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Executive

Thursday, 15th December, 2022 at 5.00 pm

in the Council Chamber, Council Offices, Market Street, Newbury

Note: This meeting can be streamed live here: https://www.westberks.gov.uk/executivelive

Date of despatch of Agenda: Wednesday, 7 December 2022

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Sadie Owen (Principal Democratic Services Officer) on 01635 519052 or e-mail: sadie.owen1@westberks.gov.uk

Further information and Minutes are also available on the Council's website at www.westberks.gov.uk

West Berkshire
COUNCIL

To:	Councillors Lynne Doherty (Chairman), Steve Ardagh-Walter, Dominic Boeck, Graham Bridgman, Ross Mackinnon, Thomas Marino, Richard Somner, Joanne Stewart and Howard Woollaston

Agenda

Part I

Pages

Items as timetabled in the Forward Plan

Pages

Part II

Electricity Generation Assets (HELGA) Framework.

14. **Contract Award for the Children and Young Peoples Therapies Service (EX4181)** 167 - 182

(Paragraph 3 – information relating to financial/business affairs of particular person)

Purpose: to seek authority to enter into an Inter Authority Agreement (IAA) to work in partnership with Wokingham Borough Council (Lead Authority) & Brighter Futures For Children Ltd (Reading) to deliver the Children and Young People's Integrated Therapies Service. Within this agreement we will agree to Wokingham Borough Council entering into a Service Contract with a provider on behalf of Wokingham Borough Council, Brighter Futures For Children Ltd. and West Berkshire Council.

Sarah Clarke
Service Director: Strategy and Governance

West Berkshire Council Strategy Priorities
Council Strategy Priorities: **PC1: Ensure our vulnerable children and adults achieve better outcomes** **PC2: Support everyone to reach their full potential** **OFB1: Support businesses to start, develop and thrive in West Berkshire** **GP1: Develop local infrastructure to support and grow the local economy** **GP2: Maintain a green district** **SIT1: Ensure sustainable services through innovation and partnerships**

If you require this information in a different format or translation, please contact Sadie Owen on telephone (01635) 519052.

Executive – 15 December 2022

Item 1 – Apologies for absence

Verbal Item

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DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

EXECUTIVE

MINUTES OF THE MEETING HELD ON THURSDAY, 3 NOVEMBER 2022

Councillors Present: Lynne Doherty (Chairman), Steve Ardagh-Walter, Dominic Boeck, Graham Bridgman, Thomas Marino, Richard Somner, Joanne Stewart and Howard Woollaston

Also Present: Councillors Adrian Abbs, Jeff Brooks, Gareth Hurley, Alan Macro and Tony Linden

Members and Officers Present Remotely: Councillors Carolyne Culver, Steve Masters and Joseph Holmes (Executive Director – Resources)

Apologies for inability to attend the meeting: Councillor Ross Mackinnon and Andy Sharp (Executive Director - People)

Officers Present: Sarah Clarke (Service Director Strategy & Governance), Leigh Hogan (Interim Service Lead, Legal & Democratic), Nigel Lynn (Chief Executive), Eric Owens (Interim Executive Director – Place), Sadie Owen (Principal Democratic Services Officer) and Steve Welch (Service Director, Community and Wellbeing)

PART I

39. Minutes

The Minutes of the meeting held on 22 September 2022 were approved as a true and correct record and signed by the Leader.

40. Declarations of Interest

Councillor Richard Somner declared an interest in Agenda Item 9 as an NHS employee, but reported that, as his interest was a personal or an other registrable interest, but not a disclosable pecuniary interest, he determined to remain to take part in the debate and vote on the matter.

Councillor Jo Stewart declared a personal interest in Agenda Item 9, as someone who lived with an employee of the NHS but reported that, as her interest was a personal or an other registrable interest, but not a disclosable pecuniary interest, she determined to remain to take part in the debate and vote on the matter.

