

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

Our Ref: N:\Policy
Committee\Agenda\180115.doc
Your Ref:

Direct: ☎ 0118 937 2303
e-mail: simon.a.hill@reading.gov.uk

5 January 2018

Your contact is: Simon Hill - Committee Services

NOTICE OF MEETING - POLICY COMMITTEE - 15 JANUARY 2018

A meeting of the Policy Committee will be held on Monday 15 January 2018 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 27 November 2017.

B1

4. PETITIONS AND QUESTIONS

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

5. DECISION BOOK REFERENCES

- | | | | |
|----|--|-------------|----|
| 6. | CHILDREN'S SOCIAL CARE, EARLY HELP AND EDUCATION SERVICES IN READING - UPDATE ON DEVELOPMENT OF CHILDREN'S COMPANY | BOROUGHWIDE | C1 |
| | Councillors Lovelock & McElligott / Chief Executive | | |
| | This report gives an update on setting up 'The Children's Company', an independent local authority company for the delivery of children's services to the Council, and seeks approval to award a contract to support the design and transition to the new company. | | |
| 7. | SOUTH READING MRT PHASES 3 & 4 - SCHEME & SPEND APPROVAL | BOROUGHWIDE | D1 |
| | Councillor Page / Director of Environment and Neighbourhood Services | | |
| | This report seeks scheme and spend approval for Phases 3 & 4 of the South Reading Mass Rapid Transit (MRT) scheme, and authority to enter into a contract for implementation of the proposals. | | |
| 8. | PROPOSED WITHDRAWAL OF COMMUNITY LINK BUS SERVICES 28 & 991 | BOROUGHWIDE | E1 |
| | Councillor Page / Director of Environment and Neighbourhood Services | | |
| | This report summarises the results of consultation on a budget saving proposal to withdraw financial support for the operation of the Community Link bus routes, and recommends that the routes 28 (plus 18 and 28a) and 991 be withdrawn from April 2018. | | |
| 9. | BUDGET MONITORING | BOROUGHWIDE | F1 |
| | Councillors Lovelock & Page / Director of Finance | | |
| | This report sets out the projected Council revenue budget outturn position for 2017/18 based on actual, committed and projected expenditure for the Council as at the end of November 2017; it also contains information on the capital programme, capital receipts and the Housing Revenue Account. | | |

10. BUDGET 2018-19: BOROUGHWIDE G1
- APPROVAL OF COUNCIL TAX BASE, NNDR1 ESTIMATE & ESTIMATED COLLECTION FUND SURPLUS
- APPROVAL OF THE LOCAL COUNCIL TAX SUPPORT SCHEME 2018/19

Councillor Lovelock / Director of Finance

This report asks the Committee to recommend to Council the approval of the council tax support scheme, the estimated Council Tax collection rate, Council Tax base for 2018/19, and NNDR1 form.

11. MEDIUM TERM FINANCIAL STRATEGY BOROUGHWIDE H1

Councillor Lovelock / Director of Finance

This reports advises the Committee of the development of the budget for 2018/19 and the Medium Term Financial Strategy for the period to 31 March 2021, and seeks approval for budget savings proposals.

WEBCASTING NOTICE

Please note that this meeting may be filmed for live and/or subsequent broadcast via the Council's website. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed. You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during a webcast will be retained in accordance with the Council's published policy.

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.

POLICY COMMITTEE MINUTES - 27 NOVEMBER 2017

Present: Councillor Lovelock (Chair)

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

48. 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 item 49 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.

49. CAPITAL EXPENDITURE IN CONNECTION WITH WASTE DISPOSAL

The Director of Environment and Neighbourhood Services submitted a report which explained that the re3 Board had approved investment of £166,000 in the re3 Material Recovery Facility at Smallmead to enable it to process additional materials alongside the plastic packaging currently processed. This change would increase the recycling rate for the councils and reduce the cost of waste disposal.

Resolved -

That an increase to the capital programme for capital expenditure of up to £166,000, financed and with payback arrangements as set out in the report, be approved.

(Exempt information as defined in paragraph 3).

50. PROPERTY ACQUISITION STRATEGY - PROPERTY IN CENTRAL READING

The Director of Environment and Neighbourhood Services tabled a report seeking authority to purchase an investment property in Central Reading. The following documents were attached to the report:

- Appendix 1 - location plan
- Appendix 2 - results of Property Acquisition Strategy initial assessment matrix
- Appendix 3 - Alternative Use valuation

Resolved -

- (1) That purchase of the property on the terms outlined in paragraph 4.2 of the report be approved;
- (2) That, in the event that terms were substantially changed or that due

POLICY COMMITTEE MINUTES - 27 NOVEMBER 2017

diligence resulted in the returns to the Council being materially affected, the Head of Paid Service be authorised to purchase the property in consultation with the s151 officer, the Monitoring Officer, the Leader and Deputy Leader of the Council and the Chair of the Audit and Governance Committee.

(Exempt information as defined in paragraph 3).

51. MINUTES

The Minutes of the meeting held on 30 October 2017 were agreed as a correct record and signed by the Chair.

52. QUESTIONS

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

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Roger Lightfoot	Demountable Pool timetable	Cllr Hacker
2.	Peter Burt	Use of open space at Palmer Park for proposed Swimming Pool	Cllr Page

Questions on the following matters were submitted by councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr White	Spend on Consultants and Agency Staff	Cllr Lovelock

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

53. POLICY CHANGES TO MEET HOUSING NEED

The Director of Environment and Neighbourhood Services submitted a report setting out proposals to amend the Private Rented Sector Offer Policy and to introduce policies relating to the procurement and allocation of temporary accommodation for homeless households, to ensure consistency in the offer of accommodation to homeless households.

The report noted that the Council's Homelessness Strategy (Minute 7 of the meeting of the Housing, Neighbourhoods & Leisure Committee on 5 July 2016 refers) included the implementation of a Private Rented Sector Offer (PRSO) allowing the authority more flexibility in the way it met its housing duty through a formal offer of suitable private rented accommodation. A year on from having successfully implemented the PRSO it was apparent that amendments to the policy were required to ensure that there was parity in the approach for all offers of suitable private rented

POLICY COMMITTEE MINUTES - 27 NOVEMBER 2017

accommodation, and to ensure that the local authority was best placed to meet housing need. The amended PRSO Policy was attached to the report at Appendix 1.

The report also sought approval to implement two policies setting out the Council's approach to the procurement and allocation of temporary accommodation in Reading. The proposed policies, which were attached to the report at Appendices 2 and 3, described and defined current priorities and process, and did not result in any change in practice.

Resolved -

- (1) That the amended Private Rented Sector Offer Policy, as set out at Appendix 1 to the report, be approved;
- (2) That the Temporary Accommodation Allocations Policy, as set out at Appendix 2 to the report, be approved;
- (3) That the Temporary Accommodation Procurement Policy, as set out at Appendix 3, to the report be approved.

54. ELECTORAL REGISTRATION AND ELECTIONS UPDATE

The Electoral Registration Officer and Returning Officer submitted a report reviewing the UK Parliamentary Election held on 8 June 2017, and giving an update on the annual electoral registration canvass which was currently underway, and which would produce the electoral register for 2018 on 1 December 2017.

Resolved -

That the report be noted and that all staff involved in the 2017 election be thanked for their work.

55. BUSINESS RATES BERKSHIRE PILOT & POOL

The Director of Finance submitted a report seeking endorsement of a joint Berkshire Pilot Bid for 100% Business Rates Pooling and approval for the Council being part of a Berkshire Business Rates Pool as part of the pilot. The report also sought authority to take decisions about whether to pool in other circumstances and agree the arrangements for the pool with the pool partners.

The report noted that the Department for Communities and Local Government had invited local authority bids for 2018/19 business rates pilots and had set out key requirements which were summarised in the report. A Berkshire bid had been developed with the Local Enterprise Partnership (LEP) and submitted to DCLG by the deadline of 27 October 2017. The report set out the outcomes if the bid was successful, and noted that a significant proportion of the potential gain should be used to generate local growth. The Berkshire bid had proposed that 70% be set aside for a strategic fund to be run by the LEP.

POLICY COMMITTEE MINUTES - 27 NOVEMBER 2017

The report noted that retrospective endorsement was being sought due to the tight timescale for developing and submitting the proposal, and that an announcement on the bids was expected no later than the time of the Local Government Finance Settlement in December 2017.

Resolved -

- (1) That the joint Berkshire Pilot Bid for 100% Business Rates Pooling be endorsed and that the Council be part of the linked Berkshire Business Rates Pool;
- (2) That the Director of Finance be authorised, in consultation with the Leader of the Council and the Chairman of Audit & Governance Committee, to take decisions about whether to pool business rates in other circumstances and to agree the arrangements for the pool with the pool partners,
- (3) That any decisions taken by the Director of Finance under the authority given in (2) above be reported to the next available Policy Committee.

56. BUDGET MONITORING

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

The report explained that it was projected that, for a variety of reasons, the revenue budget would be underspent by £0.3m as at the year end, without using the remaining contingency of £1.6m set aside to manage unexpected pressures and savings shortfalls. However there remained some serious concerns including the £8.4m total of negative variances, which included some projection of further pressures on care places through to the year-end, and the fact that many of the positive variances and mitigations were not ongoing, so would not provide relief for any of the negative variances that were ongoing into 2018/19 and beyond. Service directors had therefore identified immediate steps to reduce spending in 2017/18 and a number of these mitigating actions were outlined in the report.

Resolved -

- (1) That it be noted that, based on the position at the end of September 2017, budget monitoring forecast that the budget would be underspent by £0.3m, without using the remaining contingency of £1.6m;

POLICY COMMITTEE MINUTES - 27 NOVEMBER 2017

- (2) That it be noted that additional proposals had been identified in order to reduce the projected spend in 2017/18.

(The meeting started at 6.30pm and closed at 7.48pm).

READING BOROUGH COUNCIL

REPORT BY CHIEF EXECUTIVE

TO:	POLICY COMMITTEE		
DATE:	15 JANUARY 2018	AGENDA ITEM:	6
TITLE:	CHILDREN'S SOCIAL CARE, EARLY HELP AND EDUCATION SERVICES IN READING - UPDATE ON DEVELOPMENT OF CHILDREN'S COMPANY		
LEAD COUNCILLORS:	JO LOVELOCK	PORTFOLIO:	LEADERSHIP
	EILEEN MCELLIGOTT		CHILDREN'S SERVICES (CHAIR OF ACE COMMITTEE) BOROUGHWIDE
SERVICE:	CHILDREN, EDUCATION & EARLY HELP SERVICES	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ZOE HANIM	TEL:	0118 937 2173
JOB TITLE:	HEAD OF CUSTOMER CARE AND TRANSFORMATION	E-MAIL:	zoe.hanim@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report is to update on the latest position on establishing 'The Children's Company', an independent local authority company, for the delivery of children's services to Reading Borough Council.
- 1.2 The report also outlines the procurement process for engaging specialist expertise and support for the development and transition to the company.
- 1.3 In order to comply with the in principle direction of the DfE and the recommendation of the Commissioner to establish a 'full service' children's company, the Council would need to agree formally to transfer its education and early help services to the Company. The operational strategy, governance and commissioning arrangements and service scope are set out in the current version 'Reading Prospectus' at Appendix 1
- 1.5 The report also seeks authorisation for the Chief Executive to accept the Department for Education funding to enable the establishment of the company.

2. RECOMMENDED ACTION

- 2.1 That the latest position in the development of an independent local authority company for the provision of Children's Services be noted.
- 2.2 Reading's children's company include education and early help along with child protection functions.
- 2.3 Approve the programme support contract being awarded to Mutual Ventures Ltd.
- 2.4 That the Chief Executive/ Director of Children, Education & Early Help Services be authorised to accept funding from the Department for Education on behalf of the Council to enable the set-up of the new Children's Company.

- | | |
|-----|--|
| 2.5 | That the Chief Executive be given delegated authority to undertake all necessary steps required to establish the company by autumn 2018. |
| 2.6 | A report to Policy Committee be required to transfer and agreement of a service contract with the Company. |

3. POLICY CONTEXT

- 3.1 Statutory Direction notice from the Secretary of State UNDER SECTION 497A(4B) OF THE EDUCATION ACT 1996.

4. BACKGROUND

- 4.1 In August 2016 Ofsted published their findings following an inspection of Children's Services in Reading. Children's Services were rated 'Inadequate' on a four point scale of inadequate, requires improvement, good and outstanding.
- 4.2 As a result of the rating and in line with the Government's reform programme 'Putting Children First' the Department for Education issued a statutory direction notice (September 2016) to the Local Authority and appointed a Commissioner. The direction notice required Reading Borough Council to comply with any direction of the Commissioner in improving services for children.
- 4.3 The Commissioner submitted his final report to the Secretary of State which was published by the Department for Education (September 2017) and his recommendation was that children's services come out of the direct control of the Council for the period of their intervention.
- 4.4 A second statutory direction notice was issued (September 2017) to the Local Authority and a commissioner appointed. The direction notice required the Local Authority to develop and draft, in consultation and agreement with the Children's Services Commissioner:
- i. a business case for the agreed alternative delivery model, and outline implementation plan, by 30th August 2017;
 - ii. an updated long-term improvement plan to address the findings of the 2017 report by 30 September 2017, and to include the proposed arrangements for monitoring progress and reviewing the improvement plan as appropriate;
- 4.5 The Local Authority submitted a Transition Project Business Case to the Department for Education which outlined the intentions of Reading Borough Council, in line with the statutory direction notice. The document identifies the estimated costs associated with establishing a new company to deliver children's social care, education and early help services. Reading Borough Council has requested £2.929million from the Department of Education to enable the set-up of the company. The cost to Reading Borough Council is estimated at £577k, much of which relates to staff time and is therefore an opportunity cost.
- 4.6 Initial mobilisation meeting took place on 14 September 2017 and was attended by representatives from the Department for Education with the Commissioner, the Chief Executive of Reading Borough Council and the Director of Children, Education and Early Help Services. This set the scene for the transition to the new company and worked through the arrangements for the programme and governance.

- 4.7 The Council has received a letter from the Department for Education on 21 November 2017 confirming that it will receive a Government grant of £250,000 for the first phase of the development of the company. This is in the form of a Section 14 grant, which means that it is paid in monthly in arrears and upon submission of a satisfactory and evidenced claim for the eligible expenditure. This initial grant is intended to enable the set up and some of the initial design work to be done.
- 4.8 The Leader of the Council met with the Minister of State for Children and Families, Robert Goodwill MP, on 20 November, to agree a way forward which would enable the Government to fund establishing the local authority company. The meeting ended in an informal agreement on the approach. We will await the formal outcome of the department's consideration of the Council's request for funding as set out in section 11 of this report.
- 4.9 The Leader provided the Minister with a Prospectus for the Company which is approved.
- 5.0 LATEST POSITION - PROGRAMME DEVELOPMENT AND PROCUREMENT OF SUPPORT
- 5.1 Reading Borough Council plans to make the transition to a new company by autumn 2018 and work is now underway to drive implementation. This includes setting up the company in shadow form as soon possible in the spring/early summer of 2018 and appointment of the chair and board.
- 5.2 Mutual Ventures Ltd.(MV) has been identified as a specialist supplier to provide expertise and programme management to enable the transition to take place in the agreed timescale to the agreed outcomes.
- 5.3 We are contracting for their services using a framework called Bloom, operated by the North East Procurement Organisation (NEPO). NEPO is one of the local authority owned procurement consortia specifically tasked with setting up framework agreements for the UK local government sector. Although NEPO are based in the North East, the various regional procurement organisations now work collaboratively to provide agreements with national coverage to avoid duplication of effort and to maximise the benefit of aggregating demand across a larger number of buyers. Use of the framework to engage MV without running a competitive tender is permissible under the Contracts Procedure Rule 4.(2) (e) (1) , as the contract may be awarded "by application of the terms laid down in the framework agreement without reopening competition".
- 5.4 MV will deliver a phased programme of work that has an estimated total value of about £600,000. The funding for this work is expected to be provided through the grant from the DfE which will cover a broader range of set up costs with a total of approximately £2.929m of which the £250,000 is a first tranche.
- 5.5 Any necessary operational decisions required to meet DfE milestones and other establishment decisions for example the appointment of resources to support transition to the new company will be made by the Chief Executive.
- 5.6 The programme phases, which are subject to further scoping work, are in summary:

Phase one -2 months

Project set up:

- Setting up programme governance structure and arrangements

- Establishing the programme plan and developing the work streams with clarity on content of the work, roles and responsibilities and interdependencies across work streams.

The preparation work is underway to ensure that we can meet the timetable for delivering the company. The governance structure has been set up and preparation sessions with MV and council officers have taken place. MV staff are now working on site to set up the programme and work stream leads within the Council have been identified and have commenced work. The work stream plans are all being developed by MV and lead officers for each stream.

The programme plan is under development and a key decisions document has been produced. This document lists the key decisions that need to be made during the transition of RBC's children's services to a new children's services company. Decisions are arranged by work stream. Key decision-makers have been identified with dates.

Phase two - 5 months

N.B. This overlaps with the set up phase.

Design:

- Development of the blueprint for the new company around all the workstreams
- Ensure that the company complies with the conditions of the statutory direction to deliver operational independence and focus on improvement in children's social care.
- Agree the underpinning principles around the rights and responsibilities of the board of directors, the Council and the DfE.

Key early tasks have been identified and under way. This includes the process for appointing the chair of the board which has already started.

Phase three - 9 months

N.B. This will overlap with phase 2.

Pending completion of the design phase the project will move into the implementation phase:

Implementation:

- Ensure effective and timely delivery of the establishment of the company
- Ensure delivery is efficient and achieved value for money, within the transition cost budget set by the Council and DfE.
- Ensure that from 'go live' the company is able to operate independently and has the appropriate support services in place to do so.

5.7 As part of the development and implementation of the new company, a range of specialist advice will be procured including VAT and Legal.

5.8 Further resources will be identified and procured throughout the design phase to support transition to the new company.

6.0 DEFINING THE SCOPE OF SERVICES

6.1 The Statutory Direction issued by the Secretary of State on 12 September 2017 requires that RBC transfers 'children's social care functions (as defined in the Direction). The principle the DfE and the Commissioner are working to is that the

new company should be a ‘full service’ children’s company and therefore include education and early help services. The Council will need to decide formally to transfer its education and early help services to the new company as they are not specifically defined in the Direction. This is the Council’s in principle stated intention in its Transition Project Business Case and are included in the ‘Reading Prospectus’ (Appendix 1) as being within the scope of the services being offered by the new company.

- 6.2 It is proposed that the in principle direction of the DfE and the Commissioner that the new company should be a ‘full service’ children’s company and include education and early help services be endorsed as being the stated intention of the Transition Project Business Case and included in the Reading Prospectus (appendix one). The rationale for why any service should therefore stay within the Council would need to be clearly set out.
- 6.3 It must be borne in mind that deciding on whether these other services will be transferred into the new company is a critical decision for the project and impacts on all transition work streams. Narrower combinations of transferred services may involve VAT rules and other liabilities that would negatively impact upon the new company.
- 6.4 The scope of the support functions (for example I.T / HR) provided by the Council, to the new company, will also be included in the design phase and will cover financial implications.
- 6.5 The headline structure captured in the section ‘Management’ (p.9 Prospectus: Reading Borough Council’s Children Services Company) identifies a Chief Executive (Director of Children Services) and five Director’s Quality Assurance and Improvement; Children’s Social Care; Early Intervention and Prevention; Education Service and Governance and Resources. This headline management structure encapsulates ‘full service’.
- 6.6 In order to define the primary responsibilities/functions of the company the key areas of accountability attached to each of these directors is as captured in Fig 1 below - Key Areas of accountability in the Children Services Company.

Quality Assurance and Improvement Director	Safeguarding Service Director	Early Intervention and Prevention Director	Education Director	Governance and Resources Director
Independent Reviewing Officer Service	Single Point of Access Including Multi Agency Safeguarding Hub	Universal plus - Community Intervention	Quality and Standards in Schools - Including compliance curriculum Governors	Support the Company Board and ensure strong governance
Child Protection Chairs	Safeguarding Service	Plus Partnership - Family Support	Pupil Admissions	Commissioning Access to Resource Team
Audit -	Edge of Care Service	Specialist Youth	Pupil Place Planning & School	Managing relationships

		Provision (Missing/ Criminal Exploitation)	organisation (diversity/choice)	with local authority provided support services
Learning and Improvement Plan - Children Service Improvement Board	Children Looked After	Young Carers	Special Education Needs and Disability	Medium term financial strategy for the Company
Principal Social Worker	Care Leavers	Educational Welfare Service	Post 16 Education/ Apprenticeships	Data & Performance management
		Youth Offending Services	Virtual Head Teacher Children Looked After	Mosaic Business Objects
		Under 5's Children Centre Early Years Health Visiting	School Meals	HR policy and workforce development
		Troubled Families	Children Missing Education	Trading and Business development to include set up of social work academy
			Home/School Transport	Preparing annual business plan and budget for the company
				Risk management

6.7 Contextually this replicates the 'ordinary' delivery of a directorate of Children Services with the addition of supplementary functions attached primarily to the Chief Executive and the Director of Governance and Resources.

6.8 The functions identified and proposed for inclusion in the company permit the operation of a distinct system of delivery for Children Services under a single governance structure (i.e. The Board of Directors p.13 Prospectus, Reading Borough Council's Children Services Company) The supplementary functions support both the transactional and strategic delivery of the company whilst maintaining independence from Reading Borough Council, and at the same time providing continuity of relationships with existing internal partners thereby providing organisational memory.

