admission arrangements and application are normally submitted to the Admission Team at Reading Borough Council. A list of those schools to which a direct application is necessary is available from the Reading Borough Council website.

If there is a place in the parents'/carers' preferred school the place will be allocated but if there are more applications than places available the over-subscription criteria, as outlined above will apply and the places allocated to the child with the highest priority. Remaining applicants will be added to the waiting list which will also be ranked according to the oversubscription criteria. Children allocated according to the Fair Access Protocol will take precedent over children on the waiting list.

Children new to the area or have moved within the borough will be able to start at the school as soon as possible after their move. If the request is to move schools within the Borough without a house move the children will normally be expected to start at the beginning of the following term.

Waiting lists for admission to Year 1-Year 6 will be held until 31 December 2018 after which parents/carers must reapply for their child to remain on the waiting list until July 2019. The waiting list will be abandoned after July 2019 and parents/carers must re-apply if they are still seeking a place for September 2019.

Appeals

If it is not possible to offer a place at the preferred school(s) parents/carers will be advised of their right of appeal

Admissions Numbers – Reading community infant, junior and primary schools.

The following are the proposed admission numbers for 2018.

School	September 2018 - Admission Number
Alfred Sutton Primary	90

School	September 2018 - Admission Number
Caversham Park Primary	30
Caversham Primary	60
Coley Primary	30
Emmer Green Primary	60
EP Collier Primary	60
Geoffrey Field Infant	90
Geoffrey Field Junior	90
Katesgrove Primary	90
Manor Primary	45
Micklands Primary	60
Moorlands Primary	60
Oxford Road Community	30
Park Lane Primary	60
Redlands Primary	30
Southcote Primary	90
St Michael's Primary	60
Thameside Primary	60
The Hill Primary	60
The Ridgeway Primary	90
Whitley Park Primary School	90
Wilson Primary	60

Co-ordinated Admissions Scheme for Primary, Infant and Junior Schools for Reading Borough Council for the 2018/19 academic year.

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Introduction

This Scheme is made under section 88m of the Standards and Framework Act 1998 and in accordance with the School Admissions (Admissions Arrangements and Co-ordination of admissions arrangements (England) Regulations 2014. The Scheme is not substantially different to that determined in the previous academic year and therefore has been determined without the need for prior consultation.

The purpose of this co-ordinated scheme for primary/infant/junior school admissions is to ensure that every parent/carer, of a child **resident in Reading Borough**, who has submitted an application, receives **one offer** of a school place at the conclusion of the normal admissions round. At its heart is clear communication between Reading Borough Council, other Local Authorities, community, and all state schools in Reading.

Parents/carers who live in the Borough of Reading **must** submit an application to Reading Borough Council if they require a place for their child in any state school as part of a routine admissions round, including schools in other local authorities, academies and free schools. Applications cannot be submitted to a school or to the local authority in which the school is situated. Parent/carers living in the area of another Local Authority must apply to that authority.

Co-ordination with Reading Borough does not affect the right of individual admission authorities to set and operate their own admission arrangements. Admission authorities for Reading schools will need to comply with the timetable set out below.

These arrangements deal mainly with a child's first admission to school during the school year from September 2018 to August 2019. The children concerned are those born between 1 September 2013 and 31 August 2014. The place offered is a full-time place from September 2018.

Admission to Junior School in September is for children born between 1 September 2010 and 31 August 2011.

Applications

Reading Borough Council will put in place procedures that, as far as possible, ensures that all parents/carers living in the Borough of Reading with a child eligible to start school in September 2018 will be aware of the application process. Children on roll at a Reading nursery school/early years setting in September 2017 will receive an information pack in November 2017.

Children living in Reading and attending an infant school will be sent information about the application process for admission to a Junior School.

Parents/carers are encouraged to apply online via the Reading Borough Council website. The site will be open from **13 November 2017 until 15 January 2018**.

Parents/carers will be invited to list four schools as their preferences and rank them in priority order. Parents/carers may also give reasons for their preferences. Parents may list any state schools, including those outside of the Local Authority; this includes Academies, Voluntary Aided and Voluntary Controlled Schools.

The Reading Borough Council's application form and the online terms and conditions will include a statement requiring parents to confirm that they have read the Guide for Parents and Carers and accept the policies and procedures in that document.

Parents/Carers should return their completed forms directly to the school admissions team at Reading Borough Council.

Where, as part of its admission arrangements, a school requires additional information, Parents/carers may also choose to complete a supplementary form to support their application. This should be submitted separately to the school. The Guide for Parents and Carers will identify the Reading schools for which this may be necessary. Supplementary forms will be available from Reading Borough Council's website. Supplementary forms are not applications and parent/carers must submit an application to Reading Borough Council either on the common application form or online.

National Closing Date is **15 January 2018**.

Late Applications

Applications received after the closing date will be treated as a 'late' application. However, applications that are received late for a good reason will be treated as on time if received before **2 February 2018**. Such good reasons might be if illness prevented a single parent/carer from returning the form on time; or the family moved into Reading after the closing date. The reason for lateness must be supported by documentary evidence to confirm the reasons specified.

If no evidence is provided it will be assumed that an application could have been made by the closing date and it will be treated as a late application and considered after all on time applications have been allocated.

Applications received late for any reason after 2 Feb 2017 will be passed to the appropriate admission authority in Reading or to the appropriate Local Authority **after May 2018** to be considered. Parents/carers will be informed about the outcome of their application as soon as possible. Applications for over-subscribed schools will be added to the waiting lists of the schools and ranked according to the over-subscription criteria of the school(s).

Changes of preference

Changes of preference made in writing by parents/carers and received before 15 January 2018 by the Admissions Team will be accepted. On-line applications can be changed up to 15 January 2018.

Changes of preference received in writing after **15 January 2018** will be treated as late applications in the way described above. Change of preferences received after **15 January 2018 and before 2 February 2018** will only be accepted as 'on time' if there is good reason i.e family move home or family circumstances change. The reason for the change must be supported by documentary evidence to confirm the reasons specified. If no evidence is provided it will be treated as a late application.