Councillor Graham Bridgman declared a personal interest in Agenda Item 9, as a Governor of two NHS Trusts, but reported that as his interest was personal or an other registrable interest, but not a disclosable pecuniary interest, he determined to remain to take part in the debate and vote on the matter.

41. Public Questions

A full transcription of the public and Member question and answer sessions is available from the following link: Transcription of Q&As.

42. Petitions

There were no petitions presented to the Executive.

43. Environment Strategy Annual Progress Report (EX4242)

Councillor Steve Ardagh-Walter introduced the Environment Strategy Annual Progress Report (Agenda Item 6), which covered the second year of the delivery of the Strategy from July 2021 to July 2022.

Councillor Ardagh-Walter highlighted page 43 of the agenda pack, and in particular the Council's progress to carbon neutrality.

Councillor Ardagh-Walter further emphasised the Council's response to feedback received from the Local Plan Review Regulation 18 where there had emerged a strong theme around carbon emissions within buildings and improving energy efficiency. Councillor Ardagh-Walter commented that this had been noted and the Council had responded by undertaking work with consultants to review policies within the draft Local Plan Review relating to energy efficiency and carbon emissions within new and existing buildings.

Councillor Dominic Boeck praised the paper noting that work had started prior to the period covered by the report. Councillor Ardagh-Walter agreed acknowledging that the Council had not started from zero in 2019 and thanking Officers for all of the work that was done prior to that date.

Councillor Lynne Doherty noted that West Berkshire was the seventh local authority in the country in relation to being Electric Vehicle (EV), ready. Councillor Doherty praised the report and drew particular attention to page 32 and the colourful infographic, suggesting that each year the report should compare and contrast the progress made with the previous years graphic.

Councillor Richard Somner thanked Officers for their work but noted that there was still work to do. He drew attention to page 40 of the Agenda Pack which highlighted the breadth of engagement that the Council had with residents. Councillor Somner hoped that residents would take the time to read the report, and recognise that the Council had listened and was acting.

Councillor Adrian Abbs referred to a 2019 motion to Council which had declared a unanimous climate emergency, and led to the creation of a Strategic Plan to deliver a carbon neutral West Berkshire by 2030. Councillor Abbs drew attention to section 1.2 of the report which he suggested referred to a West Berkshire Council target rather than a West Berkshire target.

Councillor Abbs also commented that he was worried in relation to sewage numbers, commenting that the figures did not signify a drop.

Councillor Ardagh–Walter responded that he did not believe that a carbon neutral district was feasible by 2030, and clarified that there had always been two parts to the Strategy; namely the carbon neutrality of the Council and then the drive to improve the District.

Councillor Tony Vickers commented that he was pleased to see the LRIE mentioned and was fully in support of the vision for a zero carbon development. Councillor Vickers queried the current status of the Car Club.

Councillor Ardagh-Walter responded that he was eager to see the Car Club progress and there had been a delay due to a contractual issue, but that EVs had already been provided by Enterprise and were available in central Newbury.

Councillor Carolyne Culver congratulated Members of the Environment Advisory Group, Officers and people across the district who were all working so hard to cut carbon emissions.

Councillor Culver queried whether more could be done to reach out to local community groups that were not connected with parish councils.

Councillor Culver further queried when she would receive a formal response to the COP26 in Glasgow Motion raised at Council on 18 January 2022.

Councillor Culver lastly congratulated Officers on the food waste collection initiative, but also requested that feedback be passed on to the contractors that a number of residents in her ward had not received their bins on time.

Councillor Ardagh-Walter agreed to discuss with Officers methods for engaging and reaching more groups.

Councillor Ardagh-Walter agreed to remind Officers in relation to a response to the motion and acknowledged that there had been delays in responding in the past.

Councillor Ardagh-Walter further acknowledged that there had been some issues in delivering the food waste bins but commented that he had assurances that all houses would be in receipt by the following day. He further commented that it was important to engage as many residents as possible in the initiative and saw it as an opportunity to significantly improve the carbon emission numbers.