6.9 The Local Authority will need to consider the best method for holding the company to account. Key considerations it will need to oversee are:-

- Quality of decision making and suspension and support of social workers
- Management of risk

- Financial sustainability
 - Control of financial commitments being made by the company
 - School placement planning and support
- Policy development and coordination with adult social care and corporate parenting

6.10 The cost of the client side will need to be funded by savings against the current staffing structures in the Company.

6.11 It is proposed as part of the wider transformation programme that the suggested model of delivery for the Children's Services Company is tested and quality assured by an external 'expert' with a view to verifying the capacity and capability of the model. External advice will provide the Local Authority, Board of Directors and the DFE with challenge and/or reassurance on the authenticity of the Children's Services Company and its aspiration to deliver high quality children's services independent of Reading Borough Council.

6.12 Further discussions with members will take place to confirm intentions for the new company and reports prepared for Adult Care Children's Services and Education Committee or Policy Committee as required.

7.0 CONTRIBUTION TO STRATEGIC AIMS

7.1 The following strategic aims will contribute to the following strategic aims:

1. Safeguarding and protecting those that are most vulnerable;
2. Providing the best start in life through education, early help and healthy living;

8 COMMUNITY ENGAGEMENT AND INFORMATION

8.1 The set-up of the company is under the direction of the Secretary of State and at this stage there has been no opportunity to engage with the community.

9. EQUALITY IMPACT ASSESSMENT

9.1 An Equality Impact Assessment has not been completed at this stage.

10. LEGAL IMPLICATIONS

10.1 The Secretary of State for Education's decision to transfer Children's social care functions to a new company has been taken under Section 497A(4B) Education Act 1996.

10.2 The procurement process for engaging a specialist supplier, Mutual Ventures Ltd.(MV), to support the design and transition to the new company is being carried out in accordance with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules .Contract Procedure Rule 4(2)(e), allows works, services, or supplies to be obtained by calling-off from a framework agreement, where this can be demonstrated to offer best value.

10.3 A decision to transfer education and early help services, not defined in the Direction, to the new company will involve a significant change to the Council's policy framework and as such will need to be taken formally by full Council.

10.4 The creation of a new Children's Company will require amendments to the Council's Constitution, including changing the terms of reference of Committees, and will

therefore need to be agreed by full Council in accordance with Article 4.2.2(a) of the Constitution.

10.5 Staff will be transferred to the company with the protection of the Transfer of Undertaking Provisions to ensure their terms and conditions are protected on transfer.

11. FINANCIAL IMPLICATIONS

11.1 The costs of setting up the company have been requested in a business case submitted to the DfE. The total cost of Company set-up is estimated at £3.506m of which £2.929m has been requested as a grant from the DfE, leaving £577k of support (mostly in kind) to be delivered by the Council

11.2 As set out above, the first £250,000 of this funding will flow to the Council via a section 14 grant.

11.3 The Company structure included a CE post and a governance and resources director post, a chair and non-exec director. It is aimed to recruit these posts by June 2018 and the costs will need to be net of the grant and transformation funding in the first year. The companies' first business plan will indicate ongoing resource requirements and it is assumed that client side costs and these posts will add £0.5 million to the Councils annual budget, on an on-going basis.

12. BACKGROUND PAPERS

12.1 Putting Children First

<https://www.gov.uk/government/publications/putting-children-first-our-vision-for-childrens-social-care>

12.2 Direction Issued to Reading Borough Council September 2016

<https://www.gov.uk/government/publications/direction-issued-to-reading-borough-council>

12.3 Direction Issued to Reading Borough Council September 2017

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/643864/Reading_Direction_Sept-2017.pdf

12.4 Independent Report to the Secretary of State September 2016

<https://www.gov.uk/government/publications/reading-childrens-services-report-to-the-secretary-of-state>



PROSPECTUS
READING BOROUGH COUNCIL'S
CHILDREN'S SERVICES COMPANY

Contents

Summary	3
Foreword	4
Operational strategy	5
Governance	8
Commissioning	12
Service scope	15
Children's Social Care	16
Education Services	19
Early Intervention and Prevention	21
Children's Health Services	23
Timeline and consultation	25

Summary

Following the Ofsted inspection of services for children in need of help and protection, children looked after and care leavers in August 2016; Nick Whitfield was appointed Commissioner for Children's Services for Reading. He has reached agreement with the Council that it is right that the Council and its partners should set up an alternative delivery model to provide services for children in the borough. The Council has already shown strong leadership in promoting the vision, for a children's company in Reading with a working name – Children's Team in Reading.

This document sets out a vision for an independent local authority owned company to provide children's services across Reading and explains how, by working with partners, the Council can provide modern, responsive services with minimised management and administrative costs.

The aim is for the company to recruit a governance body which will raise the profile of Reading's Children's Services, provide expert support to managers and staff, include local stakeholders and be part of Reading's wider public service team. Our ambition is to be a national leader in social work practice and training and to put safeguarding and developing children's life channels at the heart of everything we do.

By taking a joined-up approach with its partners in a culture of social enterprise, the new company will be able to improve services for the residents of the borough even in a time of financial constraint by combining a business like and commercial discipline with a public service ethos.

The Council will work with partners to create local centres of excellence and also use ICT solutions to provide easy access to services and advice for residents to ensure efficient delivery.

Our ethos can be summed as taking a TEAM approach:

T – Everyone together across all sectors in Reading putting children first

E – Efficient and effective use of public resources to maximise our impact

A – Ambitious for our children and the company

M – Monitoring and Measuring to make sure we make a difference to children's life chances



Foreword by Nick Whitfield, Commissioner for Children's Services in Reading

A new way of delivering public services for Reading

Reading Borough Council is determined to improve the quality of its services for children. It will work with partners in a new way to create an independent local authority owned company that can be commissioned to deliver high quality children's social care, early help services, health services and education across the borough.

The new company will be formed by current staff members who have local knowledge and an excellent understanding of the needs of the Borough. Initially the company's client will be the borough of Reading; however, the company will also trade with schools and other organisations to provide a wide range of services designed to improve the lives of children and those who care for them.

The new company will be enabled and owned by the Council, but controlled and run by its directors under a contract in order to ensure operational independence.

The main emphasis of the company will be on improving the quality of services for children, whilst dealing with the challenges of central government funding reductions and meeting the rising aspirations of residents for high quality, locally delivered services. The new organisation will be in a good position to work with others due to its incredibly good public transport links and the Council is aspirational to ensure that the company plays its part in improving the delivery of public services through innovative and entrepreneurial approaches to transformation.



Our Commitment

Leader, Reading Borough Council

Reading Borough Council are fully committed to a new childrens service through creating this new company. We will do everything we can to support,nurture and resource the company so it can meet our objective of protecting children at risk and improving the life chances of all children in Reading.

Councillor Jo Lovelock



Chief Executive, Reading Borough Council

I am delighted to be leading the project team which will create this new company. I believe the new Governance Board and our staff team are capable of creating an organisation which will break new ground and become a leading organisation in developing services for children. We know children in Reading need this to be a success and for us to fulfill our aspiration.

Peter Sloman



Operational strategy

Management

The company will be formed with a strong senior management team comprising a chief executive and managers (known as directors) within the company. It is envisaged that the company will need five posts at director level: one with a background in education, one in social care, one in early help, one with skills in quality assurance, and one focused on governance and resources. In order to create business continuity, these posts will be appointed to during the period leading up to the establishment of the new organisation.



The Chief Executive

The Chief Executive will also hold the post of Director of Children's Services (DCS) on behalf of the Council and be the link to the Local Safeguarding Board.

Director for Quality Assurance and Improvement

The Director for Quality Assurance and Improvement will ensure the quality of services and compliance with statutory obligations and report to the Board and Council on quality assurance management information.

Director for Children's Social Care

The Director for Children's Social Care will ensure the delivery of strong, integrated and responsive safeguarding and social care services for children and young.

Director for Early Intervention and Prevention

The Director for Early Intervention and Prevention will ensure targeted services are in place which support the universal services available to all children and young people. The post will maintain a strong focus on early intervention and prevention, so that children do not

require higher-cost specialist provision and are supported within the universal or mainstream services delivered locally.

Director for Education Services

The Director for Education Services will be responsible for all those functions that relate to education and remain within the Council's statutory functions. The postholder will be responsible for joining up the agenda for all education providers and ensuring that there is strong challenge and support for schools and providers in the Borough. They will also be responsible for informing services in order to meet the needs of a changing and diverse community.

Director for Finance and Resources

The Director for Governance and Resources will be responsible for all those functions that relate to finance, the company secretary role and human resources and resources. The postholder will be responsible for the setting and management of the budget and driving business development. They will also be responsible for ensuring a medium term and longer term financial plan in line with available funding.

Working in Partnership

Reading as a part of Berkshire already works with other local authorities in the area to provide some of its services. The new organisation will seek to build upon these partnerships rather than working in competition.

Partnerships with schools, health and the voluntary sector will be developed and they will all be able to fully contribute and influence the company.

The company will work to ensure that all children have their voices heard where decisions are made that affect them. Young people are some of the most vulnerable in society and it is vitally important that we ensure they are at the heart of all we do.



Governance

Ownership and control

The construction of the governance for the new company needs to achieve two things. Firstly, in order to avoid the VAT trap it needs to allow the Council to own and control the destiny of the company. But secondly, in order to pass the control of services test required by the Government as part of intervention, it needs to have handed over operations to the new organisation.

Reading Borough Council has recognised the need for this operational freedom and is clear that whilst it would, in partnership, own the company delivering children's services, it will not control day to day operation. The Council is clear that as a commissioner it would seek to hold the new organisation to account through a contract rather than through direct employment.

The legal framework to achieve this will be worked on in the coming months; initial thoughts are laid out below.



Legal form

In order to achieve the dual objectives laid out above, it is proposed that the new company be set up as an independent local authority owned company (limited by guarantee), owned by the Council and therefore exempt from EU procurement regulations through the Teckal Exemption. The company will have a Board appointed by the Council from a list agreed by the Department for Education and approved by the Secretary of State.

The Board of Directors

The membership of the Board would be as follows:

- The Chief Executive of the company, along with two Directors.
- Six Non-Executive Independent Directors (NEIDs) with expertise across the range of children's services delivery, as well as business development. All NEIDs would be appointed from a list agreed with the DfE and the Chair of the Board would be appointed directly by the Secretary of State. Two of the NEIDS would be drawn from the local partnership.
- The Council's Chief Executive would be a member of the Board.

This Board would have day-to-day control of the company's management team and would be responsible for ensuring high quality delivery by the company. The Chief Executive of the company would fulfil the role of DCS for the Council.

Improving and ensuring quality

In order to ensure both quality and a link to the Council and its partners, a system would be designed whereby information was triangulated so that the local authority would not be in a position where there was a lack of clarity about standards within the service.

This triangulation would have three elements. The first would be the management of the contract with a set of agreed success criteria and performance indicators (these would be reviewed on a quarterly basis with the Council in its commissioning role). Secondly, through information gained by the operation of the corporate parenting panel, which would be chaired by the Chief Executive of Reading Council (in order that issues could be raised

quickly where these affect the quality of the wider range of services that the Council needs to offer, such as housing). Thirdly, through the independence of the LSCB, which would sit outside the company (though receiving support from company performance officers). The independent chair would meet with the Chair of the company Board but also with the Chief Executive of the Council in order to share significant issues in the safeguarding of children.

Executive Directors x 3	CEO/DCS 1 x other members of the senior management team at director level from the new company
Non-Executive Directors x 2	Directors drawn from partner organisations with expertise in children’s services. One being the LSCB Chair
Non-Executive Directors x 4	Directors drawn from a range of backgrounds in Children’s Services with expertise in Children’s Social Care, Education, Early Help Services and business development
Council Nominated Director	Chief Executive of the Council

The Local Safeguarding Children Board

In order to strengthen accountability, the founding Council will adapt its relationship with the Local Safeguarding Children Board to achieve a higher level of independence for the service.

Support for the LSCB would not be provided by the company but would be commissioned directly by the Council and its partners in order to provide independent advice. The LSCB may be a sub-regional organisation bringing together work with other authorities within Berkshire.

Commissioning and working in partnership

Quality and value for money

Taxpayers desire high quality public services but at the same time they demand value for money in the way these services are provided. The new company will deliver this value for money by reducing the burden of excessive bureaucracy and by cutting management and administration costs. This will protect frontline services and enable the company to be flexible and innovative in the way it designs services to meet the changing needs of children.

The company will provide:

- Improved service delivery within the available resources
- Leadership and staff members with local knowledge and understanding
- Modern redesigned services, planned and created locally
- Protected frontline services with reduced management and administration costs
- Improved services for residents through a single service delivered across the partnership
- Strong accountability and high quality partnership working
- A strong focus on improving outcomes for children and families
- Access to private and grant funding through non-local authority status

Commissioning of services from the company

The main customer of the new company will be the local authority; however, the company will also work with other partners, such as schools, academy sponsors, general practitioners, health commissioners, public health and the voluntary sector. Our primary objective will be to improve outcomes for children. We will actively seek the views of children, their families, carers and local communities to ensure that service delivery is effective, efficient and continually improving.

In order to ensure that this is cost efficient, the commissioning arrangements will draw from partners across the Borough in order to create synergies in commissioning decisions.

- CEO of the new company
- The Lead Members for Children’s Services
- A Police representative
- A Health Commissioner from the Borough’s CCG
- The Director of Public Health
- The independent chair of the LSCB
- A primary and a secondary head teacher
- Other commissioners of local children’s services

This group would have a strategic role in ensuring high-quality commissioning, but would also be responsible for overseeing delivery of the agreed company business plan. The advisory group would meet six times per year. The Chief Executive and Director of Quality Assurance and Improvement from the company would attend to advise and agree strategy. The company would provide administrative support for the advisory partnership.



Scope of services

Children's Social Care and Quality Assurance

Safeguarding

A single point of access for referral and assessment. Initial assessment and high quality services for children requiring protection.

The company will provide an integrated service to children and young people in need of protection. The company will develop systems and structures to provide a seamless service to children, young people and their families, focusing on multi-agency provision and a 'step down' approach to prevention and universal services.

Statutory provision will include:

- Holistic assessments and multi-agency interventions to support children, young people and families in need of Social Care services
- Comprehensive plans of protection for children and young people who are at risk of significant harm; these plans will be evidence-based with clear timescales for achieving outcomes
- Legal interventions for children and young people who need protection
- Support for the LSCB to perform its statutory functions

The company will also provide:

- A comprehensive qualification, training and development strategy for the children's workforce.
- Highly trained social workers supporting families and children through preventative work and early interventions
- Family group conferences in order to support strong partnership working in safeguarding

Benefits of our approach:

- A single point of contact for all professionals or those wishing to raise a concern about a child
- Seamless services for children in need with an emphasis on early intervention and prevention to maintain children in universal or mainstream services where this best meets their needs
- Joined-up work with Adult Social Care services to ensure that parents and carers receive the support they need
- Strong local partnership working based on sound local knowledge and evidence-based approaches
- Effective quality assurance mechanisms

Care

High quality provision for children in care including integrated fostering, adoption and leaving care services.

The company will provide an integrated service to children looked after and those leaving care. It will bring together local provision for Social Care, Health and Education to promote achievement and improve outcomes for those children receiving a care service from the Council served by the company. This service will be developed with local knowledge and evidence of what works best for those in care.

Statutory provision will include:

- A fully integrated fostering service to provide placement flexibility and to maximise placement choice for children looked after
- High quality recruitment and training for foster carers and prospective adoptive parents
- A multi-agency support service for children looked after in order to promote good educational outcomes for the most vulnerable children and young people
- Positive relationships with health professionals in order to promote the health of children looked after
- An effective service for care leavers
- An effective Children in Care Council where children looked after and care leavers are able to shape the redesign of services

The company will deliver the statutory functions to children looked after and leaving care including fostering panels. It will advise the Council on its corporate parenting responsibilities and ensure it meets its statutory responsibilities.

The company will also provide:

- Cost effective arrangements for commissioning placements for children looked after

The Council would continue to directly manage the work of its statutory Independent Reviewing Officers for children looked after.

Benefits of our approach:

- High quality, flexible and responsive services for children looked after and leaving care
- Modern re-designed services will be planned using evidence of what works, including the views of children looked after and leaving care; these views will be gathered through a Children in Care Council
- Improved support and training for carers with a wide pool of specialist support provided by those with experience of looking after vulnerable children
- Cost-effective solutions for children who require care provision



21

Education Services

Providing challenge and support for schools, early years providers and governing bodies so that they are able to carry out their statutory duties. Planning for pupil places and schools admission services.

The company will provide the statutory education role of the founding council and will provide the additional support services necessary to support and challenge school performance. The company's approach will be based on building strong partnerships with schools and early years' providers. It will start with the principle that where possible schools should be enabled to support each other.

Statutory provision will include:

- An annual School Places Plan based on current data and trend analysis in order to ensure adequate school places
- Proposals for school expansion with options for Members' consideration where required
- A high quality school admissions service
- Intervention to promote school improvement where required
- Intervention to ensure that schools provide good value for money
- High quality intervention for pupils with special and additional needs, children looked after, children with disabilities and for other vulnerable pupils
- Regular briefings for head teachers and governing bodies
- Advice to ensure compliance with statutory policies and codes of practice

Additional school and local authority support services which can be purchased will include:

- Services to promote high quality school leadership and high standards in schools
- Legal, financial and HR advice to support schools
- Ongoing support for those schools that wish to become academies and support for the setting up of new schools
- Additional traded services such as provision of Educational Business Partnerships, Governor Support Services, Learning Needs Services for vulnerable pupils, health partnerships and brokered school improvement activity

Benefits of our approach:

- Continued effective relationships with local schools
- Improved support for schools from multi-agency teams to support the most vulnerable pupils
- Support services tailored to individual schools' needs
- Cost-effective services for purchase by schools
- Cost-effective solutions created by better economies of scale
- A wider pool of talent created for school-to-school support



Early Intervention and Prevention

Children's Centres and Early Years services. Support for families. Targeted youth support. Support for additional special educational needs and integrated services for children with disabilities.

The company will bring together a broad range of early years' professionals, family support workers, education welfare officers, education psychologists, primary mental health workers, social workers, substance misuse workers, advisory teachers and youth workers to ensure the right team is available for an individual child, young person or family.

Statutory provision will include:

- Services for young offenders
- Special educational needs services and statements
- Tackling persistent absence from school
- An integrated services for children with disabilities

The company will also provide:

- A central single point of access to coordinate work, avoid duplication and ensure children and young people do not fall through the gaps
- Support for professionals in universal or mainstream settings to identify and support children and young people with additional needs
- Holistic assessments that identify children's and young people's needs and provide multi-agency, wraparound services for them and their families; this approach will be based on the offer of a lead professional and the creation of a team around the child
- Nationally-accredited parenting support programmes, including intensive family support and intervention for the most challenging families
- Targeted youth support including mediation, crisis management, behaviour management, support for alcohol and substance misuse issues, and pathways into education, training and employment
- Targeted support in schools supporting children and young people at risk of exclusion

Benefits of our approach:

- Maintaining preventative services at a time of grant and budget reductions by rationalising services and reducing management costs
- Seamless services for children in need, with an emphasis on early intervention and prevention to maintain children in universal or mainstream services where this best meets their needs
- Strong local partnership working based on sound local knowledge
- Intervention approaches that provide effective support for families by a team centred on each child's needs



25

Children's Health Services

Working with general practitioners, Public Health and health care providers to ensure integrated services for all children and young people.

The company will ensure that it works with health partners to create an integrated service that addresses identified needs, accessing all routes by which health care can be delivered in order to deliver better health outcomes for children.

The company will work in partnership with:

- General practitioners and their consortia
- Schools
- Local healthcare provider services
- Acute hospital services – locally and regionally
- Public health – locally and nationally
- Local voluntary groups

The company will build on the integrated structure for services for children with disabilities to improve access for children and families by co-locating staff where this is possible and appropriate.

The company will collaborate to provide:

- Integrated treatment services for young people with drug and alcohol misuse issues
- Short stay facilities in both boroughs for children with disabilities
- Joint multi-agency teams in universal and specialist services
- Integrated ICT systems accessible to all staff working in children's settings
- Primary mental health workers
- Child and Adolescent Mental Health Services
- Local delivery sites for services
- Signposting and links to partners
- Support for immunisation and screening programmes for hard to reach groups
- Targeted sexual health services for young people

Benefits of our approach:

- Continued high quality partnerships with health commissioners and providers
- Good partnership working between universal providers and health provision in the Borough
- Collaborative and alternative approaches to delivery of the public health agenda
- Excellence in integrated provision for children with disabilities
- Incorporation and access to primary mental health assessment and advice

Timeline and consultation

Timeline

The following are the approximate timescales for implementing the plan to move Children's Services for Reading into a new organisational form.

- Next report to the Minister – November 2017
- Consultation with partners, DfE and the Council – September to November 2017
- Consultation with staff – October to December 2017
- Consultation with service users – January to March 2018
- Appointment of senior managers – Spring 2018
- Establishment of new organisation agreed by Cabinet – Spring 2018
- Appointments to the Board and appointment of a Chair – Spring 2018
- Board starts operating in shadow form – June 2018
- New organisation fully operational – October 2018

Consultation

The Council and DfE would consult with a wide range of partners as well as with staff and service users in order to ensure that the final proposals put to the Minister have the credibility of being endorsed across the partnership.