After **1 May 2018** late change of preferences will be passed to the appropriate admission authority in Reading or to the appropriate Local Authority to be considered.

Change of Address

As required by the school admissions code 2014 – changes of address made before the after **15th January and before 2nd February 2018** will be considered as on time. If an applicant changes address after **the 2nd February 2018** they will need to submit a new application, based on the new address which will be marked as late and their previous application will be withdrawn. Documentary evidence of the change of address will be required

Processing Applications

Exchange of information

By **9 February 2018**, the Admissions Team at Reading Borough Council will forward applications to other local authorities and admission authorities in Reading. Other Local Authorities will forward applications to Reading for their residents to be considered for Reading schools.

Depending on the arrangements agreed with the Governing Body of each school, the Admission Team will provide the school with relevant information to enable them to rank against their over-subscription criteria by **9 February 2017**. Reading Borough Council will not pass on the details of where the school was ranked, and no school will be told about other schools a parent has applied for.

Between **9 February 2018 and 8 March 2018**, each admission authority in Reading will rank the applications according to their published over-subscription criteria and return the ranked list to the Admissions Team. By **9 March 2018** each admission authority in Reading will provide the Admission Team with a list of all the applications ranked according to the over-subscription criteria.

Resolving multiple offers

From **23 March 2018 to 4 April 2018** Reading Borough Council will inform other Local Authorities of offers that can be made in Reading schools for their residents.

During the exchange of information Reading Borough Council will consider all cases where parents can be offered more than one of their preferences. In all cases, the place offered will be at the school that is the parent's/carer's higher preference.

Where a place can be offered at none of the schools for which the parent/carer expressed a preference, a place will be offered at the designated area school if there are places available or otherwise at the nearest Reading school with available places – if this is at a school where Reading Borough Council is not the admission authority then this will be in consultation with the governing body of the school. **If the nearest school with places is a faith school, parents/carers will be offered this as an option but another school, with vacancies, further away from the home will be offered. If there are no places available at any Reading schools, parents will be informed and alternative schools not in Reading Borough may be offered depending on availability and agreement from the appropriate admission authority.** This will not preclude parents from requesting an alternative school nor from lodging an appeal with the admission authority for their preferred school.

Informing schools

By **12 April 2018** the Admissions Team will send to each Reading primary school a list of pupils who will be offered a place at their school. This will be confidential to the school and must not be passed onto the parents/carers.

Informing Parents

On **16 April 2018** offer letters will be posted to all parents/carers living in Reading Borough Council who submitted an on time application offering a primary school place for their child in a primary/infant school. The letter will identify if the offer is made on behalf of the governing body of a school or another Local Authority. The letter will inform parents

- The school offered
- Information on school transport
- How to accept a school place. The deadline for accepting school places for 2018 entry is **30 April 2018**.
- Information about the right to defer admission to a later term and option for part-time provision

If the school offered is not the first preference, parents will also be supplied with the following information;

- How the places have been allocated at over-subscribed schools in Reading.
- How to submit an appeal.
- If the place offered is not the highest preference school(s) then parents will be informed that their child's name will be registered on the waiting list(s) of **all of** the school(s) for which a place was not offered. Parents are required to inform Reading Borough Council if they do not wish their child's name to remain on a waiting list.
- Contact information for other Local Authorities.

Parents/carers who submitted an online application will receive an email and be able to view their offer **on 16 April 2018**, this email is for information only as the letter posted is the formal offer of the school place.

Waiting Lists

After 1 May 2018 a 'waiting list' will be administered if a school has more applicants than places available. A child's position on the waiting list is determined according to the over-subscription criteria of the school. When a place becomes available this will be offered to the next child on the waiting list. Positions on the waiting lists may go up or down due to pupil withdrawals or new revised applications. **Places will be allocated from the waiting list and a child's current allocation for a lower preference school will be removed and allocated to another student, if appropriate. It is the responsibility of the parent to inform the admissions team if they no longer wish to remain on a waiting list of a school. It will be**

assumed that parents wish to remain on the waiting list of all schools listed as a higher preference than the allocated school.

Waiting lists for all schools in Reading Borough will be kept until the end of the **31 December 2018**. After this date the policy of the individual school(s) will be followed. After the Co-ordinated admissions round ends on 31st August 2018 any waiting list will be treated as an in year admission and will follow the individual policy of the school.

Withdrawing a place

If the place is not accepted within a reasonable time after the **30 April 2018** then Reading Borough Council will send a reminder and allow a further seven days for a reply. After that date the place will be withdrawn. If the place has been offered based on fraudulent or intentionally misleading information which denied the place to another child then the place will be withdrawn.

Requests for admission outside the normal age group

Parents may seek a place for their child outside of their normal age group, to be admitted to reception rather than year 1 in September 2019. Applicants should submit an application on the common application form by 15th January 2018. Parents should outline their reasons for the request and supply any supporting documents (e.g. information from their child's education setting or medical evidence) to the school admissions team as soon as possible. The application will be forwarded to the head teachers of the listed schools for consideration. Each case will be carefully considered by the admissions authority and parents/carers will be informed of the decision in writing, before the national offer day, setting out clearly the reasons for the decision. If the request is agreed then parents must formally accept this and, if so, the application submitted for September 2018 will be withdrawn before a place is offered and a new application must be submitted for September 2019. Parents will not be made aware of the school they would have been allocated before the decision is accepted or declined.

Requests for schools outside Reading will be referred to the council in whose area the school is for consideration under that council's scheme.

One admission authority cannot be required to honour a decision made by another admission authority on admission out of the normal age group. Therefore if an application for 2019 entry lists different schools to the application withdrawn in 2018 then this may need to be forwarded to different admissions authorities for consideration. If this is the case then supporting evidence will need to be resubmitted.

In Year Admissions.