Councillor Steve Masters thanked Officers for the report and queried, other than changing supplier, what other projects the Council had received a significant return on.

Councillor Ardagh-Walter responded that a large quantity of preparatory work had been undertaken which would not result in significant reductions in numbers but would provide a strong baseline to ensure that future work was verifiable and correct. He reported that the Council was starting to roll out energy efficient infrastructure in schools and that progress would be gradual, slow and cumulative, but that he was confident that the target of 2030 would be reached.

RESOLVED that: Executive note the Annual Progress Report on the Environment Strategy (as included in Appendix A), which is published on the Council's website.

Other options considered:

- There is a commitment to report on an annual basis on progress delivering the Environment Strategy. The pattern of reporting is to look at achievements and actions from July one year through to the end of June the following year. This aligns with the approval of the Environment Strategy in July 2020. Within this the actual carbon footprint data is captured for each financial year with the most relevant period being reported in the Annual Progress Report. The District's data which comes from BEIS is based on a calendar year and, again, the most up to date published position is included in the APR. It is an option to look at different approaches to the timing of reporting but there seems to be some logic in having a baseline that corresponds to the initial approval of the Environment Strategy.
- It is not an option not to report on such an important area as carbon reduction. The Council is seeking to always improve on how it reports information. In line with this continuous improvement, a project to assess the carbon impacts of each relevant action or project in the Delivery Plan has been progressed this year. Further work needs to be done on how this can be incorporated into the presentation of results and a forecast of impacts going forward. Each year as our understanding of impacts and data improves we will endeavour to improve the quality and accuracy of our reporting.

44. MTFS Planning (EX4257)

Councillor Lynne Doherty introduced the report (Agenda Item 7), which provided Members with an update on the MTFS and had been requested as a result of the current volatility in the existing financial planning assumptions. Councillor Doherty commented that rises in inflation and demand had resulted in the Council being faced with a gap in the 2023/24 budget and a saving requirement of £15.8m.

Councillor Jeff Brooks agreed that it was sensible to bring forward the paper and requested assurances that there would be no cuts to front line services.

Councillor Doherty commented that she had been a councillor for seven years and had never seen an MTFS like it. Councillor Doherty commented that it was a unique situation but provided assurances that Members were doing everything possible to address the situation and to ensure that front line services and those services most relied upon by residents were protected.

Councillor Jo Stewart commented that there were a number of challenges, particularly in Adult Social Care where client numbers were up by 40%, and that costs and savings were at the core of every decision discussed. Councillor Stewart cautioned that such pressures should not lead the Council to treat service providers unfairly. Councillor Stewart suggested that there would be some tough and challenging decisions to make at Budget Board but welcomed the recommendation and further proposals.

RESOLVED that: Executive request further proposals from officers to close the gap in the 2023/24 budget.

45. Co-Production Framework for West Berkshire (EX4263)

Councillor Graham Bridgman introduced the report (Agenda Item 8), which provided a summary of the work carried out to develop an approach to working co-productively in West Berkshire. Councillor Bridgman commented that prior to publication of the Co-Production in West Berkshire: The Essentials document, clarification was required in relation to the Service Improvements section on page 3.

Councillor Jeff Brooks commented that whilst he was in favour of talking to external groups and representative bodies, there was no methodology outlined in relation to selection of contributors and projects. Councillor Brooks requested assurances in relation to the fairness of the Co-Production Framework (the Framework), and queried the cost involved.

Councillor Bridgman commented that delivery of the Framework would be within existing financial resources, however would be interrogated as part of the ongoing MTFS and cost saving review.

Councillor Bridgman reported that the Framework had been tested on the Environment Strategy and had engaged with a number of different groups. Councillor Bridgman suggested that it was a process that the Council needed to engage with and would be tested as it proceeded.

Councillor Bridgman highlighted paragraphs 5.1 and 5.2 of the covering report which detailed the different groups of local residents that had been involved and how the Framework had been tested.