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	15 JANUARY 2018	AGENDA ITEM:	7
TITLE:	SOUTH READING MRT PHASE 3 & 4 - SCHEME & SPEND APPROVAL		
LEAD COUNCILLOR:	TONY PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT
SERVICE:	TRANSPORTATION AND STREETCARE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	CRIS BUTLER / CHRIS MADDOCKS	TEL:	0118 937 2068 / 0118 937 4950
JOB TITLE:	ACTING HEAD OF TRANSPORTATION & STREETCARE / ACTING STRATEGIC TRANSPORTATION PROGRAMME MANAGER	E-MAIL:	cris.butler@reading.gov.uk / chris.maddocks@reading.gov.uk

1. PURPOSE OF THE REPORT AND EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform the Committee of the ongoing procurement process for the implementation of Phases 3 & 4 of the South Reading Mass Rapid Transit (MRT) scheme; and to seek scheme and spend approval, and delegated authority to enter into contract with the most economically advantageous tenderer in accordance with the Public Contracts Regulations 2015.

1.2 Appendix A - Plans of the proposals.

2. RECOMMENDED ACTION

2.1 That the Committee gives scheme and spend approval for Phases 3 & 4 of the South Reading MRT scheme.

2.2 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 implementation of Phase 3 of the scheme and a separate contract for Phase 4.

3. POLICY CONTEXT

- 3.1 To secure the most effective use of resources in the delivery of high quality, best value public service.
- 3.2 The scheme is included within the Council's Corporate Plan 2016-19 and Local Transport Plan 2011 - 2026, and Thames Valley Berkshire Local Enterprise Partnership's Strategic Economic Plan 2015/16 - 2020/21.

4. THE PROPOSAL

Scheme Overview

- 4.1 South Reading MRT is a series of bus priority measures on the A33 corridor between MereOak Park & Ride and Reading town centre. The scheme will reduce congestion and journey times, improve the attractiveness of public transport services through enhanced frequency and reliability, and enable sustainable economic and housing development on the main growth corridor into Reading.
- 4.2 Phases 3 & 4 of the scheme were granted funding approval from the Berkshire Local Transport Body in November 2017 following completion of the full business case, which confirmed that the scheme represents 'high value for money' in accordance with Department for Transport guidance.
- 4.3 The latest designs for Phases 3 & 4 of the scheme are set out below and shown at Appendix A.

Phase 3 includes construction of the following elements:

- Outbound bus lane on London Street;
- Extension of the inbound bus lane on Bridge Street;
- Upgrade of the traffic signals on the Oracle roundabout to a MOVA method of control.

Phase 4 includes construction of the following elements:

- Outbound bus lane on the A33 approach to Rose Kiln Lane;
- Outbound bus lane on the A33 between Rose Kiln Lane and Lindisfarne Way (Kennet Island);
- Inbound bus lane on the A33 between Longwater Avenue and Island Road; and
- Upgrade of the traffic signals on the Bennet Road gyratory to a MOVA method of control.

- 4.4 The scheme will not reduce existing highway capacity along the A33 as additional lanes are being implemented for public transport usage and all existing lanes for general traffic will be retained.
- 4.5 It is anticipated the town centre elements of Phase 3 (London Street and Bridge Street) will be delivered by the Council's Highway department, and the elements on the A33 will be tendered for an external contractor.

- 4.6 The programme for delivery of the scheme is for construction of Phase 3 between June and November 2018, and Phase 4 from February to November 2019. Measures will be taken to reduce disruption to the flow of traffic while the construction works take place, including limiting any necessary lane closures to off peak hours only.
- 4.7 A landscaping mitigation plan for the A33 corridor for the full South MRT scheme has been agreed, with elements delivered as part of the Phases 1 & 2 works and further mitigation to be provided alongside Phases 3 & 4 of the scheme.
- 4.8 Funding for future phases of the South MRT scheme will be sought when suitable opportunities arise in the future.

Procurement

- 4.10 In order to achieve the programme deadlines, it is proposed to run a separate procurement exercise for Phase 3 and Phase 4. In both cases a single stage open procurement will be conducted in accordance with the Public Contract regulations (2015), and published in the Official Journal of the European Union (OJEU).
- 4.11 It is intended to enter into a separate contract for each Phase based upon the most economically advantageous tender in accordance with the criteria stated in the specification.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The delivery of this programme will help to deliver the following Corporate Plan Service Priorities:
- Keeping the town clean, safe, green and active.
 - Providing infrastructure to support the economy.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 Informal consultation on the scheme was undertaken as part of the public consultation for the Local Transport Plan 2011 - 2026.
- 6.2 Statutory consultation will be undertaken in accordance with the Local Authorities Traffic Orders (Procedure) (England and Wales) Regulations 1996.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 Under the Equality Act 2010, Section 149, the Council 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 Council has reviewed the scope of the scheme as outlined within this report and considers that the proposals have no direct impact on any groups with protected characteristics.

8. LEGAL IMPLICATIONS

8.1 As the estimated scheme costs for each phase exceeds the “Works Threshold”, the procurement exercise is subject to the Public Contract Regulations 2015, and as such the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality will be applied.

8.2 In accordance with the Public Contract Regulations 2015 and the Council Contract Procedure Rules, the opportunity will be advertised in the Official Journal of the European Union (OJEU) as well as on the Councils electronic tendering portal and via ‘Contracts Finder’.

8.3 It is intended to enter into a contract based upon the most economically advantageous tender in accordance with the criteria stated in the specification.

8.4 Implementation of the inbound bus lane on the A33 between Longwater Avenue and Island Road is subject to agreement with the Option holder for the land.

9. FINANCIAL IMPLICATIONS

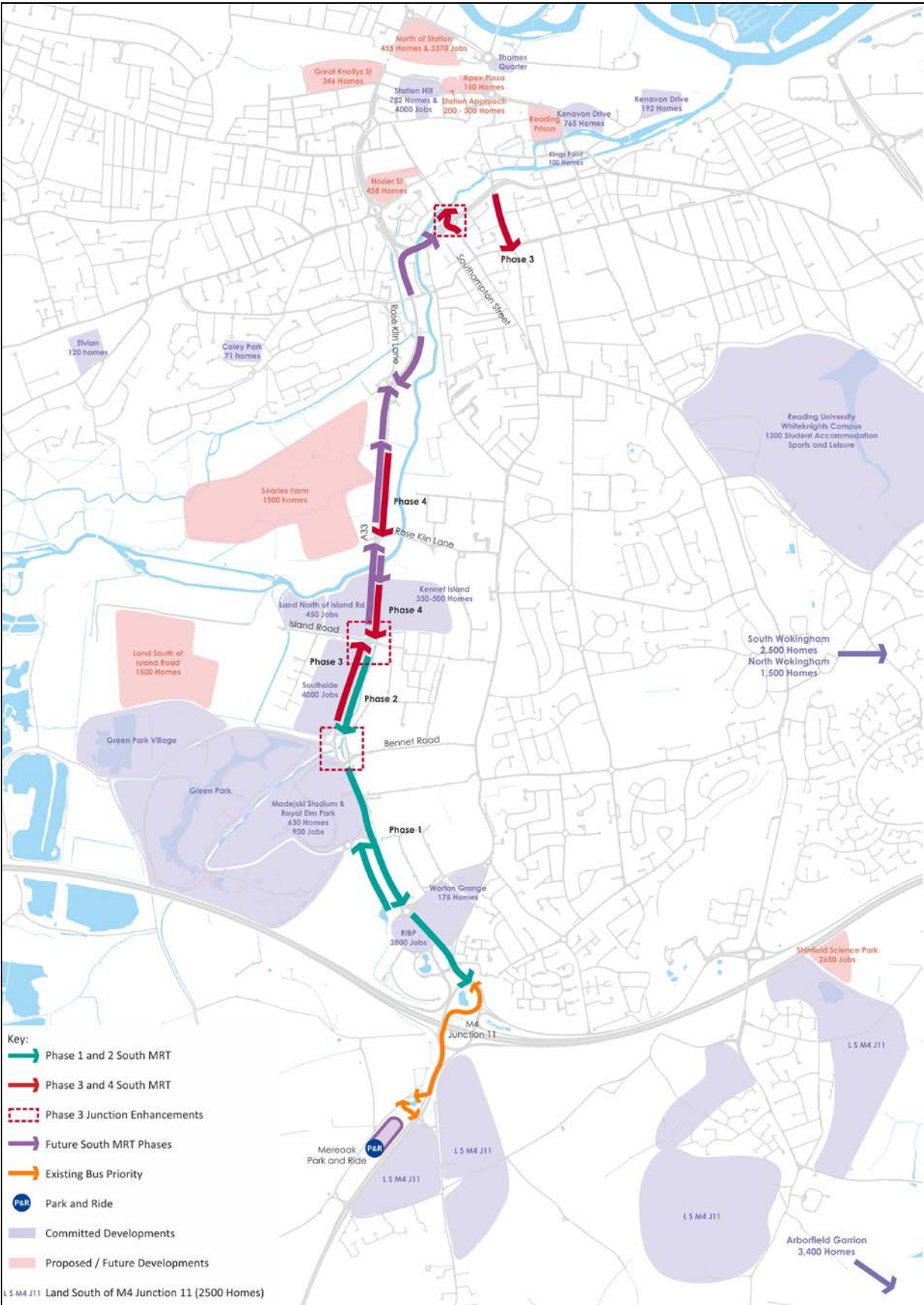
9.1 The funding package for the scheme comprises of £10.15m from the Thames Valley Berkshire Local Growth Deal and £2.45 local contribution as set out in the Council’s Capital Programme. The local contributions comprise of existing Section 106 receipts which to date amount to £380k, £450k from the Councils Local Transport Plan Integrated Transport Block funding and £1.62m borrowing. There is the potential for further S106 contributions to be allocated to the scheme which would reduce the amount of borrowing required. The total cost of the scheme includes consultants’ fees associated with design, project management and site supervision.

10. BACKGROUND PAPERS

10.1 Major Transport & Highway Projects Update Reports, Strategic Environment, Planning & Transport Committee from July 2016 onwards.

10.2 South Reading MRT Scheme Progress Reports, Berkshire Local Transport Body, from March 2017 onwards.

APPENDIX A - SOUTH READING MRT PHASES 3 & 4



READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT & NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	15 JANUARY 2018	AGENDA ITEM:	8
TITLE:	PROPOSED WITHDRAWAL OF COMMUNITY LINK BUS SERVICES 28 & 991		
LEAD COUNCILLOR:	TONY PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT
SERVICE:	TRANSPORTATION & STREETCARE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	STEPHEN WISE	TEL:	0118 9373735
JOB TITLE:	SENIOR TRANSPORT PLANNER	E-MAIL:	stephen.wise@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report summarises the results of the consultation on the budget saving proposal to withdraw financial support for the operation of the Community Link bus routes, and recommends that the bus routes 28 (plus 18 and 28a) and 991 should be withdrawn from April 2018 as they do not generate enough fares revenue to cover the costs of operation.
- 1.2 Appendix A: Analysis of consultation responses
Appendix B: Equality Impact Assessment (EIA)

2. RECOMMENDED ACTION

- 2.1 It is proposed that Reading Buses is given notice of the Council's intention to withdraw the operation of bus routes 28 (plus 18 and 28a) and 991 from April 2018.

3. POLICY CONTEXT

- 3.1 On 18 July 2016, Policy Committee agreed that a range of budget saving proposals be investigated and authorised Officers to undertake public consultation, including the withdrawal of the Community Link subsidy. Members of the public were invited to respond to the proposal during a month long consultation held between July and October 2017, which is summarised in Appendix A.

4. THE PROPOSAL

4.1 Current Position:

The RBC funded Community Link bus consists of one vehicle operating 5 days a week from 06.55 to 19.19. Within this time period the bus provides service on route 28/28a/18 between Kentwood Hill, Tilehurst, New Lane Hill, Bath Road, Central Reading, Tesco Napier Road, Rivermead, Caversham Centre, Emmer Green, Caversham Park and Marchwood Avenue. In addition on schooldays the bus operates route 991 from Whitley Wood via Coley Park to Prospect school and via The Meadway to Denefield School.

- 4.2 The cost of the bus for the year 2017-18 is approximately £108k with fares and support amounting to £69k leaving a subsidy gap of £39k. It is expected that during the year 44,000 passenger journeys will have been made on the bus which represents a subsidy per journey made of 89p. An average of 170 journeys will be made each day on this bus.
- 4.3 A consultation exercise has been undertaken (see below) which has identified that the proposed withdrawal of the bus service will result in hardship particularly affecting elderly and disabled residents of hilly roads that are served by the route 28 bus only. These are Kentwood Hill and New Lane Hill. Further hardship will be experienced by the loss of service along Napier Road and Marchwood Avenue but the numbers of people using the bus on these roads and thus affected by the withdrawal is very low and the roads concerned are not steep hills.
- 4.4 A number of people will be adversely affected by the withdrawal of the Community Link bus which represents a convenient quick link whereas the alternative in future will be to catch two buses and take significantly longer to make the same journey. This affects commuters and primary school parents and children from Kentwood, Tilehurst and New Lane Hill/Meadway to Southcote, elderly people from Caversham Park and Emmer Green to Central Caversham and Tesco Napier Road, and secondary school children from Whitley and Coley Park to Prospect and Deneffield Schools.
- 4.5 **Recommended Option:**
Given that neither Reading Borough Council nor Reading Buses is in a position to continue to subsidise the operation of the loss making Community Link bus, it is recommended that the financial support for the Community Link service is withdrawn.
- 4.6 **Other Options Considered:**
Options to provide a better level of service for some of the areas that will be affected by the withdrawal of these services have been reviewed, however neither Reading Borough Council nor Reading Buses is in a position to continue to subsidise the operation of the loss making Community Link bus or to provide alternative public transport provision at this time. If the service continued it is anticipated that the subsidy requirement will increase in the future due to inflationary pressures.
- 4.7 The needs of current disabled passengers could potentially be met by using Readibus services. It is noted however that Readibus already provides a high level of services across Reading Borough for disabled residents and that spare capacity for additional trips cannot be guaranteed. Over time Readibus may be able to continue to offer increased service as it expands to meet growing demand.
- 4.8 It is proposed that a further review of bus services in the Tilehurst area is carried out once the Cow Lane bridge scheme is completed.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The need to make agreed budget savings is the driver for the proposed withdrawal of the Community Link bus services which accords with the following strategic aim:
- Remaining financially sustainable to deliver these service priorities.
- 5.2 The proposed withdrawal of the Community Link bus service makes the strategic aim to promote equality, social inclusion and a safe and healthy environment for all, more difficult to achieve. The effects of the withdrawal will be felt mostly by elderly and disabled residents of roads where no bus would in future operate.

- 5.3 There are likely to be negative impacts for elderly and disabled residents who are living independently and are affected by the proposed withdrawal of the Community Link bus service.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 A consultation was undertaken both online and with paper consultation forms. This ran from 10th July to 26th September 2017. The two affected schools were specifically made aware of the consultation and publicity was given via the media and via Reading Buses web site. In view of the demographic of users an RBC officer also rode many trips on the Community Link bus handing out forms and explaining the proposals. The Reading Buses' regular driver also explained the proposed changes to customers and handed out and received consultation forms.
- 6.2 The results of the consultation, which consisted of 130 responses, have been analysed and are included in Appendix A.
- 6.3 A very high proportion of responses were received from users of the current bus service and the overwhelming view was that the service was essential and should not be withdrawn.
- 6.4 The consultation did identify that those residents of the two hilly roads, Kentwood Hill and New Lane Hill, where there would in future be no bus service, would be particularly affected by the withdrawal.

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 An Equality Impact Assessment has been completed and is included in Appendix B.
- 7.3 The EQIA has identified that a disproportionate impact of the proposed withdrawal will be felt by elderly and disabled residents of the hilly roads Kentwood Hill and New Lane Hill which would be left with no bus service.

8. LEGAL IMPLICATIONS

- 8.1 Reading Borough Council as a Transport Authority has a duty to consider the implications and any hardship resulting from the withdrawal of a commercial bus service. There is however no duty on Councils to necessarily replace such a bus service although that is what Reading Borough Council has done for many years by the operation of the Community Link bus at Council expense.
- 8.2 The Community Link bus is operated under a de minimis contract which does not require a specific notice period. Reading Buses has been made aware of the intention to cease operation from April 2018. The proposed withdrawal of the Community Link bus services can be done by giving 56 days notice by the bus operator (Reading Buses) to the Traffic Commissioner who licences local bus services.

9. FINANCIAL IMPLICATIONS

9.1 There is no budget allocated for Community Link services to be operated from April 2018 providing transport budget savings in real terms of £39k per year going forwards. In addition, the withdrawal of schools service 991 will cease the current requirement for £25k support from RBC Education budget to the Transport budget.

9.2 The financial implications arising from the withdrawal of the Community Link subsidy are set out below:-

	2017/18 £000	2018/19 £000	2019/20 £000
Employee costs (see note1)			
Other running costs			
Capital financings costs			
Expenditure	108,000	0	0
Income from:			
Fees and charges (see note2)	44,000		
Grant funding (specify)			
Other income	25,000		
Total Income	69,000	0	0
Net Cost(+)/saving (-)	39,000	-39,000	-39,000

10. BACKGROUND PAPERS

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

Response to consultation on proposal to withdraw Community Link bus routes 28 (and 28a/18) and schools bus 991

A consultation was carried out from 10th July to 1 September 2017. However upon informing Denefield School of the start and finish date it was made apparent by the school that many schoolchildren who could be affected were already not at school by the start date and would not return until 6th September. As a result a further distribution of consultation leaflets was carried out on the 991 school bus from Denefield on 7th September, and the school also sent an e-mail to parents. There was no acknowledgement received from Prospect School but copies were distributed to pupils on the afternoon school bus on 7th September.

The consultation was available on line but due to the demographic of the passengers using the Community Link bus physical distribution of leaflets was carried out on the bus in July, picking several different trips over a number of days. Regular users were also encouraged to give leaflets to other people they knew who used the bus occasionally. Leaflets were returned by handing them to the regular driver and forwarded on from Reading Buses or returned directly by post.

The regular driver also told passengers about the consultation and handed out leaflets which had been left with him.

Given the need to involve schoolchildren and their families in the consultation the period for receipt of questionnaires was extended until 26th September.

Key questions were;

1. Do you currently use any of these bus services? Please tick one(s)

28(and 28a/18)

991

2. What would be the impact of the withdrawal of this service on you?
3. If you have any suggestions or alternative options, for how this service could be provided, please write below.
4. If you would like to make any other comment, please write below.
5. Please provide your postcode.
6. Gender question.
8. Age group question.
9. Disability question.

Analysis of responses to questions.

The Community Link bus mainly serves two distinct markets so responders to the question which route do you use clearly separates the two.

Taking daytime route 28 (and 28a/18) first.

112 responses were received concerning the daytime Community Link services. Of this number 48 responders reported that they did have a disability (43%).

Additionally answers to question 8 showed that 48 were aged over 75, (43%).

These two key results show that the proposed withdrawal of daytime services will have a disproportionate effect on disabled and the most elderly members of our community.

86 of the 112 responses were from the two most elderly age groups together (65-74 and over 75), 77% of the responders therefore being of retired age, a very high percentage.

The responses to the other questions therefore largely reflected the concerns of the elderly and often disabled with several recurring themes.

1. People were upset that they would be left isolated and unable to get to the destinations and services they needed, including essential shopping, visits to doctors, banks, dentists and other elderly friends and relatives, either by the complete withdrawal of their local bus, or by the withdrawal of a through bus avoiding the need to change buses.
2. People were upset that they would be left isolated with no bus at all and the only alternatives being a bus located a fair walk away. For two key areas served by the current bus the alternatives would involve walking up or down steep hills, making the access difficulties even more severe.
3. People felt that it was wrong that bus frequencies on nearby routes were increased to generous levels but the bus company could not provide them with even a less frequent service. This was most keenly felt where nearby routes had increased service as part of the branding of core commercial routes but previous frequent routes had become very secondary. The frequency of service of previously quite significant routes had been reduced to nothing over the course of people's time living in their present house. In other words when they moved in they had a good frequency (up to 15 minutes on Kentwood Hill and New Lane Hill, now just a few buses a day and in future proposed to be zero).

The answers to the question regarding postcode revealed that the vast majority of responders live on the route and do use it. There were significant numbers of responses from residents of the two roads most significantly affected; Kentwood Hill and New Lane Hill, and very much less from Marchwood Avenue and Napier Road. Details of geographical split for roads where the only bus service would be withdrawn are as follows;

New Lane Hill 30

Kentwood Hill 21

Marchwood Avenue 4

Napier Road 2

Additional responses from those where people would experience inconvenience due to the withdrawal of through buses are as follows;

Tilehurst 18

Caversham Park 18

Emmer Green 6

Others 7

Specific area effects/concerns/difficulties

North;

Marchwood Avenue; The withdrawal of route 28 would leave residents with a level walk of over 500m to the nearest alternative bus stops at Tower Close (25) or Kiln Road(23,24,25). There was a low response from users of the bus in the Marchwood Avenue area reflecting the very low usage of the bus each day. To serve Marchwood Avenue by this bus necessitates a detour of about $\frac{3}{4}$'s of an hour from the town centre, for, on many occasions no passengers.

Caversham Park; This area is served by route 23 every 20 minutes, but residents identified that the 28 is the only bus that connects them directly with Caversham Centre including access to doctors' surgeries. Without the 28 residents would need to change from a 23 to a 24 at Kiln Road (same stop) en route to Caversham centre and from the 24 to 23 again on the way back. Due to the layout of Caversham Park the 28 is the only bus serving both sides in an anticlockwise direction enabling any resident to get to/from Caversham.

However whilst many people complain about the lack of a through service as was formerly provided by the previous 23/24 routes, few actually use the route 28 provision each day. Serving Caversham Park in this way is part of the $\frac{3}{4}$'s of an hour route to Marchwood Ave and back, and is currently justified by the need to serve Marchwood Avenue.