Parents/carers seeking admission for their child into Year 1 – Year 6 in a primary school in Reading Borough must apply to Reading Borough Council. Parents/carers may apply direct to some Voluntary-Aided, Academy or free schools in the Borough but the majority of these schools have opted to be part of the co-ordinated admission arrangements and application are normally submitted to the Admission Team at Reading Borough Council. A list of those schools to which a direct application is necessary is available from the Reading Borough

Council website. Where a school listed is in another local authority the parent will be advised to apply directly to that Local Authority and the application for that school will follow the relevant local authorities scheme

Timetable for the Primary School Admissions Round 2018-19

Action **Date**

Guide for parents and carers to be placed on Reading Borough Council Website.	By 12 September 2017
Parents/carers to receive application information	By 13 November 2017
Online admissions site open	13 November 2017 – 15 January 2018
National Closing date for receipt of applications	15 January 2018
Late/change of preference applications accepted for good reasons	2 February 2018
Application details sent to Voluntary Aided schools in Reading and other Local Authorities.	By 9 February 2018
Deadline to publish appeal timetable on school website	28 February 2018
Own Admissions Authority schools to provide Reading Borough Council Admissions Team with a list of children ranked according to the schools over-subscription criteria	By 9 March 2018
Reading Borough Council to inform other Local Authorities of offers that can be made to their residents in Reading schools.	From 23 March 2018
Final Co-ordination.	By 4 April 2018
Reading Primary Schools sent list of children to be offered a place.	By 12 April 2018
Offer Day - Offer letters posted to Reading residents.	16 April 2018
Online applicants can view outcome of	16 April 2018

application.	
Deadline for parents to accept.	30 April 2018
Closing date for receipt of appeals	15 May 2018
Late applications for over-subscribed schools added to the waiting lists/change of preferences processed.	From 1 May 2018
Co-ordination with other LA's ends	31st August 2018
Waiting Lists held for Reading schools	Until at least 31 st December 2018

Timetable for the Infant to Junior School Admissions Round 2018-19

Action

Date

Guide for parents and carers to be placed on Reading Borough Council Website.	By 12 September 2017
Parents/carers to receive application information	November 2017
Online admissions site open	13 November 2017 – 15 January 2018
National Closing date for receipt of applications	15 January 2018
Late applications/Change of preference/Change of Address applications accepted for good reasons	Up to 2 February 2018
Application details sent to own admissions authority schools in Reading and other Local Authorities.	By 9 February 2018
Deadline to publish appeal timetable on School website	28 February 2018
Own Admissions Authority Junior schools to provide Reading Borough Council Admissions Team with a list of children ranked according to the schools over-subscription criteria.	By 9 March 2018

Reading Borough Council to inform other Local Authorities of offers that can be made in Reading Junior Schools to their residents.	From 23 March 2018
Final Co-Ordination.	By 4 April 2018
Reading Junior Schools sent list of children to be offered a place.	By 12 April 2018
Offer Day - Offer letters posted to Reading residents.	16 April 2018
Online applicants can view outcome of application.	16 April 2018
Deadline for parents to accept.	30 April 2018
Closing date for receipt of appeals	15 May 2018
Late applications for over-subscribed schools added to the waiting lists/change of preferences processed.	From 1 May 2018
Co-ordination ends	31st August 2018
Waiting Lists held for Reading schools	Until at least 31 st December 2018

Primary School Catchment Areas:

Central and East Reading



Legend

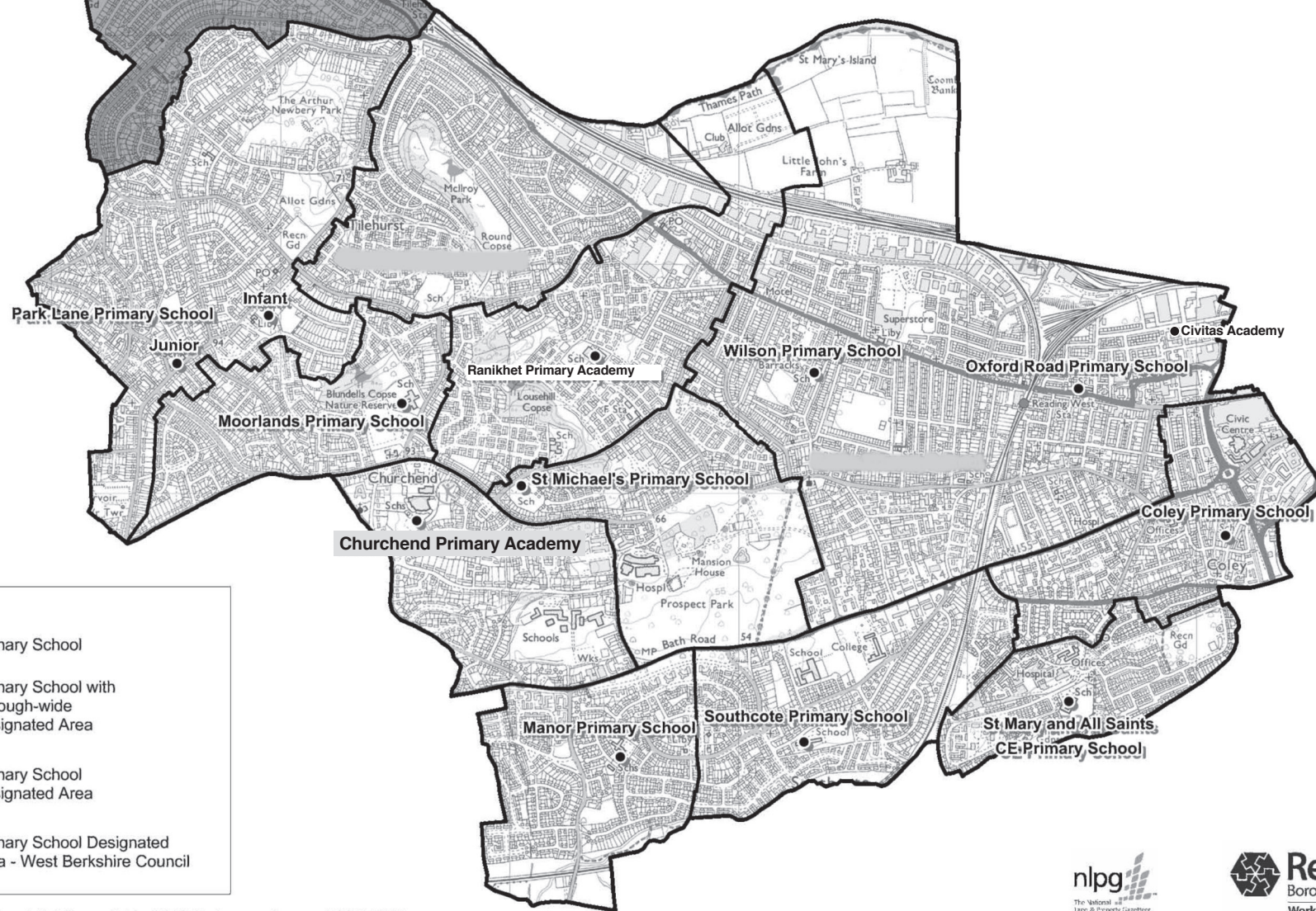
- Primary School
- ▭ Primary School Designated Area