Councillor Tony Vickers suggested that contributors would be a self-selecting group. Councillor Vickers queried where the idea for the Framework had originated and how it would be funded.

Councillor Bridgman commented that consultations took place on a number of issues and suggested that the Framework was a development of the engagement process, involving residents to a greater extent. Councillor Bridgman further clarified that the Framework had been developed as a deliverable of the Communications and Engagement Strategy.

Councillor Carolyne Culver expressed support for the Framework and queried when it would be possible to see the guide produced by the group. Councillor Bridgman agreed to respond following the meeting.

Councillor Bridgman encouraged all Members to attend a breakfast zoom briefing on the Framework on 24 November.

Councillor Alan Macro shared the concerns of Councillors Brooks and Vickers and requested assurance that Opposition and Ward Members would be involved in future work of the Framework. Councillor Bridgman provided assurances on that point.

Councillor Steve Ardagh-Walter commented that he had been involved at the start of the project due to the Environment Strategy trial group. Councillor Ardagh-Walter commented that the Framework assisted in harnessing expertise within the district to assist as a tool for delivery rather than governance. In seconding the recommendation, Councillor Ardagh–Walter reiterated that the Framework was a trial and that he looked forward to it producing a completed project.

RESOLVED that: Subject to the clarification that the Portfolio Holder for Health and Wellbeing will seek from Officers, Executive agree the document in Appendix A “Working Together: Co-Production in West Berkshire: The Essentials” which summarises the local Co-Production Framework.

46. Buckinghamshire Oxfordshire & Berkshire West Integrated Care Partnership (EX4268)

Councillor Bridgman introduced the report (Agenda Item 9), which outlined the requirement to establish the Buckinghamshire Oxfordshire and Berkshire West Integrated Care Partnership (ICP) as a joint committee.

Councillor Alan Macro expressed concern that the County Councils involved in the partnership might be able to dominate the committee and requested assurances that there would be co-operation with the West Berkshire representatives.

Councillor Bridgman understood the concern raised but assured Councillor Macro that the terms of reference once published would assuage any doubt.

Councillor Bridgman explained that were a decision to be made by the ICP it would require a vote of the majority of the whole body plus a majority of the six founding members and so would be very much a collaborative approach, and Councillor Bridgman did not anticipate any discord.

Councillor Carolyne Culver queried whether Councillor Bridgman was hopeful that the revised structure would result in good outcomes for residents compared with the existing structure of the NHS.

Councillor Bridgman responded that he had held conversations with the Health and Wellbeing Boards of the five participating local authorities and felt that all were united to work to deliver health at the right level for the population.

Councillor Dominic Boeck thanked Councillor Bridgman for his leadership in the project and seconded the recommendation.

RESOLVED that: Executive

- Approve the creation of a joint committee to act as the Integrated Care Partnership covering the Buckinghamshire Oxfordshire and Berkshire West area;
- Note the appointment by the Leader of the Executive Portfolio Holder for Health and Wellbeing as the West Berkshire Council representative on the Integrated Care Partnership joint committee;

- Note the appointment by the Leader of all remaining Executive Portfolio Holders as substitutes on the Integrated Care Partnership; and
- Note that the Portfolio Holder for Health and Wellbeing will be given delegated powers by the Leader to agree the final version of the Terms of Reference for the Integrated Care Partnership, in collaboration with other Members of the Integrated Care Partnership.

Other options considered:

None - the formation of an ICP is a statutory requirement. If the Executive does not approve the formation of the joint committee then the ICP would be established without West Berkshire Council as a member.

47. Motion to Council - Sprinklers (EX4235)

Councillor Tony Linden welcomed the report and urged all Members of the Executive to support it. Councillor Linden stressed the value of sprinkler systems and their importance in terms of safety, particularly following the Grenfell disaster.

Councillor Richard Somner introduced the report (Agenda Item 10), and thanked Councillor Linden for raising the important matter for consideration, and apologised for the time taken to formally respond to the motion. Councillor Somner commented that the matter had been debated at the Planning Advisory Group and that he was happy to propose the recommendation.