Emmer Green; Residents identified that the current route of 28 should be returned to its previous routing via St Barnabas and Hemdean Road, enabling more people to catch it and giving better access to surgeries. However previous boarding and alighting surveys have shown that the 28 was used by very few people to access these surgeries and what the bus mostly did was pick up passengers who were already at a stop waiting for a 24. As the finances of all Caversham bus

services are pretty thin the poaching of passengers from a commercial bus to the RBC supported 28 is not helpful to the overall Caversham bus provision. The result of re-routing 28 via Rivermead was insufficient time to serve Hemdean Road thus improving the finances of route 24 but worsening the 28's.

Rivermead; Users of route 28 from/to Caversham complained that no-one ever gets on or off at Rivermead and diverting the bus there on each trip has lost further customers. Rivermead will from 2nd October 2017 be served by a more frequent minibus BUZZ 42 which will run from Kenavon Drive through the town centre to Rivermead. If this had been available a year ago when expected the 28 would not have needed to be diverted here.

Tesco Napier Road; A very low response was received from residents reflecting the low use made of the bus. Withdrawal of 28 would leave residents with a level walk of about 950m to the Station North Interchange or about 250m to the new route BUZZ 42 on Kenavon Drive. Route 28 does carry a number of shoppers to/from Tesco but the existence of a free Tesco bus on 3 days a week has always weakened the market. Some responders from Tilehurst and Caversham stated that removal of the 28 would make shopping more difficult which would be true but recent construction of many more medium sized supermarkets and the Tesco Extra on Oxford Road, almost all of which are served by frequent bus services, makes the justification for taking route 28 to Tesco Napier Road, difficult to make.

If the current proposal for an MRT to the east of Reading comes to fruition Tesco Napier Road and the adjacent housing will in due course be served by a very frequent bus rapid transit service.

West;

New Lane Hill; Sometime previously enjoying a half hourly day time service and up to every 15 minutes at peak times, commercial services were withdrawn many years ago. For a time RBC used a Reading Buses off peak marginally costed bus (28) in replacement but in due course this was replaced with the current RBC funded 28 full all day costed facility. The current roughly 2 hourly off peak and hourly evening peak service has been altered many times to serve other identified needs such as Purley, Kentwood Hill, Caversham Park, Marchwood Avenue, Napier Road and Rivermead. This has arguably undermined the ability of the route to provide consistent service on New Lane Hill. The proposed withdrawal of all service on New Lane Hill would leave residents with a very steep walk of about 700m to Bath Road bus stops or 800m to Meadway bus stops. Residents of New Lane Hill area questioned why they could not have the occasional route 33 bus diverted or even the 1. However the geography of the area would make it very difficult to divert either of these buses within a sensible route timetable.

Some elderly residents of this area pay to use the AM peak bus at around 8.30 rather than wait for the first free bus after 10.30. A dedicated west end only off peak route 28 could arguably be better timed for the needs of the elderly population. There is no doubt that complete withdrawal of the bus from New Lane Hill would leave a number of independently living elderly and disabled people very isolated. However there is little evidence that the current PM peak service is needed for New Lane Hill as commuters have chosen not to use these services. New Lane Hill's real need for a bus service is off peak.

Kentwood Hill; At one time Kentwood Hill enjoyed frequent service to Oxford Road and town but as Tilehurst and Purley estates expanded routes were diverted leaving the hill with a half hourly route 18 bus to Tilehurst and Calcot and to town via Oxford Road. When this route was withdrawn as being uncommercial, RBC replaced it with an extension of the supported route 28.

The low frequency nature of the 28 and the need to serve Tilehurst en route to town via New Lane Hill has undoubtedly contributed to fewer passengers. The complete withdrawal of a bus from this hill would leave residents with a very steep walk of about 600m to a 17 stop or 750m to a 16 stop. Some residents queried why route 17 could not have an hourly 17a variant as the travel time via Oxford Road and Kentwood Hill is not very different from the 'direct' route via Norcot Road. As route 17 gets further from town the frequency becomes ever more generous for the increasingly suburban area served. Norcot Road would not in itself require a 7 minute frequency and a 24/7 service whilst Kentwood Hill does not 'deserve' to be reduced to zero service, no days a week. Unfortunately as route 17 has remained confined to its present route for over 70 years it is quite likely that a 17a variant may lead to significant passenger confusion.

The provision of service beyond Kentwood to Purley is perhaps even more generous when considering the revenue generation of Overdown Road v Kentwood Hill. An argument could be made that some route 16 buses could be run instead as 16a via Kentwood Hill and Westwood Road reconnecting Purley to Tilehurst as well as offering proper service to Kentwood Hill and connecting Tilehurst to Tilehurst Station/Waitrose. As route 16 is every 15 minutes perhaps a straight 50/50 split should be made recognising that the Kentwood Hill area is entirely in RBC and that half of Overdown Road is not. In the peak periods school extra buses would still help to enhance service on Overdown Road as now. Outbound 16a buses via Kentwood Hill and Tilehurst could be turned short at Knowsley Road, rather than serving Purley Village which again of itself does not justify a 15 minute service.

There is no doubt that complete withdrawal of the bus from Kentwood Hill would leave a number of independently living elderly and disabled people very isolated.

There is a much broader mix of people living in the area around Kentwood Hill than New Lane Hill and the absence of a reasonable (at least) 6 days a week service

makes development of a customer base difficult and leaves quite a large area of RBC with an ineffective service. The PM peak buses on 28 have not met the commuter market needs as they don't serve similar town centre stops to route 16, thus if the 28's are late (as they have been) customers have no useful alternative.

Other users of route 28;

Several regular customers use the AM peak route 28a from Tilehurst to Southcote for school and work. Without the bus starting at Denefield School after its 991 school trip this trip would not exist. Any retained provision of an off peak marginally costed route 28 would not be able to provide these customers with a service.

Route 991 schools service

Originally a schools bus was introduced in response to changes to schools allocated to RBC resident pupils, some of whom ended up crossing town to their allocated school. RBC provided a dedicated bus in response and over time this has been made more efficient by incorporating the various school trips into the one 991 route. For the past few years this route has started in Whitley and run via Coley and Coley Park to Prospect then via the Meadway to Denefield.

16 responses were received which have focused on the difficulties of some pupils who would be faced with a 2 bus trip to town and out again rather than a very quick direct 991. A further question has been the capacity of the other bus between Meadway and Denefield as there is also a number 15 bus provided commercially by Reading Buses.

Surveys have however shown that the numbers using 991 have dropped over recent years as older pupils have move on and newer pupils have not needed to travel across town to these schools.

Figures have now shown that the route 991 bus from Denefield in the afternoon carried an average of just 16 each day (from 8th - 12th May) and the route 15 bus carried an average of 39. The total of 55 could easily be accommodated on the one double decker used on the 15.

A September analysis showed an average of 56 per day boarding the 15 and 991. Again this is well within the capacity of the route 15 bus.

Previously the 991 also carried reasonable numbers boarding at Prospect for travel to the Coley Park and Whitley areas, but from September 2017 the finish time of Prospect was advanced to 2.45pm, making the 991 calling there at 3.28pm much less relevant.

Conclusions

1. With the reduced cross town usage of route 991 as noted and the ability of route 15 to accommodate the numbers travelling to/from Deneffield, the bus is currently abstracting revenue from that route which will be to the detriment of a continued school service. The movement of the school finish time at Prospect undermines the economics of 991 still further.

Whilst there will be inconvenience and longer journeys for some current users the case for continued subsidy of the 991 cannot be made.

2. Following on from the conclusion (1) above without 991 there would be no bus positioned in Tilehurst to work the AM peak trip to town.

3. For off peak services it is clear that severe hardship would result from the complete withdrawal of buses from New Lane Hill and Kentwood Hill, but difficult to make that same conclusion for anywhere else on the current route.

Stephen Wise

Senior Transport Planner 26th September 2017



Provide basic details

Name of proposal/activity/policy to be assessed

Withdrawal of Community Link bus services 28 and 991 from April 2018.

Directorate: DENS

Service: Transport Planning

Name and job title of person doing the assessment

Name: Stephen Wise

Job Title: Senior Transport Planner

Date of assessment: 18th October 2017

Scope your proposal

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

Withdrawal of Community Link bus services 28 and 991 from April 2018 was identified as a potential budget saving proposal at Policy Committee in July 2016.

Who will benefit from this proposal and how?

The proposal will contribute to the overall budget saving that the Council needs to make.

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

The budget saving is the aim of the proposed bus service withdrawal.

Who are the main stakeholders and what do they want?

The current users of the Community Link bus services are the other stakeholders besides Reading Borough Council. Current users of the bus services want the services to continue.

Assess whether an EqIA 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

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

Yes

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:

Signed (completing officer)

Stephen Wise

Signed (Lead Officer)

Date

19th October 2017

Date

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
Current users of the Community Link bus services	<p>A press release was issued in advance of the consultation commencing and information was presented by Reading Buses and by RBC on their web pages.</p> <p>A survey was conducted both on line and in person by an RBC officer handing out survey forms on the bus at a variety of times.</p> <p>Reading Buses' regular driver advised bus passengers of the survey and handed out and collected forms.</p> <p>Stakeholder groups, including schools served by the 991 and the Older People's Working Group, were advised of the consultation by email.</p>	10 th July to 26 th September 2017

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 would not impact on this group of people.

Is there a negative impact? No

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

The proposal would not impact on this group of people.

Is there a negative impact? No

Describe how this proposal could impact on Disability

The proposal would have a negative impact on people with reduced mobility as the Community Link bus is currently the only bus service on some roads in Reading. Roads that would be unserved in future include New Lane Hill and Kentwood Hill which would have a significant impact on the ability of people with reduced mobility to access alternative bus services on other roads. A high proportion of respondents to the consultation (43%) stated they had some form of disability. Other users of the Community Link bus would be more able to access alternative bus routes operating on other roads.

Is there a negative impact? Yes

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

The proposal would not impact on this group of people.

Is there a negative impact? No

Describe how this proposal could impact on Age

The proposal would have a negative impact on elderly people as the Community Link bus is currently the only bus service on some roads in Reading. Roads which would be unserved in future include New Lane Hill and Kentwood Hill which have a significant number of elderly people living independently who use the bus as a vital service. Many of these people would be unable to access alternative bus services on other roads. A high proportion of respondents to the consultation (77%) were aged over 65, 43% were aged over 75. Other users of the Community Link bus would be more able to access alternative bus routes operating on other roads.

Is there a negative impact?	Yes
-----------------------------	-----

Describe how this proposal could impact on Religious belief?
--

The proposal would not impact on this group of people.

Is there a negative impact?	No
-----------------------------	----

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

Reading Borough Council as a transport authority has a duty to consider the hardship that would result from the withdrawal of a bus service which is no longer able to operate commercially. RBC has in the past identified that there would be hardship for elderly and disabled residents of a number of roads where the commercial bus services 28 and 18 were withdrawn. The result of this consideration was that RBC undertook to operate the Community Link bus service at a cost to the transport budget over a number of years, however the Council is no longer in a position to subsidise the bus services.

3. Negative impact identified or uncertain

What action will you take to eliminate or reduce the impact? Set out your actions and timescale?

In view of the above statement regarding hardship, Reading Borough Council proposes to undertake a further review of bus services in the Tilehurst area once Cow Lane bridge works are complete.

How will you monitor for adverse impact in the future?

The Council continues to have a duty to consider any hardship that would result from the withdrawal of a bus service. This would again apply if further withdrawals of bus commercial services were proposed by a bus company.

Signed (completing officer)

Stephen Wise

Date

19th October 2017

Signed (Lead Officer)

Date

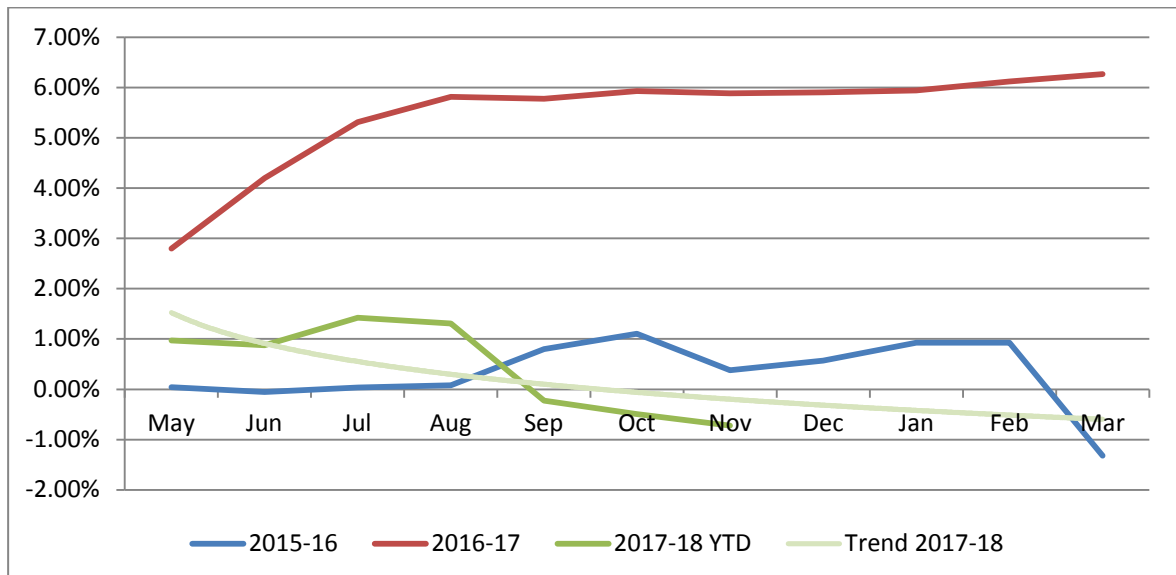
READING BOROUGH COUNCIL

REPORT BY STRATEGIC DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	15 JANUARY 2018	AGENDA ITEM:	9
TITLE:	BUDGET MONITORING 2017/18		
LEAD COUNCILLOR:	COUNCILLORS	PORTFOLIO:	FINANCE
SERVICE:	LOVELOCK/ PAGE FINANCIAL	WARDS:	BOROUGHWIDE
LEAD OFFICER:	PETER LEWIS	TEL:	01189372058 (x72058)
JOB TITLE:	STRATEGIC DIRECTOR OF FINANCE	E-MAIL:	Peter.Lewis@reading.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the projected Council revenue budget outturn position for 2017/18 based on actual, committed and projected expenditure for the Council as at the end of November 2017. It also contains information on the capital programme, capital receipts and the Housing Revenue Account (HRA).
- 1.2 It is projected that the revenue budget will be underspent by £0.9m as at the year end and together with unused an contingency of £1.6m should there be no further unexpected pressures and savings shortfalls. However, there remain some serious concerns. In particular,
- 1.2.1 the total of negative variances is £9.1m, which includes some projection of further pressures on care places through to the year-end;
- 1.2.2 many of the positive variances and mitigations are not ongoing, so will not provide relief for any of the negative variances that are ongoing into 2018/19 and beyond. This produces a pressure in 2018/19 of £7.396m at this stage, some of which is a projection of growth in children's social care demand into that year. This pressure is being built into the budget setting process for 2018/19;
- 1.3 These circumstances combined led to service directors identifying immediate steps to reduce spending in 2017/18 and these actions are in place. Further strong management is required in order to prevent further overspending during the remainder of 2017/18.
- 1.4 In considering this matter, it is helpful to consider the trends of previous years. The following graph shows the percentage variance to budget for the whole Council for the last two financial years and for the year-to-date with a trend line to the end of the year.



1.5 2015/16 saw a fairly flat line through the year and then an eventual underspend, whereas in 2016/17 there was a rapidly escalating and significant overspend that remained to the year end. The projection for 2017/18 is of a much lesser quantum, but the trend, particularly in children’s social care, is very concerning.

2. RECOMMENDED ACTION

2.1. To note that based on the position at the end of November 2017, budget monitoring forecasts that the budget will be underspent by £0.9m, without using the remaining contingency of £1.6m.

3 BUDGET MONITORING

3.1 The results of the Directorate budget monitoring exercises are summarised below. The projected impact into 2018/19 is also illustrated (note: children's services have also projected an ongoing increase in demand into 2018/19)

	Negative Variances £'000s	Positive Variances £'000s	Remedial Action £'000s	Net Variation £'000s	% variance budget	Savings Delivered 2017/18 ²	18/19 impact £000
Environment & Neighbourhood Services	1,641	-2,949	-100	-1,408	-4.9%	-5,903	1,047
Childrens, Education & Early Help Services/	3,179	-313	-379	2,487	6.3%	-1,868	4,850
Adults Care and Health Services inc. Public Health	2,587	-544	-1,644	399	1.1%	-3,267	1,732
Corporate Support Services	1,732	-1,475	-443	-186	-1.4%	-2,311	-37
Directorate Sub total	9,139	-5,821	-2,566	1,292		-13,349	7,592
Treasury		-1,250		-1,250			
Corporate Budgets		-950		-950			
Total	9,139	-7,481	-2,566	-908			

*1 The £1,047k 18/19 impact for DENS includes £284k for a 17/18 saving now re-profiled to 19/20

² Total of savings classified as blue, green and amber which are delivered on track to be delivered. The whole savings programme for 2017/18 is currently £14,419K.

3.2 Environment & Neighbourhood Services

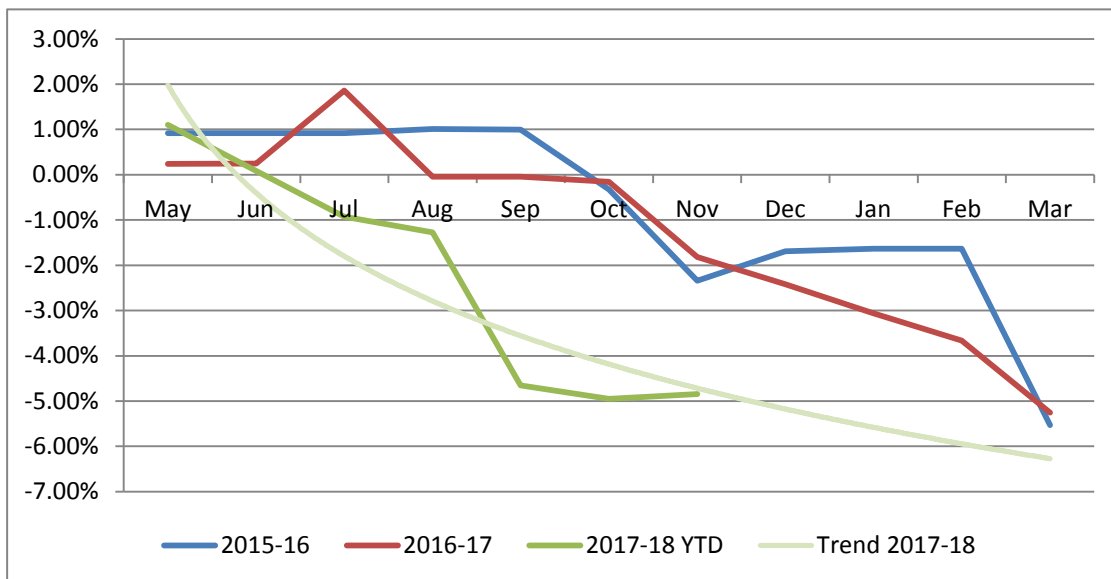
Based on the information currently available, the Directorate is reporting a net positive variance against budget at year end of £1.408m. However, this is the consequence of a much more significant range of variances across a range of budgets including increased costs of £0.5m, reduced income of £0.5m and as yet unrealised savings of £0.6m, offset by an over-achievement of other income and under spend in homelessness.

The gross projected overspend, before mitigations; in DENS is £1.6m £1.0m of this arises in Transport & Streetcare (T&S), where over half the adverse variances arises from unrealised savings, notably a delay in the fleet management saving (£143k), and the off street car parking saving (£175k). T&S also has increased costs and in some areas reduced enforcement income (£100k) in comparison to budget. Planning, Development & Regulatory Services (PDRS) are predicting an adverse variance of £0.30m with the majority of this pressure being due to external legal costs in relation to a noise nuisance case. A one-off pressure of £0.1m relating to recent office moves has been identified but will be funded through the change fund as

part of the transformation programme; therefore this has not been included as a pressure for the purpose of this report. Economic & Cultural Development (ECD) are also predicting an adverse variance (£0.4m), relating to reduced income in comparison to budget across a range of service areas.

These overspends are compensated by £3m of positive variances. Of this, £1.6m is increased income, most of which arises in T&S, and include £0.4m additional on street car parking income and £0.4m additional income from green waste.

£1.5m arises from reduced costs in T&S, ECD, PDRS & Housing & Neighbourhood Services (H&NS), notably for T&SC £0.4m across the park & ride contract & concessionary fares and £0.5 for H&NS due to a continuing trend of effective prevention of homelessness; increase supply and access to affordable housing; intensive casework with individual households; and effective market management/cost control. With better than anticipated first quarter performance alongside the Lowfield Road temporary accommodation development due to come online at the beginning of 2018, the service is aiming to finish the 2017-18 financial year with no more than a total of 50 occupied rooms. This would lead to an underspend of approximately £0.5m at year end.



3.3 Children, Education & Early Help Services

The Directorate is currently reporting a net negative variance of £2.487m for the year which represents 6.32% of the annual budget. The forecast assumes that the recently produced in year savings programme of £0.603m will be fully delivered.

The gross variance before remedial action is £3.179m, which is largely attributable to the increased complexity of the looked after children (LAC) population amounting to a £2.92m variance. The use of higher cost residential placements has increased significantly during 2017/18.