Primary School Catchment Areas: West Reading



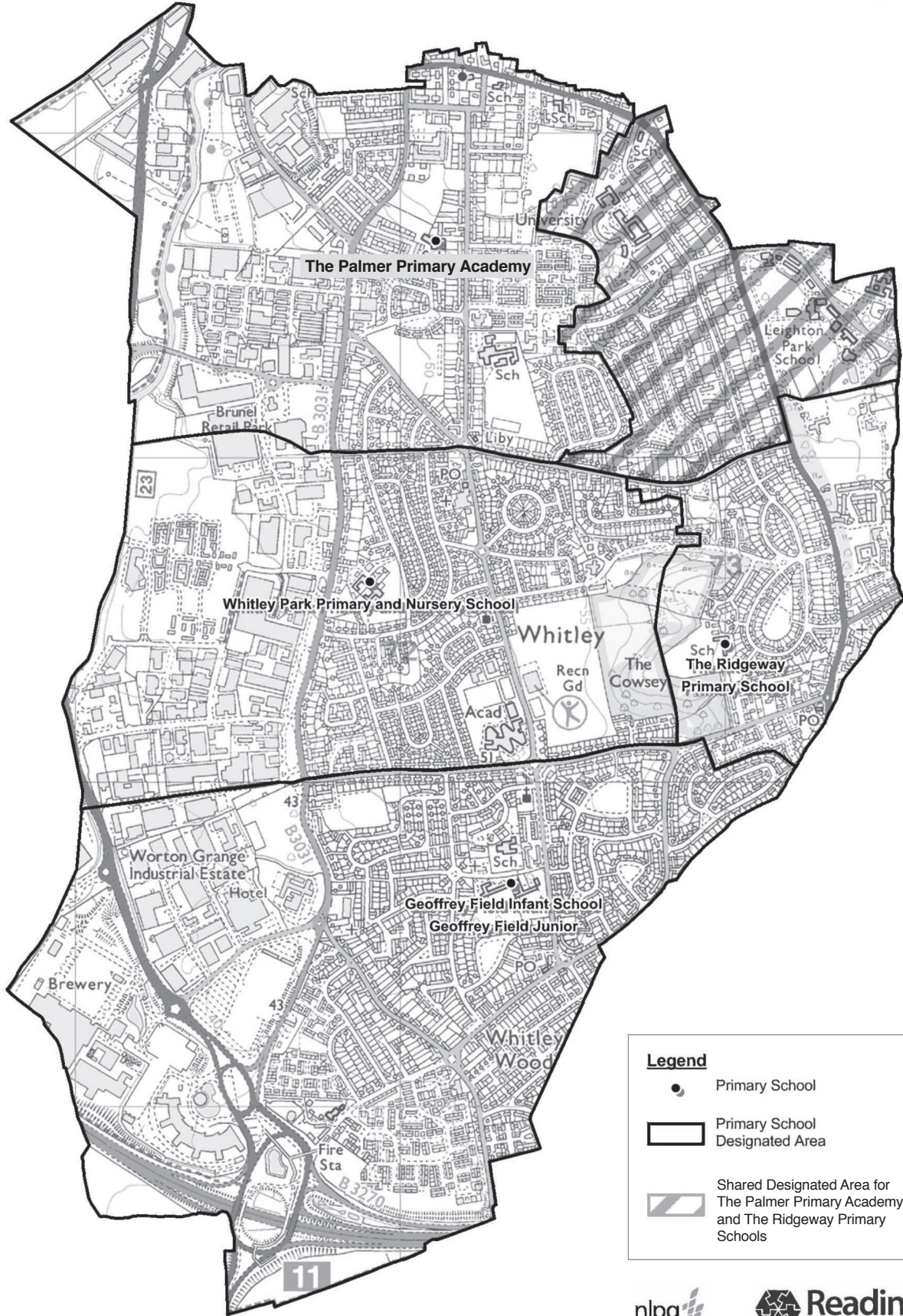
Westwood Farm Infant & Junior School (West Berkshire)






Legend

- Primary School
- Primary School with Borough-wide Designated Area
- ▭ Primary School Designated Area
- Primary School Designated Area - West Berkshire Council

Primary School Catchment Areas:
South Reading



Legend

-  Primary School
-  Primary School Designated Area
-  Shared Designated Area for The Palmer Primary Academy and The Ridgeway Primary Schools