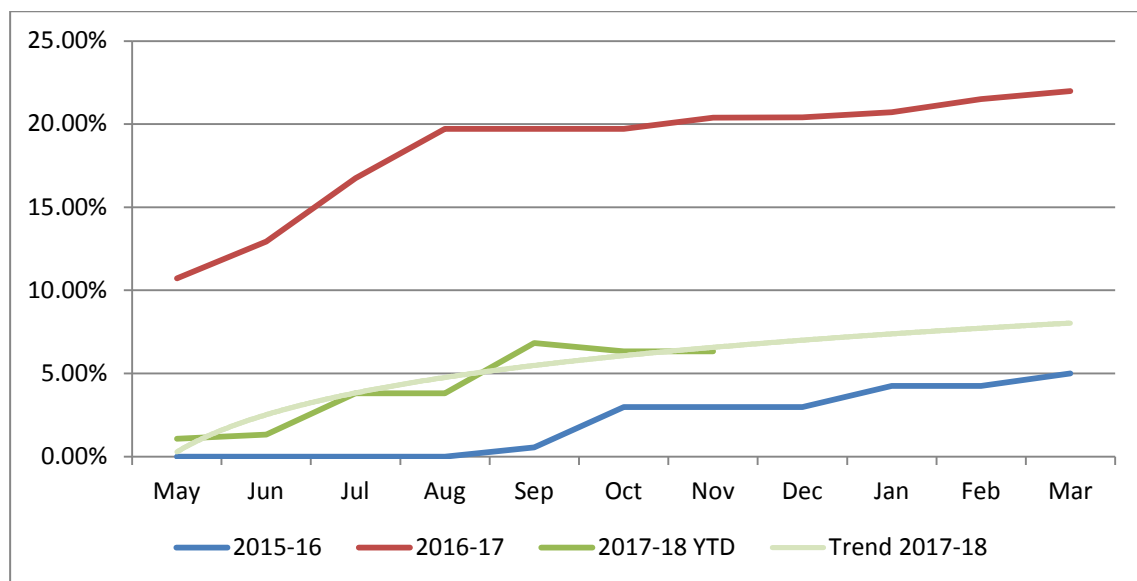
The projection assumes a future in year demand projection, which looks to be an accurate reflection of current position. The only caveat to this is the number of LAC has increased to 285, but the additional placements have been managed in lower cost placements where the forward projection assumed high cost residential placements. This has an impact on the pressure for 2018/19, which is calculated at £4.85m. In addition, the MTFs for 2018-19 makes provision for a further £2m to be held corporately as a contingency.

In addition to this negative variance, the Directorate is facing a £0.259m pressure for home to school transport for SEN pupils. In September, there was an increase in pupils being placed at The Avenue, increasing the demand for transport for SEN pupils. This has been offset in October's monitoring by £11k.

The position reflects the positive variance of £0.1m from the early implementation of the Business Admin restructure required by 1st April 2018 to achieve the proposed savings for 2018/19.

In year savings totalling £0.603m identified are focused on further measures. The measures include restrictions on Agency spend (£0.160m), review of SEN transport (£11k to reduce spend), implementation of restructures in Early Help prior to 1st April 2018 and holding vacant posts, changes to staffing in Children's Social Care (£0.136m) and transfer of young people over 18 to Adults Services (£0.083m).

The paragraphs above describe the impact for the General Fund Services, however the Directorate is also currently anticipating an in year deficit of £2.5m relating to the Dedicated Schools Grant (DSG). This will increase the deficit of the DSG to £3.9m which will be carried forward into 2018/19. The implementation of a new SEN strategy is intended to reduce the burden on the SEN budget when the new school funding formula is introduced in 2018/19. The local flexibility for the DSG will be restricted to 0.5% of the total DSG in 2018/19, which is estimated at £0.4m.



3.4 Adult Care & Health Services

The forecast overspend for the year after remedial action, and in year savings is £0.399m, which compares to a overspend forecast in October, adjusted for in year savings of £0.395m. This represents a position broadly in line with the October monitoring position. There have, however, been some variances within individual areas.

The main changes are increased care package cost and reduced in year savings (£0.297m), offset by increased underspends on Public Health (-£0.212m) and an underspend in the Director and Transformation cost centre (-£0.100m). The forecast assumes that the recently produced in year savings programme of £0.610m, will deliver savings of £0.553m, though some of the initiatives require further review to ensure they are deliverable in the remaining timeframe and in the context of other initiatives.

In terms of the overall position, the gross overspend before remedial action is £2.587m, after taking account of savings still to be delivered of £0.300m. The gross overspend is largely due to pressures on care placements in Learning Disabilities and Mental Health, across all types of service provision, although particularly in residential and community services. After remedial actions and in year savings, the remaining overspend on Learning Disabilities is £1.220m and on Mental Health £0.512m.

For the Learning Disabilities Service, the overspend is due to an additional pressure on residential placements and an overspend on Community Services which is related to increased clients and demography. The forecast includes a contingency for transition costs still to come through before the end of the year.

The adverse variance on Mental Health Services breaks down as £0.112m on placements in nursing homes due to an additional 3 clients being placed over the budgeted number of clients, £0.327m on residential placements based on an additional 9 clients over budget and an overspend of £0.073m on Community and other services.

The original DACHS savings programme for 2017-18, targeted savings in total of £4.067m. The forecast as presented assumes savings delivered will be £3.885m, representing a shortfall of £0.182m, though also 95% achievement of the original programme.

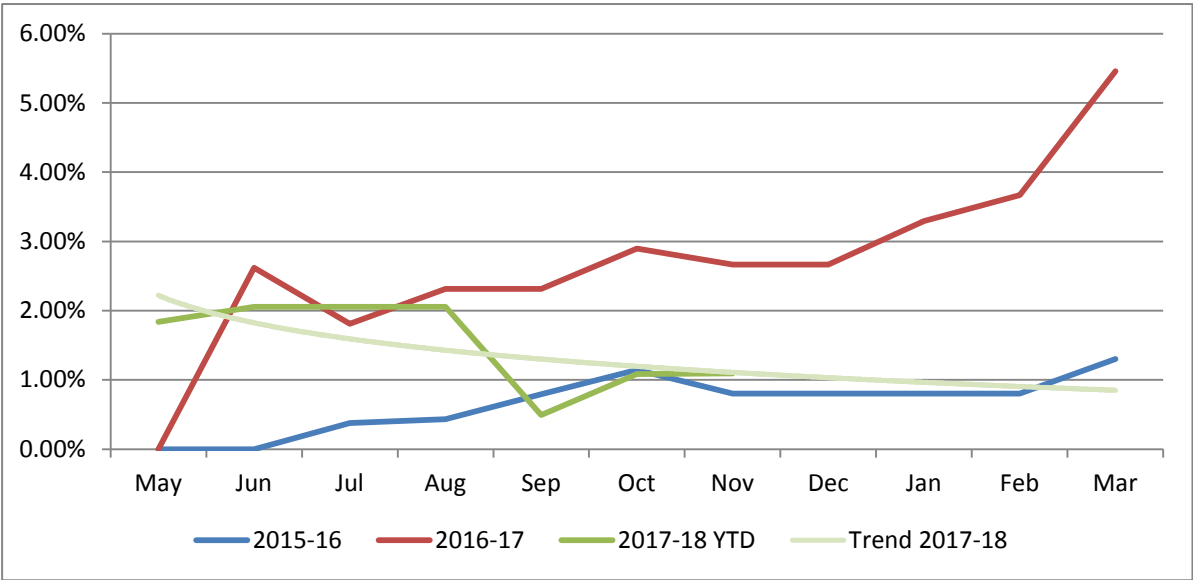
The Directorate has also identified £2.032m of positive variances and remedial action to reduce the gross overspend. This comprises £0.591m of underspends on budgets which are to be maintained until year end, specific remedial actions of £0.831m and new in-year savings of £0.610m. The main remedial actions identified to reduce the deficit have included reworking the use of elements of the Public Health grant (£0.365m), keeping inflation awards to a minimum with providers (£0.250m) and trying to find savings from either reworking service delivery or holding vacancies (£0.600m). Better contract management should yield additional Continuing Health Care (CHC) funding, although most of this is expected to be historical and will be one-off. The Directorate has also retained housing benefit funding (£0.121m) to reduce pressure on extra care and proposes capitalising costs of implementing new computer systems and software (£0.056m).

In year savings totalling £0.610m, are focussed on further measures, which includes, restrictions on agency spend (£0.150m), increasing Funded Nursing Care (FNC) and Continuing Health Care (CHC) funding (£0.150m), Public Health spend reductions on contracts (£0.112m), savings from reduced voids (£0.070m), Telecare spend reductions (£0.060m) and a range of other smaller reductions totalling £0.068m.

Against the target for remedial action and in year savings a shortfall of £0.110m is forecast, which is due to shortfalls in savings against Performance staffing, Maples Day Services and agency staff.

Further remedial actions are still being sought; with the aim of bringing spend back in line with budget.

In addition issues have been identified with the links between the Mosaic and Fusion systems which could potentially impact on care payments forecasts. An analysis of actuals is being undertaken to cross check against the forecast from Mosaic, to identify any issues and give added assurance on the forecast, which will be completed to inform the December monitoring position.



3.5 Corporate Support Services

The Directorate is reporting an underspend of £186K which is an adverse swing of £46K compared to last month due to additional costs identified of £60k relating to the Housing Benefit Subsidy with minor positive variances in other areas. Although an adverse variation, the claim result is actually a significant improvement on the previous two years where our subsidy loss has exceeded £500k. This year (on over £80m benefit expenditure) it is reduced to £223k, reflecting the improved checking and processes implemented, as has been reported to Audit & Governance Committee.

For the Directorate as a whole, the most significant variance sits within the Childcare Lawyers service; this is a Berkshire wide joint arrangement operated by Reading Borough Council. Increased caseloads and duration of

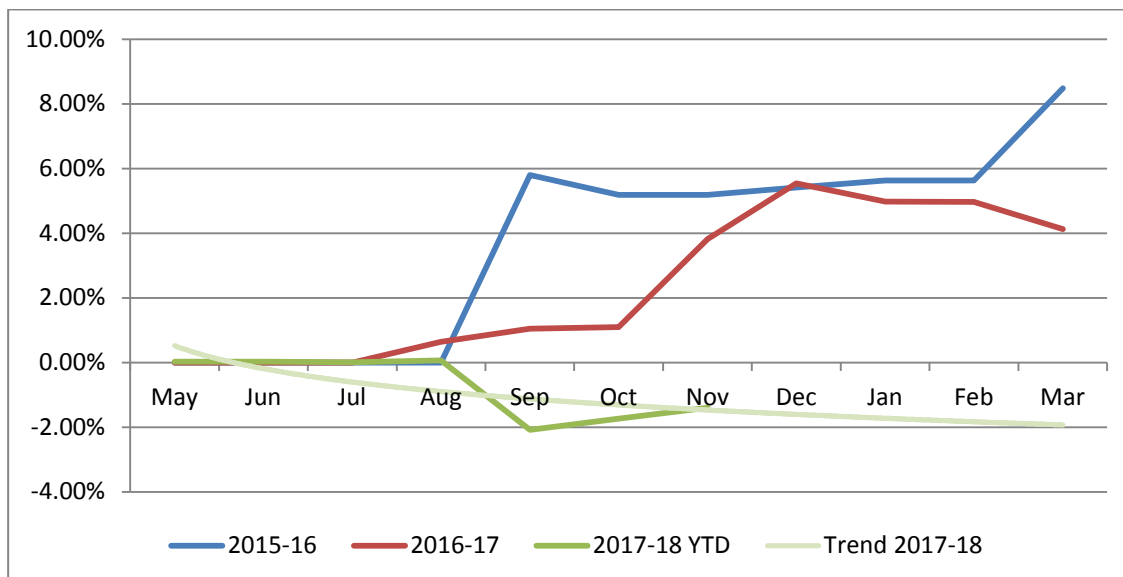
cases due to their complexity means the team is employing interims and agency staff over and above establishment at an additional cost of £956K. These costs are recharged to the other five Berkshire LA's, including administration fees, causing a positive variance on income which offsets the negative variance on costs. The RBC element of the Joint Arrangement is currently expected to be £20k under budget.

The digitisation saving that is currently held within the Corporate budget is being shown as a pressure (£154K) whilst more detailed work is ongoing to identify how this saving will be achieved. In order to deliver this saving CMT have recently agreed to give targets to each directorate to work towards digitisation.

The Finance & Accountancy Team are currently undergoing a period of transformation with a new structure expected to be in place by the start of 2018/19. As part of the future for Finance, it is essential that the underlying processes and practices for preparing the 2017/18 accounts are improved to ensure that the accounts closure for 2017/18 can be achieved on time. A Chief Accountant has been recruited and has started at the beginning of January to provide technical accounting leadership. During this period of transformation for Finance & Accountancy, additional interim staff have been brought in to cover vacant posts and provide stability to the team at an additional cost of £338K. It is also anticipated that there will be additional external audit fees of around £100K arising from the additional work that EY have carried out on the audit of 2016/17 accounts. Some of these additional costs will lead to long term improvements in Finance, and organisational savings so could be considered for funding from the change fund in due course.

The overspends in the directorate are mitigated by vacancies being held in the Policy and Voluntary Sector Team and in the Learning and Workforce Development Team (£104K). There is also a non-recurrent saving (£180K) on the elections budget for 2017/18 as it is a fallow year.

The vacancies in the Policy and Voluntary Sector have been put forward as ongoing positive variances into 2018/19. The net position for Corporate Support Services is a £37K positive variance going into the next financial year.



3.6 Contingency

A contingency of £7.7m was built into the 2017/18 budget of which it was agreed at Policy Committee in July 2017 that £5.378m would be used to remove undeliverable savings leaving a contingency of £2.3m for this financial year. A further £695K has been used in since July to reprofile savings to future years.

	£'000s
Opening Position 1/4/2017	7,700
Savings removed July Policy Committee	(5,378)
Savings reprofiled July CMT	(121)
Savings reprofiled Aug CMT	(40)
Savings reprofiled Sep CMT	(534)
Remaining Balance at 30/11/2017	1,627

4. TREASURY MANAGEMENT & CORPORATE BUDGETS

- 4.1 We have further reviewed the capital financing budget position, to take account of the current cash flow and a projection to 31 March, and a review of the apportionment of interest costs and finalised the detailed MRP calculation. We now expect the overall budget to be under spent by £1.05m in 2017/18, though as always there remains some uncertainty, given the larger cash flows expected in the final quarter. In addition, a further projection of capital receipts and their uses will enable £200k to be used to repay debt and hence reduce the MRP payment in line with the agreed MRP policy, by the same amount.
- 4.2 The Committee may recall from the Annual Treasury Management Strategy Statement that the Council has borrowed £30m on LOBO Terms (where the lender has an option to increase the interest rate, whereupon the Council has an option to repay). Last year one lender of £5m indicated, and provided a deed of variation stating that it would not exercise the options, thus turning the loan into a "vanilla" one.

Recently the Council has been contacted by another lender of £10m setting out outline terms to repay the loan. The Director & Head of Finance are currently considering this proposal which appears to have some merit, and subject to appropriate due diligence and advice may proceed with a repayment during 2018. There will be a substantial premium, but this can be accounted for over the remaining period of the original loans and on initial inspection appears to offer some long term, and possibly shorter term advantages to the Council.

- 4.3 Other Corporate budgets have also been reviewed, notably the contingency budgets to help fund the Council's share of the Berkshire Pension Fund deficit, most of which is financed by the pensions on-cost on pay across the Council. The latest forecast is that very little of the budget should be needed this year with an expected £400k underspend. Furthermore £100K of the Living Wage "top up" contingency budget is not needed in 2017/18, as the costs are otherwise in the budget. However, currently there are no clear and firm plans to complete the delivery of the £350k across the Council procurement savings (other than those procurement savings already built into directorate savings proposals).
- 4.4 Additionally, across the Council £100K can be released from budgets this year due to the Christmas leave offer being made to staff and transformation costs are currently forecast to be underspent by £200K this year. Finally, of the £1m set aside in the budget to support the future improvement of Children's Services, which has now been agreed to be through the set-up of the Children's Company, only £500K will be needed this year, so £500k will not be spent in 2017/18. Therefore in total other corporate budgets are forecast to underspend by £950k.

5. FORECAST GENERAL FUND BALANCE

- 5.1 Based upon the draft accounts for 2016/17, the General Fund Balance at the end of 2016/17 was £5.2m. As indicated in the table above, assuming remedial action highlighted is carried out, there is a forecast overspend on service revenue budgets of £1.3m. The pressure on service directorate budgets is offset by a favourable position on treasury and other corporate budgets (see para 4.1), so there is an overall underspend of £0.9m forecast. Officers however need to continue to manage tightly spending throughout the remainder of the year to avoid any overspend at the year end.

6. CAPITAL PROGRAMME 2017/18

- 6.1 To the end of November £21.354m of the original c.£121m programme had been spent and it should be noted that capital spending is usually weighted to the latter part of the year. Officers are reviewing the whole programme and the total spend for 2017/18 is now likely to reduce from c£121m to c£85m (including the assumption we will buy a £21m investment property before the financial year end) as some projects have been pushed back into 2018/19.

Capital Receipts

- 7.1 The financial strategy depends on successfully obtaining capital receipts to fund the transformation programme and the equal pay settlements. In summary, an estimated £14m is required in 2017/18 for equal pay; £3.2m for the change fund; £1m for redundancy costs and £2m for debt reduction / an MRP contribution. This implies a requirement of £20.2m capital receipts.
- 7.2 Newark Street delivered a £0.4m receipt in November and Island Road delivered £6.4m in December. Weldale Street (£0.25m) is expected to be completed within this financial year. Negotiations are ongoing on Amethyst Lane (£4.0m) and likely to be completed in 2018/19.

	Non-HRA 17/18	HRA (not 1-1) 17/18	Total 17-18	18/19
Planned	£12.3m	N/A	£12.3m	£2.5m
16/17 b/f	£6.6m	£5.5m	£12.1m	N/A
Of which delivered	£8.2m	£0.2m	£8.4m	£0.0m
Expected shortly	£0.2m	N/A	£0.2m	£0.0m
Total Available			£20.7m	
Additional Required	£ 0.0m	N/A	£0.0m	£0.0m

8. HRA

- 8.1 An analysis of the current expected outturn of operational budgets (for repairs and management costs) projects an under spend of £200k. This includes £100k underspend relating to the revenue repairs budgets and a number of minor variances across the HRA supplies and services budgets as well as a small number of vacant posts.
- 8.2 The latest review of the HRA capital financing position for 2017/18 has identified those costs should be around £10.5m, which represents a £100k underspend. The current projection for rent income suggests that actual income should be at least £300k better than budget, amongst other reasons because of continuing good control of rent arrears.
- 8.3 An analysis of the MRA funded capital expenditure is shown below. The majority of the expected underspend in 2017/18 relates to work the water mains at Coley High Rises which is likely to slip into 2018/19:

	Budget	Actual spend at 30/11/2017	Projected Outturn
	£'000	£'000	£'000
HRA-Major Repairs	7,248	2,445	6,352
HRA-Hexham Road Project	1,200	218	1,200
Disabled Facilities Grants	390	195	509

(Local Authority Tenants)			
Total	8,838	3,114	8,061

9. RISK ASSESSMENT

9.1 There are risks associated with delivering the Council's budget and this was subject to an overall budget risk assessment. At the current time those risks are being reviewed as part of budget monitoring and can be classed as follows:

- High use of agency staffing & consultants;
- Pressures on pay costs in some areas to recruit staff or maintain services;
- In year reductions in grant;
- Demand for adult social care;
- Significant additional demand (and change in caseload mix) for children's social care;
- Increased requirement for childcare solicitors linked to activity on the above;
- Homelessness, and the risk of a need for additional bed & breakfast accommodation;
- Demand for special education needs services;
- Housing Benefit Subsidy does not fully meet the cost of benefit paid

10. BUDGET SAVINGS RAG STATUS

10.1 The RAG status of savings and income¹ generation proposals included in the 2017/18 budget were not reviewed in November and the next review will be at the end of December.

10.2 The expanded RAG status in terms of progress is summarised below:

	September Position		October Position	
	£000	%	£000	%
Blue (fully delivered)	7,261	49.7%	7,337	50.9%
Green (on track)	3,318	22.7%	3,287	22.8%
Amber (<10% off track)	2,770	18.9%	2,725	18.9%
Red (>10% off track)	1,270	8.7%	1,070	7.4%
Grey (undeliverable)	0	0.0%	0	0.0%
Total	14,619	100.0	14,419	100.0

10.3 The RAG status of budget savings supplements the analysis in budget monitoring above, and the red risks do not represent additional pressures to those shown above.






11. COUNCIL TAX & BUSINESS RATE INCOME

11.1 We have set targets for tax collection, and the end of November 2017 position is:

Council Tax	2017/18 £000	Previous Year's Arrears £000	Total £000
Target	68,925	1,350	70,275
Actual	68,564	1,420	69,984
Variance	361 under	70 over	291 under

11.2 For 2017/18 as a whole the minimum target for Council Tax is 96.5%, (2016/17 collection rate 96.8%). At the end of November 2017, collection for

Financial RAG

-  = 100% of savings delivered, and verified by Finance (Directorate/Programme Accountant)
-  = On track to deliver 100% of savings target
-  = Up to 10% at risk, however corrective action in place to deliver 100%
-  = Above 10% of savings at risk, or plans not yet developed and approved, or resource issues
-  = Removal of Savings

the year to date was 73.71% compared to a target of 73.88%, and collection is slightly behind 2016/17 (74.01% by end of November 2016).