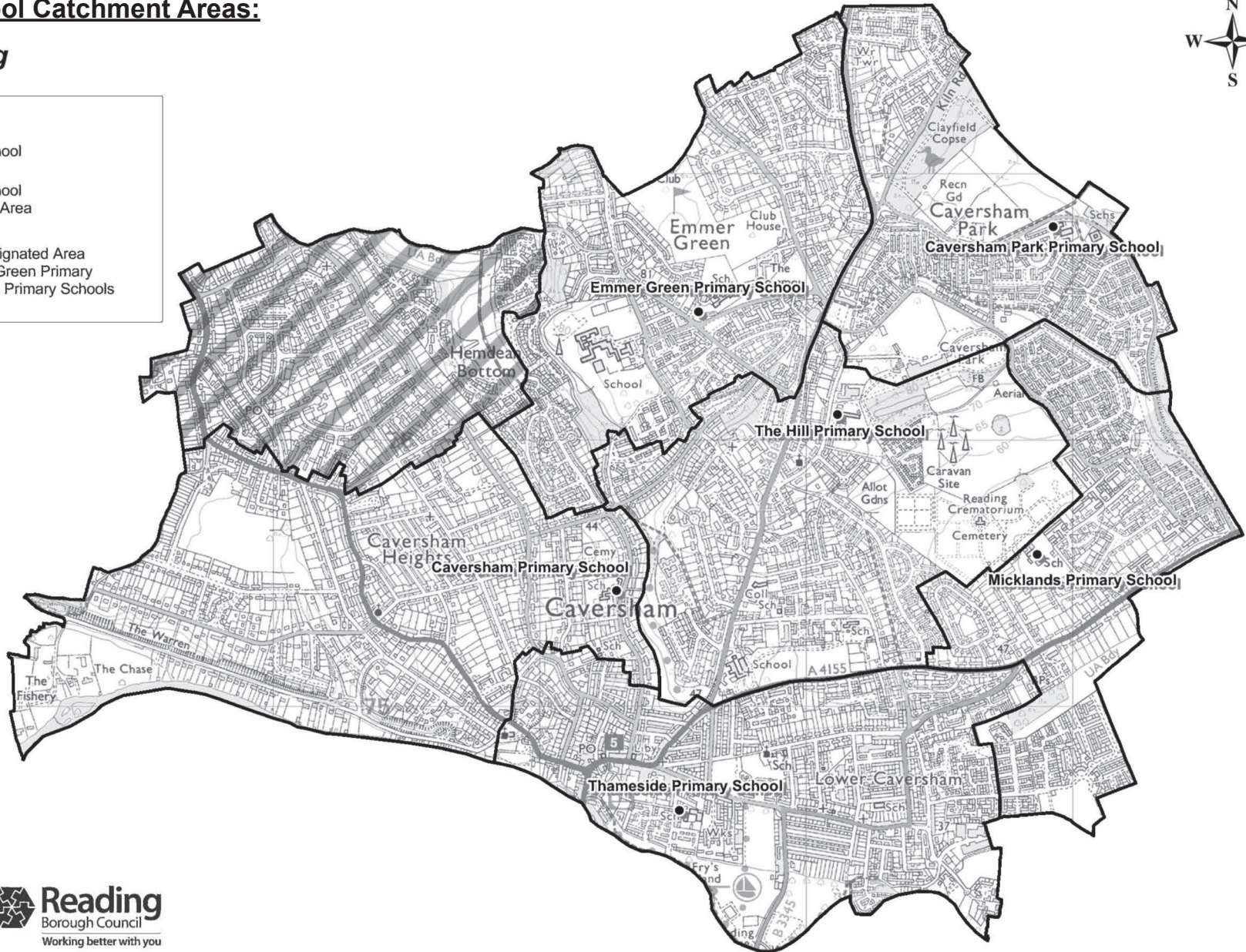
Primary School Catchment Areas:

North Reading



Legend

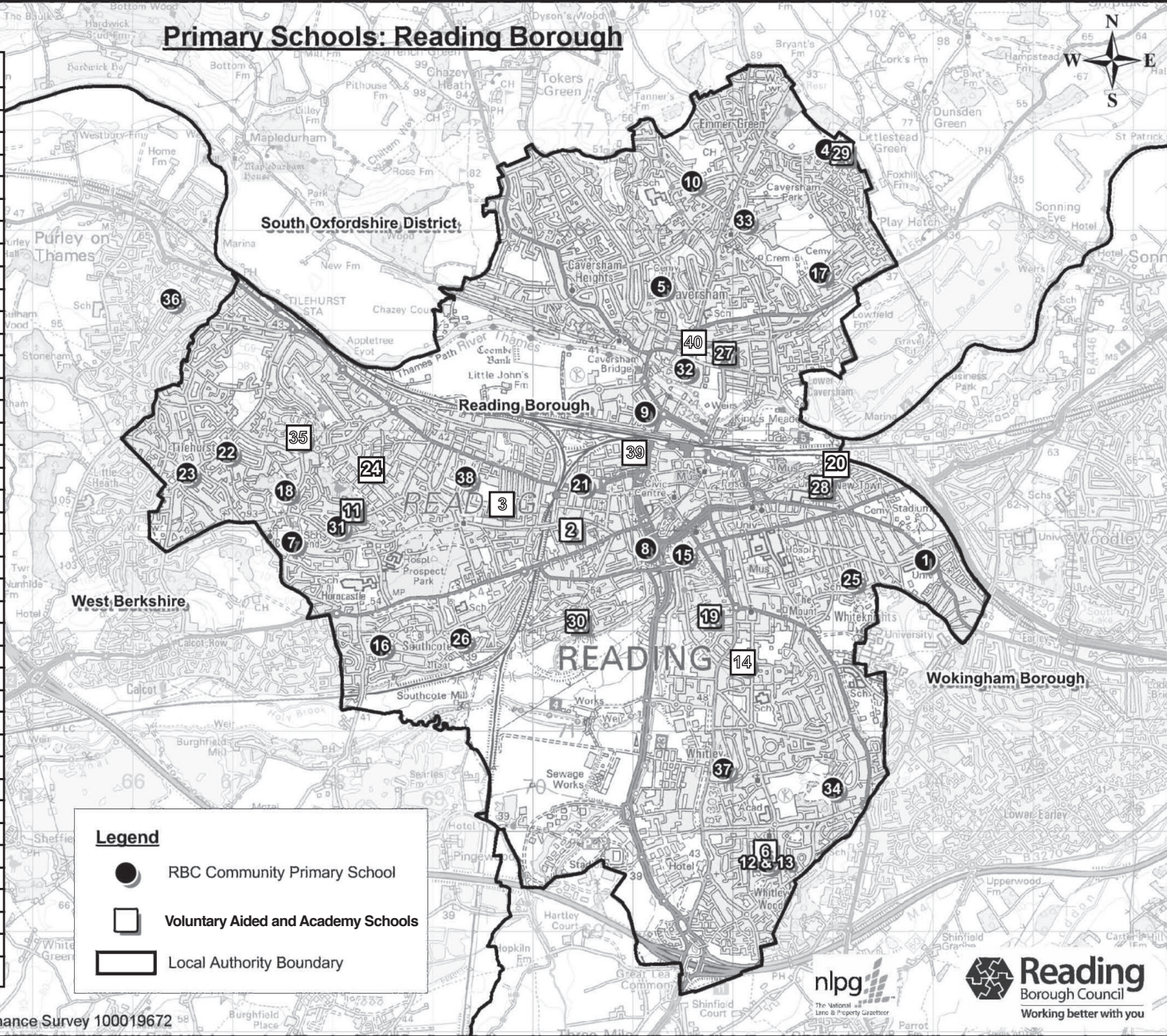
- Primary School
- ▭ Primary School Designated Area
- ▨ Shared Designated Area for Emmer Green Primary and The Hill Primary Schools



Primary Schools: Reading Borough



ID	Name
1	Alfred Sutton Primary
2	All Saints CE Infant
3	Battle Primary Academy
4	Caversham Park Primary
5	Caversham Primary
6	Christ The King Catholic Primary
7	Churchend Primary Academy
8	Coley Primary
9	E P Collier Primary
10	Emmer Green Primary
11	English Martyrs Catholic Primary
12	Geoffrey Field Infant
13	Geoffrey Field Junior
14	The Palmer Primary Academy
15	Katesgrove Primary
16	Manor Primary
17	Micklands Primary
18	Moorlands Primary
19	New Christ Church CE Primary
20	New Town Academy
21	Oxford Road Primary
22	Park Lane Primary (Infant Dept)
23	Park Lane Primary (Junior Dept)
24	Ranikhet Academy
25	Redlands Primary
26	Southcote Primary
27	St. Anne's Catholic Primary
28	St. John's CE Primary
29	St. Martin's Catholic Primary
30	St. Mary's & All Saints CE Primary
31	St. Michael's Primary
32	Thameside Primary
33	The Hill Primary
34	The Ridgeway Primary
35	Meadow Park Academy
36	Westwood Farm Infant & Junior (West Berks)
37	Whitley Park Primary & Nursery
38	Wilson Primary
39	Civitas Academy
40	The Heights Primary Temporary Site



Legend

- RBC Community Primary School
- Voluntary Aided and Academy Schools
- Local Authority Boundary

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**Co-ordinated Admissions Scheme for Secondary Schools for
Reading Borough Council for the 2018/19 academic year.**

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Introduction

This Scheme is made under section 88m of the Standards and Framework Act 1998 and in accordance with the School Admissions (Admissions Arrangements and Co-ordination of admissions arrangements (England) Regulations 2014. The Scheme is not substantially different to that determined in the previous academic year and therefore has been determined without the need for prior consultation. [Would insert here for consultation.](#)

The purpose of this co-ordinated scheme for primary/infant/junior school admissions is to ensure that every parent/carer, of a child **resident in Reading Borough**, who has submitted an application, receives **one offer** of a school place at the conclusion of the normal admissions round. At its heart is clear communication between Reading Borough Council, other Local Authorities, community, and all state schools in Reading. The scheme sets out a process and timescale to enable the offer of a single school place. It does not affect the right of individual admission authorities to set and operate their own admission arrangements, except where they are required to comply with the timetable set out here. As all schools in Reading are foundation, voluntary aided or academy schools so the Governing Body of each school will consult, if necessary and determine separately on admission arrangements for September 2018.

Parents/carers who live in the Borough of Reading **must** submit an application to Reading Borough Council if they require a place for their child in any state secondary school **as part of a routine admissions round**, including schools in other local authorities, academies and free schools. Applications cannot be submitted to a school or to the local authority in which the school is situated. Parent/carers living in the area of another Local Authority must apply to that authority.

These arrangements deal mainly with a child's admission to secondary school during the school year from September 2018 to August 2019. The children concerned are typically those born between 1 September 2006 and 31 August 2007. The place offered is a full-time place from September 2018.

Applications

Reading Borough Council will put in place procedures that, as far as possible, ensures that all parents/carers living in the Borough of Reading with a child eligible to start secondary school in September 2018 will be aware of the application process. Eligible children living in Reading will receive an information pack in September 2017. Children who attend Reading Schools but who are not resident in Reading will be advised to apply to their home Local Authority.

Parents/carers are encouraged to apply online via the Reading Borough Council website. The site will be open from **12 September 2017 until 31 October 2017**.

Parents/carers will be invited to list four schools as their preferences and rank them in priority order. Parents/carers may also give reasons for their preferences. Parents may list any state schools, including those outside of the Local Authority, this includes Academies, Voluntary Aided and Voluntary Controlled Schools.

The Reading Borough Council's application form and the online terms and conditions will include a statement requiring parents to confirm that they have read the Guide for Parents and Carers and accept the policies and procedures in that document.

Parents/Carers should return their completed forms directly to the school admissions team at Reading Borough Council. Those attending Reading Schools may return the paper form to the school.

Where, as part of its admission arrangements, a school requires additional information, Parents/carers may also choose to complete a supplementary form to support their application. This should be submitted separately to the school. The Guide for Parents and Carers will identify the Reading schools for which this may be necessary. Supplementary forms will be available from Reading Borough Council's website.. Supplementary forms are not applications and parent/carers must submit an application to Reading Borough Council either on the common application form or online.