11.3 Business Rates Income to the end of November 2017

Business Rates	2017/18 £000	2017/18 %
Target	93,143	72.00%
Actual	97,115	72.46%
Variance	3,972 over	0.46%

The target for 2017/18 as a whole is 98.50%. By comparison, at the end of November 2016, 70.96% of rates had been collected. The actual for November 2017 was boosted by the in year transfer of the Council's rates charges, which was done in December last year. Adjusting for this suggests underlying collection at 69.6% is lagging slightly behind last year.

The high variance this month is due to the Council paying the NNDR for its own properties in November rather than in January as budgeted and therefore collection is ahead of target. This is a timing issue and the overall collection is still forecast to be broadly on target at the end of the year.

12. OUTSTANDING GENERAL DEBTS

12.1 The Council's outstanding debt total as at 30 November 2017 stands at £4.989m in comparison to the 31st March figure of £4.280m. This shows an increase of £0.709m, and we note that £2.934m of the balance as at 30 November 2017 is greater than 151 days old.

13. CONTRIBUTION TO STRATEGIC AIMS

13.1 The delivery of the Council's actual within budget overall is essential to ensure the Council meets its strategic aims.

14. COMMUNITY ENGAGEMENT AND INFORMATION

14.1 None arising directly from this report.

15. LEGAL IMPLICATIONS

15.1 The Local Government Act 2003 places a duty on the Council's Section 151 Officer to advise on the robustness of the proposed budget and the adequacy of balances and reserves.

15.2 With regard to Budget Monitoring, the Act requires that the Authority must review its Budget "from time to time during the year", and also to take any

action it deems necessary to deal with the situation arising from monitoring. Currently Budget Monitoring reports are submitted to Policy Committee regularly throughout the year and therefore we comply with this requirement.

16. FINANCIAL IMPLICATIONS

- 16.1 The main financial implications are included in the report. The Council's constitution envisages remedial action is implemented when there are adverse budget variances.

17. EQUALITY IMPACT ASSESSMENT

- 17.1 None arising directly from the report. An Equality Impact Assessments was undertaken for the 2017/18 budget as a whole.

18. BACKGROUND PAPERS

- 18.1 Budget Working & monitoring papers, save confidential/protected items.

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE & COUNCIL		
DATE:	15/23 JANUARY 2018	AGENDA ITEM:	10
TITLE:	BUDGET 2018-19 - APPROVAL OF COUNCIL TAX BASE, NNDR1 ESTIMATE & ESTIMATED COLLECTION FUND SURPLUS - APPROVAL OF THE LOCAL COUNCIL TAX SUPPORT SCHEME 2018/19		
LEAD COUNCILLOR:	COUNCILLOR LOVELOCK	AREA COVERED:	CORPORATE SERVICES
SERVICE:	FINANCIAL	WARDS:	BOROUGHWIDE
LEAD OFFICER:	PETER LEWIS / ALAN CROSS	TEL:	72058 / 9372058
JOB TITLE:	DIRECTOR OF FINANCE HEAD OF FINANCE	E-MAIL:	Peter.Lewis@reading.gov.uk Alan.Cross@reading.gov.uk

At the time of despatch of this report for Policy Committee, not all the information necessary had been received; for example the NNDR1 form had not been received, and as explained in the report the implications of the proposed Berkshire business rates pilot (and linked NNDR pool) not yet finalised, Also, the proposed council tax base, and related fund nil deficit/surplus estimate was being reviewed. If practical, it is intendd to issue an update before the Committee meeting. The report will in any case need to forward it's recommendations to Council; but no decisions are needed related to NNDR.

1. PURPOSE AND SUMMARY OF REPORT

- 1.1 By 31 January 2018 it will be necessary to have estimated and informed the Thames Valley Police & Crime Commissioner, Royal Berkshire Fire & Rescue Service and Environment Agency of the Council Tax base to be used for setting the tax and levy for 2018/19. In order to do this it will be necessary to estimate the tax debit (i.e. the total of all 2018/19 Council Tax bills) and the anticipated Council Tax collection to set the Council Tax Base.
- 1.2 Also, by 31 January it will be necessary to have estimated and informed the Royal Berkshire Fire & Rescue Service and DCLG of the estimated collectible business rates to be used for setting the budget and ultimately the council tax for 2018/19. This is done by completing a form known as NNDR1.
- 1.3 On 15 January 2018 there is/was a requirement to estimate the collection fund surplus or deficit separately for both council tax and business rate

transactions as at 31 March 2018. Any surplus or deficit is then to be taken into account when calculating the total amount to be collected from Council Tax payers in 2018/19. This report sets out forecast council tax collection and the resulting impact on the Collection Fund and in the context of tax setting as a whole it is helpful for Council to note.

- 1.4 Government regulations require that the Council Tax Base and related collection rate to be used for calculating Council Tax are made by the full Council, and cannot be delegated to a Committee or to an officer. The approval of NNDR1 can be done by either Policy Committee or an officer, but given its potential significance it is suggested Policy Committee or Council awareness is appropriate and the collection fund surplus/deficit estimate must be done on a specific day, so is/was done by the Chief Finance Officer to meet that legal requirement, on the basis of the information then available.
- 1.5 This report also seeks formal Council approval for the Council Tax Support Scheme for 2018/19. In order to consider all possible measures to close the estimated budget gap, the Administration asked officers to run a public consultation on a proposal to increase the minimum working age contribution rate from 25% to 35%. The necessary statutory public consultation on the proposed changes to the local scheme was largely run on-line and took place from 29 November 2017 to 1 January 2018.

The changes we propose to apply from 1 April 2018 for 2018/19 and future years:

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

These changes generally apply in combination. In addition DCLG has completed an annual update of various allowances particularly as the scheme affects pensioners and those changes have been incorporated. When we consulted on the original principles of the new local scheme in the

summer/autumn of 2012, we indicated that various allowances would be subject to annual uprating, so there would be no need for further public consultation on the principle of those points each year.

Appendix B to this report sets out a summary of the responses to the consultation on the proposed changes to the local scheme and the officer response and advice.

- 1.6 The Equality Impact Assessment in respect of the proposed changes to the Council tax Support Scheme is included at Appendix E.
- 1.7 The report also notes that the various technical changes to Council Tax made in previous years will continue. The proposed change introduced by the Chancellor in the Autumn 2017 budget to increase the long term empty homes premium does not apply in 2018/19, but will need to be formally approved next year. Our forward plan from 2019/20 has assumed the change will be implemented in Reading in line with the policy position taken last year to maximise this premium.
- 1.8 Pursuant to the approval of the revised Council Tax Support Scheme and other estimates explained, the report then sets out the detailed calculations to be made under the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, which Council is asked to approve.
- 1.9 Council may recall that part of the process of putting the Council Tax Support Scheme formally in place involved fully adopting the Government's "default" scheme (which we then amended). That document was over 160 pages long, so was not printed in full in previous years, or this agenda. The same continues to apply to our adoption of government changes, but a copy can be made available.
- 1.10 The following are appended:-

Appendix A - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2017

Appendix B - Summary of consultation responses on the proposed changes to the Local Council Tax Support Scheme

Appendix C - CTB1 Return

Appendix D - Draft NNDR1 Return

Appendix E - Equality Impact Assessment on proposed changes to the local Council Tax Support Scheme.

Appendix A, and the full technical details of the Local Council Tax Support Scheme have not been produced for Committee as they are very technical documents. Copies are available.

2. RECOMMENDED ACTION

Policy Committee is asked to recommend that Council do all of the Following:-

- 2.1 Council is requested to approve the 2018 uprating of the allowances in the council tax support scheme and other amendments to the scheme as set out in paragraph 1.5, in particular the increase in the minimum contribution payable by those of working age from 25% to 35%.
- 2.2 Council Notes that we have adopted:
- (i) the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (SI 2886(2012)) in 2013
 - (ii) the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013 (SI 3181 (2013)) in 2014
 - (iii) the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014 in 2015
 - (iv) the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015 in 2016
 - (v) the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016 in 2017
- and these will remain in place as the basis of our 2018-9 scheme (to the extent the requirements in each regulation remain prescribed).
- 2.3 Council is asked to now adopt the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2017 which came into force on 12 January 2018 and apply to local schemes from 1 April 2018 and (in the case of three of the 17 regulations) 6 December 2018 as set out in Appendix A.
- 2.4 Council is asked to approve the proposed local changes set out in Appendix B for 2018/19 and the overall Local Council Tax Support Scheme for 2018/19. (Appendix B sets out the summary of responses to the consultation on the Local Council Tax Support Scheme)
- 2.6 Council should note the Council's "plain english" guide to the Council Tax Support Scheme which explains how these regulations as amended locally will work together, and that an update will be published on the website to reflect the 2018/19 scheme.
- 2.7 Council is recommended to approve that for the purpose of, and in accordance with, the provisions of the Local Authorities (Calculation of Council Tax Base) Regulations, 1992 (as amended):
- (a) The estimated Council Tax collection rate for the financial year 2018/19 be set at 98.75% overall (unchanged since 2015/16);

(b) Taking account of 2.1, the Council Tax technical changes made since 2013/14 and above, the amount calculated by Reading Borough Council as its Council Tax base for the financial year 2018/19 shall be 54,850.

2.8 Council is asked to note that neither a surplus nor deficit has been estimated in respect of Council Tax transactions as at 31 March 2018, and Reading's share of this is therefore £0.

2.5 Council is asked to note that a surplus of £x,xxx,000 {to follow} has been estimated in respect of NNDR transactions as at 31 March 2018, and Reading's share of this is £y,yyy,000 {also to follow}.

2.6 Council is asked to note and approve the NNDR1 summary form in Appendix E, noting that we're estimating that we'll collect £1zz,zzz,000 of which £80.683m (to be confirmed in the final Local Government Finance Settlement-LGFS) (ww%) will be paid to DCLG as the tariff, and the balance retained in Berkshire as part of the Berkshire pilot/pool. Reading will retain a minimum of £38.23m {to be confirmed in the final LGFS}. Council should note that 70% of the excess over this sum actually received will be paid to the Berkshire LEP to support further local economic growth, and the balance retained by Reading provided every Berkshire authority has a balance of at least £1m, with a pro rata reduction to authorities with a balance exceeding £1m to bring other up to this agreed minimum gain per authority from the pilot/pool.

3. POLICY CONTEXT

3.1 Under Government regulations it is necessary for the Council to review its Collection Fund and decide the following:

Its estimated Council Tax surpluses or deficits for the 2017/18 year
Council Tax Collection Rate for 2018/19
Business Rates collectable in 2018/19
Council Tax Base to be used for setting 2018/19 Council Tax

3.2 The Director of Finance makes the necessary estimates relating to any collection surplus/deficit, and the business rates collectable, both of which follow prescribed requirements, but requires that only the Council can agree the calculation of the Council Tax Collection Rate and (the related) Council Tax Base.

3.3 Following the introduction of the Council Tax Support Scheme (CTSS) in 2013/14 and technical changes to the Council Tax regime the estimates and calculations take account of our recent experience of tax collection. Both CTSS and technical changes effectively changed the way individual bills are calculated, so affecting the tax collectable, and hence the tax base

(whereas historically Council Tax Benefit operated as a relief that helped pay some taxpayers' bills).

4. COUNCIL TAX

- 4.1 Council Tax is largely a property based tax with a 25% discount for people living alone. There are further detailed rules that impact some households; for example properties solely occupied by students are exempt.
- 4.2 The basic amount each household will pay depends on the value of their property on 1 April 1991 which determines which Council Tax band it is in. (Households in Band A will pay at the rate of two thirds of Band D and households in Band H will pay at the rate of twice Band D).
- 4.3 The following table sets out these proportions, and the number of properties on the valuation list (at the time of our CTB1 return to DCLG in October (Appendix C)), in Reading, in each band.

Table A

Band	Amount Payable as a Proportion of Band D	Properties in Each Band (October 2017)	
		Number	%
A	6/9	6,533	9
B	7/9	14,134	20
C	8/9	28,756	40
D	9/9	10,883	15
E	11/9	5,434	8
F	13/9	3,277	5
G	15/9	1,843	3
H	18/9	83	-
		<u>70,943</u>	<u>100</u>

This is an increase in properties on the list of 877 over the last year. In the previous year the increase was 1093.

5. HOW THE TAX IS CALCULATED

- 5.1 Council Tax will be calculated by dividing the sum of the council tax requirements of Reading, the Royal Berkshire Fire & Rescue Service (RBF&RS) and Thames Valley Police (TVP) by the total number of properties adjusted to a Band D equivalent by applying the proportions above (adjusted to allow for a small amount of non collection). The “properties adjusted to Band D equivalent” is known as the taxbase. The Band D tax rate will then be multiplied by the proportions shown in Table A above. As 70% of

properties are in Bands A to C the average level of Council Tax in Reading will be lower than the Band D rate.

Council Tax Requirement

- 5.2 The council tax requirement for Reading, the Thames Valley Police & Crime Commissioner and the Royal Berkshire Fire & Rescue Service (RBF&RS) is formally calculated as follows:

General Fund net expenditure less share of Grant Allocation (RSG) and retained NNDR equals council tax requirement to be funded by Council Tax. However, as we are pilot authority the Reading RSG allocation will be nil, and the retained NNDR has been adjusted £ for £.

Council Tax Base

- 5.3 The Council Tax base must be calculated in accordance with Government rules.
- 5.4 Each year the Government collects tax base information. This information is periodically used in the grant distribution process, but does not take account of any losses on collection.
- 5.5 However, the tax base to be used in setting Council Tax will be the “relevant tax base” (the tax base submitted to the DCLG and adjusted for technical changes, the Council Tax support scheme multiplied by the estimated rate of collection).

Collection Rate

- 5.6 By 31 January 2018 it is necessary to have estimated and informed TVP, RBF&RS and levying bodies of the Council Tax base to be used for setting the tax for 2018/19. In order to do this it will be necessary to estimate the anticipated council tax collection rate.
- 5.7 Under original Government regulations, the calculation of the Council Tax Base and the collection rate and therefore the actual Council Tax Base to be used for calculating Council Tax can only be made by the full Council, and cannot be delegated to a Committee or to an officer.

6. CALCULATION OF COUNCIL TAX BASE AND COLLECTION RATE FOR 2016/17

- 6.1 The calculation of the Council Tax base and collection rate must be made in accordance with the rules set out in the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended.
- 6.2 It is necessary to explain how these calculations are made in order that the Council can formally adopt them. The calculations required by the regulations are set out below.

Council Tax Base Return (CTB1)

- 6.3 During October 2017 we were required to submit to DCLG a form, CTB1 which analyses the valuation list into the various bands and then provides further detail of those properties subject to the full charge, those entitled to discounts and those which are exempt.
- 6.4 The details from the CTB1 return are shown at Appendix C. The return also converts the equivalent total number of properties in each band to a Band D equivalent figure of after adjusting the tax base to reflect reduced discounts for second homes which are not included in the CTB1 return, which forms the initial base for the calculation of the tax base.

Council Tax Technical Changes

- 6.5 At Council in January 2013 we approved various technical changes to the Council Tax which had the effect of increasing the charges in certain circumstances for people with second and empty homes. Subsequent amendments were made in both 2016 and 2017 but no further amendment is proposed this year. Fuller details are set out in Section 8 below.

Council Tax Support Scheme

- 6.6 Since January 2013, the Council has been required each year to agree a local Council Tax Support Scheme. The scheme has the effect of reducing the charges in certain circumstances for people with a low income. Following changes over the years, including changes we made to make it easier for some claimants to receive their reduction, the minimum contribution is currently 25% of the full tax. There is also a minimum £5 per month award, to avoid the high administrative costs that can arise with very low value awards. During December the Government changed the regulations to move the latest date for setting the local scheme from 31 January to 1 March (in line with the legal latest date for setting Council Tax). However, as any change to the substance of a scheme will impact the taxbase which has to be notified to preceptors by 31 January/
- 6.7 Following public consultation, we now propose formally to implement the changes set out in 1.5 above.
- 6.8 Appendix B sets out the approach to consultation, and the key issues emerging. As part of the consultation process, there has been some additional engagement with the advice agencies in relation to these changes. We will continue to do annual uprates of allowances in the scheme. The formal scheme requires approval by Council and we will update the plain english guide on the website once the changes are agreed.

Collection Rate

6.9 Broadly, the actual tax base to be used in calculating Council Tax will be the tax base from the CTB1 adjusted for the technical changes and council tax support scheme multiplied by the estimated rate of collection.

Council Tax Collection

6.10 Table B summarises actual collection to 31 December 2017.

Table B

Cash Collection	2017/18 £m	Previous Year's Arrears Target £000
Target cash collection for 2017/18 year	89.8	1.83
Amount collected to 31 December 2017	77.1	1.49
Balance to achieve target set for year	12.7	0.34

6.11 Cash Collection for 2017/18 & Older Debt

The final direct debit payment from most taxpayers was collected at the beginning of January which together with collection to the end of December has taken collection to around 90% of the annual target and similar to recent previous years.

We expect the Council will achieve an in year cash collection rate of around 96.75% for 2017/18 (2016/17 Collection in year was 96.68% and 2015/16 96.84%), which will eventually rise to just over 99% of the final debit when arrears are collected. In our historic collection statement all years up to 2013/14 now show a collection rate above 99%, and 2014/15 and subsequent completed years all over 98%. The table above indicates that we are well on the way to collecting our arrears target and overall we should be at or close to cash collection targets for the financial year by 31 March 2018.

There will however be outstanding arrears from 2017/18 and earlier years to collect in 2018/19 and future years. Action to recover arrears remains strong and effective, though we experience some write offs where it is deemed that tax payers have little or no ability to pay the arrears even after bailiff action, or debt is otherwise irrecoverable, though these are very low.

Allowance for Non Collection

Last year we made a 98.75% recovery rate assumption overall (in deciding a taxbase of 53,671). Any under or over estimation of the collection rate will need to be taken into account when setting the budget and Council Tax in 2019/20. If the collection rate is under estimated then there would be a surplus on the Collection Fund and the Council Tax for Reading will reduce, or budget increase accordingly. However, if the collection rate is

overestimated the resulting deficit on the Collection Fund will increase the Council Tax or further reduce the budget we are able to set in 2018/19.

- 6.12 Collection performance has largely held up, though we need to be mindful that the changes to LCTS and empty and second homes discounts may result in some collection difficulties, although the position regarding collection from households receiving council tax support is now better understood with the benefit of several years of the scheme.
- 6.13 Taking account of our historic collection performance, the estimated collection rate should remain at 98.75%. (This is slightly less than the 99% forecast of ultimate collection as we need to make a small allowance (0.25%) for banding appeals on new, and newly occupied property). The CTB1 showed a taxbase at the end of September of 54,255. Each year around 1,000 properties are added in Reading, which add (after allowing for banding and some losses) around 875 to the taxbase. In addition the changes to the LCTS scheme set out elsewhere will add about 300, and it is also proposed to verify single person discounts which should add over 100 to the taxbase. The combination of these changes over the year is forecast to produce an average taxbase for the year of 54,850.

ESTIMATING THE COLLECTION FUND SURPLUS/DEFICIT - COUNCIL TAX & NNDR

7. COUNCIL TAX

- 7.1 We have reviewed the Collection Fund, the buoyancy of the tax base, and the level of arrears recovery expected over the medium term, and have concluded that, taking account of the collection fund surplus of £0.804m as at 31 March 2017, the estimated collection fund surplus of £0.929m made in January last year for March 2017, the collection performance indicated above in Table B, and whilst a calculation produces a very small deficit, it is so insignificant that we propose estimating neither surplus nor deficit at 31 March 2018 (in respect of Council Tax transactions) should be £0.
- 7.2 The nil surplus/deficit will be apportioned according to 2017/18 council tax requirements; so shares will be:

Table C

Reading BC	£	0
Thames Valley Police	£	0
Royal Berkshire Fire & Rescue Authority	£	0

These will be taken into account in setting the tax for 2018/19. Any variance at the year end will be taken into account in setting 2019/20's tax in due course.

7.3 NNDR

In a similar way, we need to estimate the surplus or deficit arising from NNDR transactions. This is significantly more difficult to do with reasonable certainty, because of outstanding rating appeals from the 2010 list, and valuation queries from ratepayers in the new “check/challenge/appeal” system introduced this year with the new 2017 list, so considerable judgement is needed. The latest review of our appeals liability on the 2010 list has estimated it as over £7.5m. Government regulations allow for us to account for part of the estimated liability in 2013/14 over 5 years which we have elected to do (so the last £2.4m is being provided for in 2017/18).

No significant appeals have yet been raised on the 2017 list but an analysis has been prepared for the Council identifying the “threats” to the debit from appeals in due course arising on properties in earlier stages of the proves. Over the planned 5 years of the list that is estimated at over £20m (including the potential impact of residual appeals on the 2010 list. Nationally the Government allowed for 4.5% losses arising from the check/challenge/appeal process. Bearing in mind that as a whole Reading’s rateable value increased above average, in due course we expect appeal losses of at least this level, so propose allowing 4.5-5% {to be confirmed} of the debit for appeal losses (in both forecasting the 2017/18 outturn).

However, following discussions with the sector Virgin Media decided to withdraw its application to have all its property put on a single list. This has removed a risk of liability loss of around £3.3m, most of which was not included in the appeals estimate.

We closed the 2016/17 accounts with a £11.2m surplus in line, as it was possible to reduce the appeals provision significantly, and the debit held up better than forecast. Taking account of movements in 2017/18 in comparison to forecast, on the basis of information available in January, the estimated overall surplus as at 31 March 2018 will be around £x.xxxm.