National Closing Date is **31 October 2017**.

Late Applications

Applications received after the closing date will be treated as a 'late' application. However, applications that are received late for a good reason will be treated as on time if received on or before **31 December 2017**. Such good reasons might be if illness prevented a single parent/carer from returning the form on time; or the family moved into Reading after the closing date. The reason for lateness must be supported by documentary evidence to confirm the reasons specified. If no evidence is provided it will be assumed that an application could have been made by the closing date and it will be treated as a late application and considered after all on time applications have been allocated.

Applications received late for any reason after 31 December 2017 will be passed to the appropriate admission authority in Reading or to the appropriate Local Authority **after 15 March 2018** to be considered. Parents/carers will be informed about the outcome of their application as soon as possible. Applications for over-subscribed schools will be added to the waiting lists of the schools and ranked according to the over-subscription criteria of the school(s).

Changes of preference

Changes of preference made in writing by parents/carers and received before **31 October 2017** by the Admissions Team will be accepted. On-line applications can be changed up to **31 October 2017**.

Changes of preference received in writing after **31 October 2017** will be treated as late applications in the way described above. Change of preferences received between **1 November 2017 and 31 December 2017** will only be accepted as 'on time' if there is good reason i.e family move home or family circumstances change. The reason for the change must be supported by documentary evidence to confirm the reasons specified. If no evidence is provided it will be treated as a late application.

After **15 March 2018** late change of preferences will be passed to the appropriate admission authority in Reading or to the appropriate Local Authority to be considered.

Change of Address

As required by the school admissions code 2014 – changes of address made **between 1 November 2017 and 31 December 2017** will be considered as on time. If an applicant changes address after the 31 December 2017 they will need to submit a new application, based on the new address which will be marked as late and their previous application will be withdrawn. Documentary evidence of the change of address will be required.

Processing Applications

Exchange of information

By **21 November 2017**, the Admissions Team at Reading Borough Council will forward applications to other local authorities and admission authorities in Reading. Other Local Authorities will forward applications to Reading for their residents to be considered for Reading schools.

Depending on the arrangements agreed with the Governing Body of each Reading school the Admission Team will provide the school with relevant information to enable them to rank against their over-subscription criteria **By 5 December 2017**. Reading Borough

Council will not pass on the details of where the school was ranked, and no school will be told about other schools a parent has applied for.

Between **5 December 2017 and 23 January 2018**, each admission authority in Reading will rank the applications according to their published over-subscription criteria and return the ranked list to the Admissions Team. By **23 January 2018** each admission authority in Reading will provide the Admission Team with a list of all the applications ranked according to the over-subscription criteria.

Resolving multiple offers

From **30 January 2018 to 13 February 2018** Reading Borough Council will inform other Local Authorities of offers that can be made in Reading schools for their residents.

During the exchange of information Reading Borough Council will consider all cases where parents can be offered more than one of their preferences. In all cases, the place offered will be at the school that is the parent's/carer's higher preference.

Where a place can be offered at none of the schools for which the parent/carer expressed a preference, a place will be offered at the designated area school if there are places available or otherwise at the nearest Reading school with available places. This will be done in consultation with the governing body of the school. If the nearest school with places is a faith school, parents/carers will be offered this as an option but another school, with vacancies, further away from the home will be offered. If there are no places available at any Reading schools, parents will be informed and alternative schools not in Reading Borough may be offered depending on availability and agreement from the appropriate admission authority. This will not preclude parents from requesting an alternative school nor from lodging an appeal with the admission authority for their preferred school.

Informing schools

By **26 February 2018** the Admissions Team will send to each Reading secondary school a list of pupils who will be offered a place at their school. This will be confidential to the school and must not be passed onto the parents/carers.

Informing Parents

On **1 March 2018** offer letters will be posted to all parents/carers living in Reading Borough Council who submitted an on time application offering a Secondary school place for their child from the first day of the school term in September 2018. The offer will be made on behalf of appropriate admission authority. The letter will inform parents:

- The school offered
- Information on school transport
- How to accept a school place offered. The deadline for accepting school places for 2018 entry is **15 March 2018**.

If the school offered is not the first preference, parents will also be supplied with the following information;

- How the places have been allocated at over-subscribed schools in Reading.

- How to submit an appeal.
- If the place offered is not the highest preference school(s) then parents will be informed that their child's name will be registered on the waiting list(s) of **all of** the school(s) for which a place was not offered (**except Grammar Schools if the parents did not pass the admissions test**). Parents are required to inform Reading Borough Council if they do not wish their child's name to remain on a waiting list.
- Contact information for other Local Authorities.

This information will also be available on the Reading Borough Council Website.

Parents/carers who submitted an online application will receive an email and be able to view their offer **on 1 March 2018**, this email is for information only as the letter posted is the formal offer of the school place.

Waiting Lists

After 1 May 2018 a 'waiting list' will be administered if a school has more applicants than places available. A child's position on the waiting list is determined according to the over-subscription criteria of the school. When a place becomes available this will be offered to the next child on the waiting list. Positions on the waiting lists may go up or down due to pupil withdrawals or new revised applications. **Places will be allocated from the waiting list and a child's current allocation for a lower preference school will be removed and allocated to another student, if appropriate.** It is the responsibility of the parent to inform the admissions team if they no longer wish to remain on a waiting list of a school. **It will be assumed that parents wish to remain on the waiting list of all schools listed as a higher preference than the allocated school.** Waiting lists for all schools in Reading Borough will be kept until the end of the 31 December 2018. After this date the policy of the individual school(s) will be followed. After the Co-ordinated admissions round ends on 31st August 2018 any waiting list will be treated as an in year admission and will follow the individual policy of the school.

Withdrawing a place

If the place is not accepted within a reasonable time after the **15 March 2018** then Reading Borough Council will send a reminder and allow a further seven days for a reply. After that date the place will be withdrawn. If the place has been offered based on fraudulent or intentionally misleading information which denied the place to another child then the place will be withdrawn.