7.4 The 2017/18 surplus will be apportioned according to government rules; so shares will be:

Table D

Reading BC	(49%)	£y,yyy,000
DCLG	(50%)	£ s,sss,000
Royal Berkshire Fire & Rescue Authority	(1%)	£ ttt,000

These will be taken into account in setting the tax for 2018/19. Any variance at the year end will be taken into account in setting 2019/20’s surplus/deficit in due course.

8 DISCOUNTS

8.1 As reported previously, following the Local Government Act 2003, Councils have been given greater freedom to approve Council tax Discounts. The following sections summarise the position following the changes made in between 2013/14 and 2017/18. No further changes could be proposed this year to further reduce discounts.

Second Homes and Empty Homes

8.2 Under Section 11A (4A) and Section 11B (2) of the Local Government Finance Act 2012, the Council has the power to determine the level of council tax discount or premium where there is no resident of the dwelling. This can be any percentage up to 100% in relation to the old Class A, C and second homes, and up to 150% for properties that are classed as long term empty and have been empty for 2 years or more. (It was announced in the budget that this percentage will change in 2019/20).

Second Homes

8.3 The provisions allow for councils to reduce the second homes discount from 50% to 0% depending on the class the property falls into. In 2016 the discount was set at 5% and from 1st April 2017 the discount was removed.. From 1st April 2017 this discount was removed in Reading.

8.4 In 2016 we set the discount for properties that are empty, unfurnished and uninhabitable/undergoing major works at 50% for 12 months, followed by a full charge. From 1st April 2017 the discount was removed.

8.5 For properties that have been empty for 2 years we charge an empty homes premium of 150% of the Council Tax due.

8.6 Table D sets out the existing discount classifications made under the Council Tax (prescribed classes of Dwellings) (England) Regulations 2012.

8.7 Last year we removed the Class F's and Class B's 50% discount rate after the 6 month void period.

Table D

Description	Rates
<u>Standard Empty</u> Empty/Furnished Accommodation must be job-tied, a caravan or a boat.	50% discount
<u>Second Home Class A</u> Empty/Furnished Accommodation must be a holiday home, which cannot legally be occupied for more than 28 days per year.	50% discount
<u>Second Home Class B</u> Empty/Furnished Second or subsequent home.	0 % from 01.04.17

<u>Empty Class C/ Now discount Class C</u> Empty/Unfurnished	0 % from 01.04.17
<u>Empty Class A/ Now known as discount Class D</u> Empty/Unfurnished	0 % from 01.04.17
<u>Exemption Class F</u> Empty/Unfurnished (following probate granted on deceased's property)	6 Months void followed by full charge
<u>Exemption Class B</u> Empty/Unfurnished (charitable property)	6 months void followed by full charge
<u>Long-term Empty Premium</u> Properties empty for 2 years or more	150% charge

8.8 Section 76 of the 2003 Act includes Section 13A of the Local Government Finance Act 1992, allowing councils to set local discounts, the cost of which must be borne by local Council Tax payers as the cost of any discounts will need to be included in the General Fund budget requirement.

8.9 It is recommended that no local discounts are agreed. Authority to grant the discretionary local charitable discount has been delegated to the Head of Customer Services and Head of Finance (after consultation, and subject to broad criteria). There is also a delegation in place to implement the 2017/18 budget discretionary rate relief discount, and a 2018/19 scheme will be brought forward in due course. The 2017/18 scheme is being extended to properties with rv £200-£250k to enable the money (that can only be used this way, and is backed by a grant) to be fully taken up. We are also looking to include the Council's voluntary sector partners, if they have a rates increase above inflation.

9 BUSINESS RATES

9.1 As part of the localised business rate arrangements introduced in 2013/14, we are required to estimate what business rates we will actually collect in 2017/18. This figure is then split between DCLG (50%), ourselves (49%) and the Fire Authority (1%).

9.2 While we have always made such an estimate, prior to 2013/14 this estimate, which is made on a form known as NNDR1, (Appendix E) because business rates were fully pooled, had to be made in accordance with rules prescribed by DCLG and the result was reported to DCLG as an officer process. While many of those rules remain in place, three key aspects of the rules have been changed to permit local discretion and judgement given the new regime. These changes are the estimates that are made for the impact of revaluations and other losses on collection, appeals, and new property.

9.3 Our latest available analysis of the Valuation Office appeals data shows 330 properties subject to appeal affecting rateable values in excess of £50m,

and the estimated liability is £7.6m, reduced from the £10.5m estimate at the end of last year (reflecting concluded appeals).

- 9.4 Since 1 April 2017 a revised valuation list has been used to determine business rates. At a national level the amount of rates collected increases each year by inflation, but as proportionately property values in Reading increased by more than the national average, there was an above inflation increase in total rates in Reading. Initially, in Reading the rateable values increased from £253m to £305m. Consequently estimated net business rates increased from £107m in 2016/17 to £124m in 2017/18. However, in 2017/18 the Council did not retain much of these additional rates, as Government also adjusted the tariff payment to compensate, and therefore after the Government's 50% share, the 1% Fire Authority Share and the tariff, the retained rates were around £30.8m.
- 9.5 At the year end we will be required to report the actual business rates collected on a form known as NNDR3. This will be reviewed by the external auditor, and any variations will be shared in the same proportions (in practice this will be on an estimate basis, in the same way that the collection fund surplus or deficit is estimated).
- 9.6 In 2018/19 Reading, with our Berkshire colleagues will pilot a form of increased retention. At the time of writing the detailed impact of this was yet to be agreed, so is **to follow**.

10 CONTRIBUTION TO STRATEGIC AIMS

To secure the most effective use of the Council's resources in the delivery of high quality, Best Value public services.

11 COMMUNITY ENGAGEMENT AND INFORMATION

- 11.1 A consultation exercise was carried out on the range of options taken forward to make amendments to the local Council Tax Support Scheme for the 2017/18 financial year, and changes to the Local Council Tax Discount Scheme for 2017/18.
- 11.2 A statutory consultation period took place between the 4th November and the 30th December 2016. A total of 23,220 Customers were contacted directly by email to ask them for their views. Views and comments were also requested from our key stakeholders including the Voluntary Sector Organisations, Advice and Support Agencies, Private Landlords, Housing Associations and other stakeholders, and included our preceptors.
- 11.3 In addition the consultation questionnaire was published on our Website for wider public consultation for the period 2nd November to the 30th December 2016. There is a statutory requirement to carry out consultation on a Local Council Tax Support Scheme. The guidance recommends that

public consultation should be carried out as early as possible to ensure feedback can influence the scheme and allow sufficient time for the feedback to be gathered, impacts to be understood, and a scheme to be shaped.

- 11.4 Although Government's code of practice on consultation states that normally 12 weeks is appropriate, billing authorities may wish to consider the appropriate length of their consultation depending on the impact of their proposals and the ability to complete the consultation exercise within budgetary timetables.
- 11.5 The code of practice indicates that where timing is restricted, for example, due to having to meet a fixed timetable such as a budget cycle, there may be good reason for a shorter consultation, and any documentation should be clear for the reasons for the shorter.
- 11.6 We have carried out the statutory consultation and this report forms part of the consultation process.

12 EQUALITY IMPACT ASSESSMENT ON PROPOSED CHANGES

- 12.1 A Full Equality Impact Assessment on the proposed changes is set out at Appendix F.
- 12.2 All of the current options impact negatively on all customers of working age currently in receipt of Council Tax Support. Those that also have non-dependants living with them will also see a further reduction in the amount of Council Tax support they receive and will have to pay an increase in Council Tax.
- 12.3 Pensioners remain unaffected by these proposals.
- 12.4 In the situation where a customer presents in hardship or financial difficulty as a result of these combined changes, we will continue to consider the award of discretionary Council Tax Support in order to mitigate this effect on their household, pending a full financial disclosure of the household. We will specifically target the use of discretionary Council Tax Support where the non-dependant deductions are causing the greatest impact to households and are causing exceptional hardship.

13 LEGAL IMPLICATIONS

As set out in the report.

14 FINANCIAL IMPLICATIONS

- 14.1 The direct financial implications are as set out in the report.

- 14.2 Inasmuch as various judgements have been made about estimated tax and business rate collection, changes to the tax debit etc., we have made these in the context of the Council developing the overall budget proposal. The budget proposal as a whole will include a section where the Director of Finance comments on its robustness.
- 14.3 Whilst we anticipate that those comments will have some similarities to previous years where you will recall they advised that the Council was setting a very tight budget which contained a continuing high level of risk. The advice in the context of developing the Council's 2017/18 budget proposal is that the estimates and assumptions made in this report are the best ones that can reasonably be made at the current time.

15 **BACKGROUND PAPERS**

Local Authorities (Calculation of Tax Base) Regulations 1992, as amended.
Local Government Finance Settlement
Local Government Finance Act 2012, and regulations made thereunder
Local Government Finance Settlement (draft) 2018/19
Pro forma consultation response on discount saving proposal
Pro forma consultation response on LCTS saving proposal

Appendix B

Consultation Response Summary - Proposed Changes to Local Council Tax Support

The consultation was published on the Council's website, between the 28 November 2017 to the 1 January 2018.

In addition 29,715 direct emails were sent to Council Tax Payers (where we hold an e-address) which included the link to the consultation line. 111 Partner and Voluntary Organisations were also emailed direct with the link attached.

985 (3.3% of those emailed) responses were received, 966 indicated they were residents (98.07%) 11 indicated they were businesses (1.12%) 6 indicated they were voluntary sector (0.61%) 8 indicated they worked for a charity (0.81%) 25 indicated they were landlords (2.54%) 12 said they were "others" (1.22%)

108 responders were currently in receipt of Council Tax Support (10.96% of respondents)

There were 6 proposals for change overall, 3 of which were easements to the administration processes for Universal Credit customers claiming or continuing to claim Council Tax Support, and in summary the responses were as follows:

Changes to the Scheme Affecting entitlement to support

- (i) 65% of respondents agreed with the proposal to reduce the minimum contribution from 75% to 65%. Those opposing generally expressed concern about affordability, and that it affected working age customers only, that were already facing financial challenges with rising living costs and zero hour contracts.
- (ii) 63% agreed with the proposal to limiting applicants for Council Tax Support to having a maximum capital limit of £3,000. Those opposing felt that £3,000 was not a large amount of money to have in case an emergency arose and would very quickly be eroded.
- (iii) 75% agreed the proposal to increase current levels of non-dependant deductions for those who are not engaged in remunerative work and for any non-dependants that are engaged in remunerative work. The majority of responders felt that it was fair that those over 18 should contribute to the household overall and it should reflect their individual circumstances.

UC easements

- (iv) 84% agreed that customers should be given 2 months to validate their continued entitlement to Council Tax Support once they had moved on to Universal Credit.
- (v) 63% supported the proposal to end Council Tax Support on notification that a customer had moved on to Universal Credit and invite a new claim.
- (vi) 81% supported the proposal that that when we received notifications from the DWP every month regarding some Council Tax Support customers on Universal Credit that were not in receipt of Council Tax Support as the customer had failed to make a new claim or verify their income within the two months in proposal 4, that we would disregard the notification. General observations from responders on the UC easements proposed was that they felt strongly that there were currently issues with how the DWP administered Universal Credit and acknowledged the delays that are happening. Whilst the majority felt that 2 months should be adequate to validate or make a claim for Council Tax Support, they felt that the Council should do more practical support and communication to ensure those that are entitled remain entitled to this help.

Officer Comment & Advice

Given the financial pressures faced by the Council, it is recommended that that we go forward with the proposed changes to reduce the minimum from 75% to 65%, increase non-dependant deductions, reduce the capital level to £3,000 and apply the easements to the process of application for Universal Credit Customers.

Officers advise these proposals are necessary to be able to continue with some although reduced level of support to the most vulnerable of our customers.

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	15 JANUARY 2018	AGENDA ITEM:	11
TITLE:	MEDIUM TERM FINANCIAL STRATEGY		
LEAD COUNCILLOR:	CLLR JO LOVELOCK	PORTFOLIO:	LEADER / FINANCE
SERVICE:	FINANCE / CORPORATE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	Peter Lewis	TEL:	0118 9373263
JOB TITLE:	Director of Finance	E-MAIL:	Peter.lewis@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To advise members of the Policy Committee of the development of the budget for 2018/19 and the Medium Term Financial Strategy (MTFS) for the period to 31 March 2021.
- 1.2. A schedule of savings for inclusion in the 2018-19 budget and MTFS is attached in the Appendices.

2. RECOMMENDED ACTIONS

2.1. It is recommended that the Policy Committee:

- 2.1.1. endorses the policy to keep annual revenue spending within the limit of ongoing income sources each year through the MTFS period and only use one-off funding to fund change and investments which contribute to closing the financial gap in a sustainable manner;
- 2.1.2. agrees the savings proposals in the Appendices for inclusion in the 2018/19 revenue budget and MTFS, and authorises directors, in consultation with the responsible lead councillor and the statutory officers, to implement the savings in their service areas as soon as practicable, and before the start of the 2018-19 financial year where possible, subject to:
 - a) undertaking and considering the outcome of any necessary statutory consultation for the service in question;
 - b) complying with the Authority's duties under Section 149 of the Equality Act 2010, including undertaking and considering the outcome

of an Equality Impact Assessment where appropriate;

- 2.1.3. instructs the Corporate Management Team to monitor the progress of implementing the budget savings in the Appendices, and to continue to prepare additional measures to close the financial gap,
- 2.1.4. notes that the existing methodology, which has enabled the Authority to arrive at this point, will not be sufficient alone, and therefore requires officers to develop more radical proposals to close the financial gap, including steps to:
 - a. altering service levels where current ones are no longer affordable;
 - b. look for locally developed alternative delivery models in appropriate service areas;
 - c. positively test existing services against the market;
 - d. restrict the growth of employment costs;
- 2.1.5. requires the Council to seek full cost recovery by charging wherever possible;
- 2.1.6. asks officers to continue to prepare the budget proposals with Council Tax increasing at the Referendum Limit;
- 2.1.7. endorses the approach to the Corporate Plan priorities in this report.

3. BACKGROUND

- 3.1. The Council, when considering its MTFs in February will need to do so in light of its policy priorities. It is currently undertaking a review of its corporate plan and members are invited to endorse the following statement on priorities, which will form the core of the new plan.

4. SHAPING READING'S FUTURE

- 4.1. Reading is a place with a great quality of life as well as having a high performing economy, currently the fastest growing economy in the UK outside London. It is one of the most diverse populations in the South East outside London with a history of strong and cohesive neighbourhoods. It has a rich, but sometimes hidden, history and heritage and a thriving arts and cultural offer.
- 4.2. At the same time Reading is now the 4th most unequal UK city where certain resident groups are being left behind and not benefiting from our successful economy. There is rising demand for services to support and protect older and vulnerable people and children at risk, which is impacting hugely on our budgets at a time when funding is reducing. This means since austerity and into the medium term balancing the Council's budget has been and continues to be very difficult.

- 4.3. The Council has a long track record of maintaining front line services across our town to ensure vulnerable children, families and older people are protected and to keep our communities safe, clean and green. We recognise the significance of a successful and vibrant economy and the Council plays a key role in planning for our town's infrastructure, transport and housing ensuring it is great place to live, work and do business.
- 4.4. Aside from the well-rehearsed statutory requirement to be financially robust as a Council, we need to ensure that we are financially sustainable so that we can continue to shape and influence the future of Reading and play our part in protecting the most vulnerable and shaping the Town's future by:
 - 4.4.1. Ensuring that Reading achieves sustainable economic growth, which provides a wide range of job opportunities for people living in Reading and beyond.
 - 4.4.2. Ensure enough new homes and associated infrastructure are developed to meet local needs.
 - 4.4.3. To protect and enhance the life outcomes of vulnerable adults and children
 - 4.4.4. Keeping Reading's environment clean, green and safe.
 - 4.4.5. Ensure that there are good education, leisure and cultural opportunities for people in Reading.
- 4.5. Successful delivery of these priorities, with a backdrop of inadequate funding from Government, requires Reading Borough Council to operate as effectively and efficiently as possible, within the resources available, and with clear focus and determination. It means investing in growing the economy and increasing the supply of new homes so local income from business rates and council tax increases as a by-product. This also means we must implement new and different models of service delivery on a much bigger scale and do a lot more to encourage a culture of self-reliance across our communities to reduce demand. We also face making some difficult and very challenging decisions to reduce or stop services to protect priority services.
- 4.6. The latest modelling of the MTFS shows that, in order to deliver everything that we do now, in largely the way that we do it now, then the Council will need £43.2m more than is predicted to be available over the period to 2020/21. Of this sum, £20.5m is made up of demand pressures (£11.5m in 2018/19 alone), £10.0m in pay awards and increments, £5.2m of contract inflation and £4.5m of capital financing costs. Despite planned increases in Council Tax, the funding level remains fairly even across the MTFS due to reductions in Revenue Support Grant - to £0 by 2020/21. The resultant funding gap needs to be addressed and early action is needed to ensure that future success of the Council and to avoid any Government intervention.

	2017/18	2018/19	2019/20	2020/21
	£000's	£000's	£000's	£000's
Gross Budget	£ 142,765	£ 150,484	£ 163,690	£ 172,574
Funding	-£ 125,327	-£ 130,951	-£ 126,636	-£ 129,370
Savings in delivery 2017/18	-£ 12,987	£ -	£ -	£ -
Use of Balances	-£ 4,451			
Cumulative Base gap	£ -	£ 19,533	£ 37,054	£ 43,204

- 4.7. As members will recall, 2019/20 is the final year of the Government's four year settlement for local government, so for anything beyond 2019/20 it is necessary to use "informed guesswork" to estimate the Government resources and/or financial freedoms that might be forthcoming. Given the Chancellor's recent narrative about ongoing austerity and financial constraint, it is feared that our current estimates of funding may not be pessimistic enough; hence the £43m gap may transpire to be even larger.
- 4.8. In addition to the uncertainty of funding, there is the challenge of estimating demand pressures, especially those around the care services and children's social care in particular. At present, significant additional sums have been added to each of adult and children's social care over the MTFs period, with these being front-loaded. However, similar steps have been taken in the preparation of previous MTFs only to find that the additions have been insufficient to cope with emerging demands.
- 4.9. With all of the above in mind, the Council must prepare for the short term, in terms of a robust budget for 2018/19, and longer term to deliver a sustainable Council from 2019/20 onwards.

5. CLOSING THE GAP

- 5.1. In creating a MTFs for consideration in July 2017, members were faced with, and took, some difficult choices in order to set an agenda of cost reduction and/or service changes that would reduce the budget. In addition, members carefully set aside a contingency sum for unachieved savings and/or unexpected demand pressures and they set aside funds for investing in resources to bring about change; the change fund is valued by those drawing upon it. At the last point of reporting, while over 93% of 2017/18 savings were on target to be delivered, some 31% and 49% of 2018/19 and 2019/20 of previously agreed (July 2017) savings respectively were more than 10% off-target. This is a symptom of savings becoming more difficult to plan and deliver as time goes on.
- 5.2. The recent Local Government Finance Settlement brought some positive news for Reading Borough Council and its Berkshire partners. In addition to the potential to raise a further 1% (£0.817m) council tax (making the total increase up to 6% in 2018/19), the Government agreed the Berkshire Business Rates pilot. This means that the Berkshire authorities will retain 100% of their business rates for the pilot

period, being 2018/19 only. For Reading Borough Council this implies a one-off benefit of in excess of £1.5m for that year, with the majority (70%) of the additional funds retained in the area (estimated at £35m in total across Berkshire) being prioritised for use by the local enterprise partnership.

- 5.3. The Local Government Association has expressed disappointment that no new central funding was found to close the growing resource gap for children's services where demand has grown nationally and a significant number of councils are in intervention processes. Neither was any new money found nationally for adult social care pressures, which are well documented.
- 5.4. There is no doubt that balancing the budget for 2018/19 will require additional, challenging, short term decisions, but that making the MTFS sustainable will require broader thinking about the size, shape and delivery mechanisms of the Council; the current model is no longer fit for purpose and there is very little time now available to make the radical changes that are now essential for survival.
- 5.5. Senior officers have been working, principally, with members of the Administration Group since September 2017 to develop new savings proposals to go on top of the savings of nearly £11m for 2018/19 agreed in July 2017; further proposals of £6.0m have been identified, of which £3.7m are put forward for consideration at this meeting. However, even if all of these are agreed and then delivered at full value (i.e. without moderating for the confidence percentage), there remains a gap of £2.9m in 2018/19. As the savings proposals are developed and reviewed it will also be necessary to review the level of revenue contingency set aside for unexpected pressures and non-delivery of savings. The size of the contingency required is also influenced by the level of general balances, currently at the minimum recommended level of £5m. It is therefore intended to increase the general balances from the one-off (2018/19) sum available from the business rates pilot (estimated at £1.5m), which will have a positive, moderating impact on the size of revenue contingency required.
- 5.6. Further savings of £8.0m (£4.4m put forward for consideration with this report) and £7.4m (£3.2m put forward for consideration with this report) in each of 2019/20 and 2020/21 respectively are also being developed by officers for consideration, but, again, even if all are accepted at full value then gaps of £4.9m and £3.7m remain in the latter two years of the MTFS as illustrated in the table below. The gap in 2020/21 reduces (compared to 2019/20) due to the proposals for alternative delivery models put forward by officers for delivery in that year.

	2017/18	2018/19	2019/20	2020/21
	£000's	£000's	£000's	£000's
Gross Budget	£ 142,765	£ 150,484	£ 147,075	£ 140,467
Funding	-£ 125,327	-£ 130,951	-£ 126,636	-£ 129,370
Savings Agreed July 2017	-£ 12,987	-£ 10,599	-£ 7,420	£ -
Savings presented to this Committee		-£ 3,734	-£ 4,377	-£ 3,253
Savings in development		-£ 2,282	-£ 3,695	-£ 4,119
Use of Balances	-£ 4,451			
Cumulative Base gap	£ -	£ 2,918	£ 4,947	£ 3,725

5.7. This table illustrates that significant further savings are required even if everything currently proposed is agreed by members and is deliverable. Further proposals to bridge the gap are under development and will be presented to members in due course.

5.8. Officers must now advise members that continuing with our existing approach to finding savings and within the current principles of our operating model, we will not be able to close the MTFs gap. The current operating model is characterised by being in-house dominated, part of the national agreement for pay, having high levels of personal transactions with customers and offering significant choice for those with social care needs. The Council has effectively found savings of over £80m within this model of service delivery, which is a considerable achievement, but it has now reached the limits of what is possible. In short, the Council is running out of ways of trimming this model and now needs to seriously re-think the style of operation if it is to re-build its resilience and find a way to develop a three-year financial model.

5.9. Some areas of savings being considered are, for example:

- Getting better at procurement;
- Encouraging more on-line transactions;
- Tighter application of policies;
- Working to reduce growth in children's and adult social care costs;
- Reviewing the structure (spans of control/layers of management) of the workforce;
- Further improving the prompt collection of debt;
- Reviewing our approach to risk assessment in regard of matters such as litigation;
- Investing more in preventing demand by promoting well-being, self-help and engaging with society in child protection.

5.10. New proposals being examined, which would fundamentally challenge the current approach in Reading, are:

- Stopping some services and/or radically reducing service levels;

- Moving services to different delivery models such as trust and arms lengths companies managed on the basis of outcomes they achieve rather than form of delivery;
- Market testing services to promote change and innovation in our in-house teams and externalising if there remains a significant cost gap with the market;
- Changes to the rewards and policy framework for employees.

5.11. It is known that these approaches are new to Reading and not without risk or controversy. However, the advice from senior officers to members is that these approaches must now be embraced, with some pace, if the Council is to be secure in its future; it will be unable to present a balanced budget without embracing this change in approach.

6. MAKING CHANGE HAPPEN

6.1. We know that having a robust plan to deal with our financial challenges is of key importance to the Council and is a subject of keen interest to our external auditors, EY. Indeed, members will recall that EY commented, adversely, on future financial planning within the S24 letter that was issued earlier in 2017. In addition, during August 2017 the Director of Finance had to prepare and submit to EY a statement about the “going concern” status of the Council, which covered at least one forward year. The statement was positive because of the strong approach taken to agreeing savings in the July Policy Committee. A refreshed going-concern statement will have to be prepared as the 2016/17 accounts are finalised in January/February 2018; it is important that this statement is able to reflect the positive action that the Council has taken and is taking to address our financial challenges.

6.2. Another such statement will have to be prepared for the 2017/18 accounts closure, probably in May/June 2018. It will be helped by the positive implementation of the agreed savings in 2017/18, which improves our credibility, and by adopting the approach outlined in this report for future years. This will show that the Council understands the scale of the task and is willing to adopt a new approach to reducing costs.

6.3. To make the organisational changes described in this report, the Council will be moving towards outcomes focussed budgeting, members will direct strategic outcomes from services and for the community rather than mandating the mode of delivery. To be successful at delivering this scale of change in a compressed timescale, the Council should consider how it might accelerate the pace of implementation of proposals, with regular and appropriate scrutiny of progress. While more detail of proposed changes to process will be brought forward for consideration, for the sake of pace members accept that, where agreed, the savings proposals within this document can proceed without further Committee authority.

7. CONCLUSION AND NEXT STEPS

- 7.1. Before the February Policy Committee papers are finalised, the underlying budget assumptions will be validated, the 2016/17 accounts closure exercise will be completed and individual measures in line with the strategy outlined above will be costed and risk assessed. We will engage external advice on market testing services and alternative delivery models where necessary to develop proposals and engage legal advice on modernising employee terms and conditions through a re-engagement process.
- 7.2. What is very clear from the narrative above is that we must maintain and accelerate the pace of change if Reading Borough Council is to ensure its future sustainability for the benefit of Reading. Officers and members will work closely together to develop its decision-making approaches that will enable new ideas and proposals to be discussed and agreed swiftly.

8. CONTRIBUTION TO STRATEGIC AIMS

- 8.1. A robust MTFS is essential to ensure that funding is in place to support the delivery of the Council's Corporate Plan priorities:
1. Safeguarding and protecting those that are most vulnerable;
 2. Providing the best start in life through education, early help and healthy living;
 3. Providing homes for those in most need;
 4. Keeping the town clean, safe, green and active;
 5. Providing infrastructure to support the economy; and
 6. Remaining financially sustainable to deliver these service priorities.
- 8.2. This MTFS is being created with a clear focus on the demands being placed upon Council services, the funding required and hence savings necessary, and the priorities of the Council as expressed by the people of Reading.

9. COMMUNITY ENGAGEMENT AND INFORMATION

- 9.1. Local authorities are under a Duty to Consult representatives of a wide range of local persons. Authorities must consult representatives of council tax payers, those who use or are likely to use services provided by the authority and those appearing to the authority to have an interest in any area within which the authority carries out functions. Authorities should include local voluntary and community organisations and small businesses in such consultation. This should apply at all stages of the commissioning cycle, including when considering the decommissioning of services.
- 9.2. Consultation and community engagement will take place on individual savings proposals as appropriate.

10. EQUALITY IMPACT ASSESSMENT

- 10.1. 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.

10.2. Assessment of Equality Impact will take place on individual savings proposals as appropriate.

11. LEGAL IMPLICATIONS

11.1. There is a legal requirement for the Council to set a balanced budget, normally by 17 March each year. The proposals referred to in this report will contribute to setting a balanced budget and MTFS, with further proposals being presented to the Committee and Council in February 2018.

12. FINANCIAL IMPLICATIONS

12.1. The financial implications of these proposals are set out in detail throughout this report.

13. BACKGROUND PAPERS

13.1. None

14. APPENDICES

14.1. Appendix A Savings and Income Summary

14.2. Appendix B Savings and Income Options - summary detail

14.3. Appendix C Detailed proposals for change (to follow)

Appendix A

SAVING AND INCOME OPTIONS FOR 2018/19 - 2020/21

ALL	£'000's			
	2018/19	2019/20	2020/21	TOTAL
Savings as agreed by July 2017 Policy Committee	12,925	7,886	0	20,811
Adjustments agreed by CMT/Corporate Programme Delivery Group	-1,326	-466	0	-1,792
Agreed savings after adjustments	11,599	7,420	0	19,019
Saving and income proposals recommended to this Policy Committee	3,734	4,377	3,253	11,364
Savings in development for member consideration at a future Policy Committee	2,282	3,695	4,119	10,096
<i>TOTAL SUM OF OPTIONS TO CLOSE BUDGET GAP</i>	17,615	15,492	7,372	40,479

Corporate Support Services	£'000's			
	2018/19	2019/20	2020/21	TOTAL
Savings as agreed by July 2017 Policy Committee	2,570	2,666	0	5,236
Adjustments agreed by CMT/Corporate Programme Delivery Group	-1,040	-960	0	-2,000
Agreed savings after adjustments	1,530	1,706	0	3,236
Saving and income proposals recommended to this Policy Committee	1,193	620	50	1,863
Savings in development for member consideration at a future Policy Committee	852	383	250	1,485
<i>TOTAL SUM OF OPTIONS TO CLOSE BUDGET GAP</i>	3,575	2,709	300	6,584

Directorate of Environment and Neighbourhood Services	£'000's			
	2018/19	2019/20	2020/21	TOTAL
Savings as agreed by July 2017 Policy Committee	5,596	3,533	0	9,129
Adjustments agreed by CMT/Corporate Programme Delivery Group	-286	494	0	208
Agreed savings after adjustments	5,310	4,027	0	9,337
Saving and income proposals recommended to this Policy Committee	1,096	604	350	2,050
Savings in development for member consideration at a future Policy Committee	229	1,510	2,303	4,042
<i>TOTAL SUM OF OPTIONS TO CLOSE BUDGET GAP</i>	6,635	6,141	2,653	15,429

Directorate of Adult Care and Health Services	£'000's			
	2018/19	2019/20	2020/21	TOTAL
Savings as agreed by July 2017 Policy Committee	1,839	1,163	0	3,002
Adjustments agreed by CMT/Corporate Programme Delivery Group	0	0	0	0
Agreed savings after adjustments	1,839	1,163	0	3,002
Saving and income proposals recommended to this Policy Committee	1,050	850	100	2,000
Savings in development for member consideration at a future Policy Committee	1,201	1,802	147	3,150
<i>TOTAL SUM OF OPTIONS TO CLOSE BUDGET GAP</i>	4,090	3,815	247	8,152

Directorate of Children, Education and Early Help Services	£'000's			
	2018/19	2019/20	2020/21	TOTAL
Savings as agreed by July 2017 Policy Committee	2,920	524	0	3,444
Adjustments agreed by CMT/Corporate Programme Delivery Group	0	0	0	0
Agreed savings after adjustments	2,920	524	0	3,444
Saving and income proposals recommended to this Policy Committee	395	2,303	2,753	5,451
Savings in development for member consideration at a future Policy Committee	0	0	1,419	1,419
<i>TOTAL SUM OF OPTIONS TO CLOSE BUDGET GAP</i>	3,315	2,827	4,172	10,314

Appendix B - NEW SAVING AND INCOME OPTIONS FOR 2018/19 to 2020/21

B.1 Corporate Support Services

	SAVINGS AND INCOME PROPOSAL	SAVINGS				DESCRIPTION OF SAVINGS AND INCOME OPTIONS - What would we stop, reduce or do differently?
		TOTAL	2018/19	2019/20	2020/21	
CSS1-C	Reduction/Elimination of Cheque Payments	150	50	50	50	Reduction / elimination of taking cheques as payment for services. The current process for receipt and processing of cheque payments is complicated and involves several hand-offs between teams. It is likely that the majority of the processing cost comes from this manual processing, but this will require further investigation.
CSS2-C	Communications Income Generation Sponsorship	20	15	5	0	Seek to generate income from event sponsorship and selling advertising within event publications/e-publications/email bulletins.
CSS4-C	Corporate approach to Reducing Fraud	196	196	0	0	Expansion of Fraud Team to maximise income through fraud prevention.
CSS5-C	Generate Income through Investment by Expanding Joint Legal Team	50	50	0	0	Expand service to existing clients and look for business from councils outside Berkshire
CSS7-C	Increase Court Fees for Council Tax Recovery	57	57	0	0	Increase current court summons cost by £6, from £108 (£68 summons £40 Liability Order) to £114 (£74 Summons £40 Liability Order). We have not reviewed our current court costs for 2 years. Summons costs act as a deterrent for customers and encourage payment on time
CSS13-C	IT contract savings costs	60	60	0	0	Negotiated changes to the ICT Managed Services Contract to achieve a contract saving.
CSS14-C (CSS39-A)	Further Corporate Procurement contracts savings	1,100	200	900	tbc	To identify further savings from contracts
CSS16-C (CSS6-B)	Increasing Minimum Contribution to 35% for Council Tax Support Scheme	230	565	-335	0	For 2018/19 raise the minimum contribution to 35% and consider introducing new earned income bands for Council Tax Support. This replaces the existing 2019/20 saving of £335k.
		1,863	1,193	620	50	

B.2 Directorate of Environment and Neighbourhood Services

SAVINGS

SAVINGS AND INCOME PROPOSAL		TOTAL	2018/19	2019/20	2020/21	DESCRIPTION OF SAVINGS AND INCOME OPTIONS - What would we stop, reduce or do differently?
DENS2-C	Parks & Open Spaces Invest to Save	130	65	65	0	Aim to increase Parks and Open Spaces revenue by £130k over 3 years by restructure and investment in staff and equipment on an invest to save basis.
DENS3-C	Increase the Green Waste Charge	145	0	145	0	Increase Green Waste collection charges by £10 for bins and £5.00 for bags in 2019/20. (Bins are currently £50 per annum and bags are currently £15 per annum)
DENS7-C	Increase on-street pay & display charges.	38	19	19	0	It is proposed that the charges for on-street (Highway) pay & display parking are increased by £0.10 per tariff band.
DENS8-C	Increased income from Greenwave Bus Subsidy	100	100	0	0	There is an existing budget saving proposal to make a saving of £60k on the Greenwave bus service from April 2018 as presented to Policy Committee in 2017. Following a review of the existing budget and projected increased patronage on the route it is proposed that an additional £100k saving can be made on the Greenwave service, resulting in a £160k saving from April 2018 in total when combined with the previous saving proposal.
DENS10-C	Revise existing access restriction Beresford Road junction with Portman Road and convert into bus gate	50	25	25	0	The conversion of this existing junction restriction to a bus gate will allow effective enforcement against non-authorized vehicles, protect the local environment for Residents, and ensure effective vehicular controls are in place prior to the opening of Cow Lane bridges in September 2018.
DENS11-C	Introduce further areas of pay and display in the town centre, and other local centres such as Caversham, Shinfield, Tilehurst, Oxford Road, Wokingham Road and London Road	100	50	50	0	Introduce further areas of pay and display in the town centre and other local centres such as Caversham, Shinfield, Tilehurst, Oxford Road, Wokingham Road and London Road. There are several areas that are either unrestricted, or have existing limited waiting areas for short term parking. As with the Hospital and University pay and display model, creation of such areas provides residents and visitors with more certainty of short term parking, and a higher turnover of available spaces.
DENS12-C	Capitalise Highways Operatives Salaries	0	75	-75	0	Capitalise posts in the Highways & Drainage Service to implement capital improvement works funded from grant funding in 18/19 only.
DENS13-C	Introduce a 24 hours a day, 7 days a week charge for all Town Centre Pay & Display (P&D)	70	45	25	0	To amend the charges for use of pay and display areas within the Town Centre to apply 24 hours a day, 7 days a week (currently applies 8am-8pm)

DENS15-C	Adjustments to Base Assumptions	100	100	0	0	The saving is proposed by identifying surplus Business Rates. It is proposed that these will be removed from the budget for 2018/19.
DENS17-C (DENS39-B)	A further saving to reduce Bed and Breakfast expenditure.	450	250	100	100	Reduce expenditure on emergency accommodation for homeless households. Reducing B&B use and length of stay is a key priority for the Council to deliver the best outcomes for homeless families.
DEN18-C	Transfer of void council housing properties to Homes For Reading Ltd.	0	0	0	0	Transfer of five void HRA houses per annum in 2017/18 and 2018/19 to the Council's wholly-owned housing company, Homes for Reading to generate capital receipts circa £925K per annum. Government regulation permits the transfer of up to five properties per year in this way. The receipts are needed to help fund the cost of transformation, also permitted by different regulations.
DENS19-C	Charge Time for Work Related to Investment Purchases / Disposals	25	25	0	0	Revised fee and income assumptions and increase recovery of state costs associated with asset management.
DENS20-C	Capitalisation of Salaries	57	57	0	0	Revised fee and income assumptions and increase recovery of state costs associated with asset management.
DENS21-C	Fees from s106 viability appraisals	10	10	0	0	Revised fee and income assumptions and increase recovery of state costs associated with asset management.

DENS22-C (DENS23-A)	Further initiative to increase income from commercial property acquisitions.	750	250	250	250	Continue to invest in the Council's property investment portfolio.
DENS23-C	Planning Fee Income	25	25	0	0	Revised fee and income assumptions and increase recovery of state costs associated with asset management.
		2,050	1,096	604	350	

B.3 Directorate of Adult Care and Health Services

		SAVINGS				DESCRIPTION OF SAVINGS AND INCOME OPTIONS - What would we stop, reduce or do differently?
SAVINGS AND INCOME PROPOSAL	TOTAL	2018/19	2019/20	2020/21		
DACHS1-C	Changes to Adult Social Care Fees & Charges	50	50	0	0	The Care and Support Charging & Financial Assessment Framework (or Charging Policy) was comprehensively reviewed last year, and following consultation a number of changes were introduced for April 2017. These have delivered significant additional income during the current financial year. This proposal would progress some further changes to the Appendices of the Framework for 2018-19 in line with the Council Budget Setting Progress. These are expected to generate additional income
DACHS2-C	Changes to the Adult Social Care Front Door	250	250	0	0	<p>Access to Adult Social Care will be promoted through</p> <ul style="list-style-type: none"> • Online portal • Phone contact to the Contact Centre <p>Online referral and simple assessment will be developed so that people can see whether they may be eligible for services. A first level financial assessment will also be developed for use online so that people can see whether they may have to pay for services. Both developments will sit alongside the Reading online directory which will help people to make their own choices about advice, information, care and support.</p> <p>The contact centre will provide information and advice as needed, and also provide a simple assessment. The current arrangements between the contact centre and the Department will be revised so that expert advice is available at the front door. The combination of both developments will result in savings of £250,000 made up of</p> <ol style="list-style-type: none"> 1. Reduced demand for services as people self-serve 2. Reduced time spent on assessments as the first stage will be completed at the front door

DACHS3-C	Reducing Adult Social Care contracts spend	1200	450	750	0	It is proposed that re-provision of the Home Care Framework contract due in 2019 be based on a revised approach using outcome based Commissioning. The elements within the proposal of change were planned delivery to support the achievement of existing savings targets within the ASC Transformation Programme but will also deliver the savings within the new proposal.
DACHS5-C	Increased usage of Assistive Technology and Equipment	200	200	0	0	The increased use of telecare and Assistive Technology is part of a Berkshire West 10 scheme to transform the way in which this service is delivered. The use of telecare works most successfully when <ul style="list-style-type: none"> • There is a corresponding decrease in the use of home care • It reduces the need or delays the need for residential or nursing home care • It is used as part of a total package which also includes adaptations and equipment. In the first instance this will mean building on the work already undertaken to reduce “double up “ calls and exploring the use of telecare to ensure that needs are being met. Through the BW10 partnership, PA Consulting have been engaged to develop a business case for a new service model for assistive technology, which will calculate the cost/benefits of different options and support the delivery of the savings for RBC.
DACHS7-C	Increased usage of Direct Payments	300	100	100	100	Increasing the number of people managing their care and support with a direct payment is a priority for Adult Social Care. As part of our person-centred outcome based commissioning plan for 18/19 we want to provide support that focuses on enabling as many individuals as possible to live independent choice based lives. Within this work there is potential to deliver savings through changes to the way that people’s needs are met.
		2,000	1,050	850	100	

B.4 Directorate of Children, Education and Early Help Services

SAVINGS AND INCOME PROPOSAL	SAVINGS				DESCRIPTION OF SAVINGS AND INCOME OPTIONS - What would we stop, reduce or do differently?
	TOTAL	2018/19	2019/20	2020/21	

DCEEHS1-C	Increase income target with Education Welfare Officer to taper reduction in revenue spend	30	5	10	15	This service is partly bought back - aspiration is full cost recovery.
DCEEHS2-C	Review of Continuing Health Care (CHC) funding for children	300	50	100	150	Investment in resource required - fixed term Social Worker for 12 months to assess all cases and on going Business Support in Access to Resources Team.
DCEEHS3-C	Position edge of care services as 'wraparound' adolescent service in order to prevent adolescent Looked After Children (LAC)	244	0	60	184	Cost avoidance to reduce Looked After Children spend which will fund the Edge of Care Team.
DCEEHS4-C	Increase Reading Borough Council foster carers	175	23	58	94	Impact of recruitment of foster carers, projecting two in 2018/19, five in 2019/20 and eight in 2020/21.
DCEEHS5-C	Increase capacity of local 'under 20 mile' placements for Looked After Children (LAC)	3,076	0	1,538	1,538	The proposal is to increase the capacity of local 'under 20 mile' placements for looked after children (LAC). <ul style="list-style-type: none"> • Re-profiling of LAC to lower cost placements Expansion of market offer and development of placements. Analysis of Looked after Children profile and community to identify market provision and development. To include exploration around residential settings, increase in local in house foster carers, including specialisms.
DCEEHS6-C	Designate specialist foster carers for emergency provision	143	0	76	67	Assuming one agency officer per month from 2019/20 preventing emergency foster placements being placed with Independent Fostering Agency placements.
DCEEHS8-C	Increase income target with targeted and specialist youth to taper reduction in revenue spend	90	15	30	45	Approximately 33% income already generated from partners currently - this will be a stretch target.
DCEEHS9-C - Option 1	Revise under 5 offer to make best use of early years and childrens centre provision	500	150	150	200	Generate income or reduction in staff.
DCEEHS10-C	Design and implement a Reading supported lodging scheme either in house or with a local provider to reduce costs of supported lodgings	391	52	130	209	Investment in resource required - Coordinator for Supported Lodgings within Access to Resources would be required to manage the market.

DCEEHS12-C	Introduction of Charging policy for Section 20 cases	0	0	tbc	tbc	Charging policy to be developed, flat rate for 0 to 15 year olds and full cost recovery for over 16's, this may bring challenge. Under review by a number of authorities. Additional resource will be required to complete this work.
DCEEHS13-C	Review all post order payments	25	25	0	0	This is a one off saving.
DCEEHS14-C	Review all direct payment and short break provision	127	25	51	51	Reduction of Service over 3 year period, with targets of 5%, 10% and 10%. Will be done in collaboration with parents and carers forum.
DCEEHS15-C	Review of school transport provision	350	50	100	200	Full year effect from April 2018.
		5,451	395	2,303	2,753	