Requests for admission outside the normal age group

In exceptional circumstances applications may be received for children who may not be in the school year appropriate to their age. Where this arises, the schools requested will consider the circumstances of each case. Applications for these children will normally be processed with all other children, and these children will be permitted to enter their allocated secondary school.

Applicants should submit an application on the common application form by 31st October 2017. Parents should outline their reasons for the request and supply any supporting documents (e.g. information from their child’s education setting or medical evidence) to the school admissions team as soon as possible. The application will be forwarded to the head teachers of the listed schools for consideration. Each case will be carefully considered by the admissions authority and parents/carers will be informed of the decision in writing, before the national offer day, setting out clearly the reasons for the decision.

Requests for schools outside Reading will be referred to the council in whose area the school is for consideration under that council’s scheme.

One admission authority cannot be required to honour a decision made by another admission authority on admission out of the normal age group. Therefore if an application for 2019 entry lists different schools to the application withdrawn in 2018 then this may need to be forwarded to different admissions authorities for consideration. If this is the case then supporting evidence will need to be resubmitted.

In Year Admissions.

Parents/carers seeking admission for their child into Year 7 – Year 11 in a secondary school in Reading Borough must apply to Reading Borough Council. Parents/carers may apply direct to some schools in the Borough but the majority of schools have opted to be part of the co-ordinated admission arrangements and application are normally submitted to the Admission Team at Reading Borough Council. A list of those schools to which a direct application is necessary is available from the Reading Borough Council website. Where a school listed is in another local authority the parent will be advised to apply directly to that Local Authority and the application for that school will follow the relevant local authorities scheme.

Timetable for the Secondary School Admissions Round 2018-19

<u>Action</u>	<u>Date</u>
Parents/carers to receive application information Guide for parents and carers to be placed on Reading Borough Council Website.	By 12 September 2017
Online admissions site open	12 September 2017

National Closing date for receipt of applications	31 October 2017
Late applications/Change of preference /Changes of Address accepted for good reasons	By 31 December 2017
Application details sent to other Local Authorities.	21 November 2017
Application details to be sent to Schools	5 December 2017
Own Admissions Authority schools to provide Reading Borough Council Admissions Team with a list of children ranked according to the schools over-subscription criteria	By 23 January 2018
Reading Borough Council to inform other Local Authorities of offers that can be made to their residents in Reading schools.	From 30 January 2018
Final co-ordination.	By 13 February 2018
Reading Secondary Schools sent list of children to be offered a place.	By 26 February 2018
Offer Day - Offer letters posted to Reading residents.	1 March 2018
Online applicants can view outcome of application.	1 March 2018
Deadline for parents to accept.	15 March 2018
Closing date for receipt of appeals	29 March 2018
Late applications for over-subscribed schools added to the waiting lists/change of preferences processed	From 16 March 2018
Co-ordination with other LA's ends	31 st August 2018
Waiting Lists held for Reading schools	Until at least 31 st December 2018



Relevant Area.

The School Standards & Framework Act 1998 requires Local Authorities to establish Relevant Area(s) for admission policy consultations. The Relevant Area is the area in which admission authorities must consult with schools regarding their proposed admission arrangements before finalising them.

The Education Act 2002 requires the Local Authority to consult on and review its Relevant area every two years. The following relevant area was determined by Reading Borough Council in 2017 as follows

1. Reading Borough Council will consult on admission arrangements for primary/infant and junior schools with

- Headteachers and Governing Bodies of all schools in Reading Borough
- Neighbouring Local Authorities – Oxfordshire County Council, West Berkshire Council and Wokingham Borough Council
- Diocesan Authorities - Oxford Church of England Diocese, Portsmouth and Birmingham Catholic Diocese
- All Academies, Voluntary Aided or Foundation Secondary Schools within 8 kilometres (5 miles) of Reading Borough border
- All Academies, Voluntary Aided or Foundation primary/junior/infant schools within 3.2 kilometres (2 miles) of the Reading Borough border

2. Having first consulted with the appropriate Diocese, **primary** Voluntary Aided schools must consult with:

- Reading Borough Council
- All primary/infant and junior and maintained nursery schools in Reading Borough
- Neighbouring Local Authorities – Oxfordshire County Council, West Berkshire Council and Wokingham Borough Council
- All Academies, Voluntary Aided or Foundation primary/junior and infants schools outside Reading Borough within 3.2 kilometres (2 miles) of the school

3. Primary Academies and Foundation and Trust schools must consult with

- Reading Borough Council
- All primary/infant/junior and maintained nursery schools in Reading Borough

Appendix E

- Neighbouring Local Authorities – Oxfordshire County Council, West Berkshire Council and Wokingham Borough Council
- All Academies, Voluntary Aided or Foundation primary/junior and infants schools outside Reading Borough within 3.2 (2 miles) kilometres of the school

4. Secondary Academies and Foundation schools must consult with:

- Reading Borough Council
- All primary/junior and secondary schools within Reading Borough
- Neighbouring Local Authorities – Oxfordshire County Council, West Berkshire Council and Wokingham Borough Council
- All Academies, Voluntary Aided or Foundation Secondary Schools within 8 kilometres (five miles) of Reading Borough border
- All Academies, Voluntary Aided or Foundation primary/junior schools within 3.2 kilometres (2 miles) of the Reading Borough border

5. Having first consulted with the appropriate Diocese, **Secondary** Voluntary Aided schools must consult with:

- Reading Borough Council
- All primary/junior and secondary schools within Reading Borough
- Neighbouring Local Authorities – Oxfordshire County Council, West Berkshire Council and Wokingham Borough Council
- All Academies, Voluntary Aided or Foundation Secondary Schools within 8 kilometres (5 miles) of Reading Borough border
- All Academies, Voluntary Aided or Foundation primary/junior schools within 3.2 kilometres (2 miles) of the Reading Borough border