Councillor Jeff Brooks, whilst happy with the recommendation, commented that it was unacceptable that it had taken fifteen months to respond to the motion. Councillor Brooks suggested that he would have created a presumption to install sprinkler systems unless advised that there was a good reason not to, rather than creating a risk based assessment with the onus on Officer judgement.

Councillor Somner noted the comments and responded that a number of other local authorities had also chosen to follow a risk based approach.

Councillor Tony Vickers requested that the letter to the Minister be copied to former Member, Paul Bryant, who had regularly championed the installation of sprinkler systems. Councillor Somner agreed to the request.

Councillor Jo Stewart seconded the recommendations.

RESOLVED that:

- Members agree the proposed letter be sent to the Minister.
- Members agree the introduction of AFSS to its own new building stock and existing buildings as part of a major refurbishment on a risk based approach.

48. Contract Award for the Provision of Grounds Maintenance (EX4208)

Councillor Richard Somner introduced the report (Agenda Item 11), which concerned the award of the Grounds Maintenance Contract following a tender process. Councillor Somner thanked Officers for their continued work throughout the life of the contract and through the tender process.

Councillor Carolyne Culver commented that it would be good to have access to the schedule of works in terms of responding to ward queries relating to grass cutting. Councillor Culver queried whether the contractor would be adhering to the Council's policy of cutting verges less and whether there would be more resources dedicated to emptying dog waste bins. Councillor Somner agreed in relation to the schedule of works and provided assurances that policies would be followed and that there would be increased resource to manage the dog waste. Councillor Somner urged residents to continue to take dog waste home if a dog bin was full.

Councillor Adrian Abbs queried whether dog bins would be emptied more frequently in accordance with use. Councillor Somner responded that it was very much a working contract, that the issue had been recognised and that there was greater flexibility to manage the contract.

Councillor Alan Macro commented that there had been numerous problems with the current contract particularly with relation to a lack of grass cutting, and to machines dropping grass cuttings on footpaths. Councillor Macro queried whether there would be increased supervision under the new contract.

Councillor Somner commented that there were areas of the district where grass had deliberately been left long, however acknowledged that leaving cuttings on footpaths was not satisfactory and would be supervised going forward.

Recommendation (Vote to be taken in Part II). That Executive:

- Award the contract for the provision of Ground Maintenance Services to the successful bidder; and
- Delegate authority to the Service Lead Legal & Democratic Services in consultation to finalise the terms of the agreement as set out in the tender documents and to make any necessary drafting or other amendments to the terms of the agreement which are necessary to reach final agreement but do not materially affect the intent and substance of the agreement.

Other options considered:

- Officers considered procurement options for grounds maintenance prior to the commencement of the current contract in 2018. Particular consideration was given to an in-house option as well as procurement through an existing framework. Both were dismissed for reasons which are still relevant in the current climate. An in-house service isn't appropriate for a contract of this size given the capital investment required and the lean client structure which exists, whilst frameworks often apply a 'one size fits all' approach which are unresponsive to change.
- Another approach officers considered briefly was to break down the various contract elements into lots**.** This approach had its own advantages and disadvantages.
- Overall officers considered that in practice breaking the contract up and employing multiple companies was more likely to increase the risk of failure of the contract as they may, in fact, have less resilience given the current economic uncertainties, Brexit concerns and Covid 19 impacts. Greater certainty over contract size has inherent value in itself making the tender more attractive to bidders.

49. York House - Freehold disposal (EX4279)

Councillor Howard Woollaston introduced the report (Agenda Item 12), which provided options and made a recommendation for the freehold disposal of York House

Councillor Adrian Abbs commented that there did not appear to be any justification or reasoning to dispose of the property and expressed concern at disposing of an asset at a time when property was not likely to obtain its best value. Councillor Woollaston responded that the property team had consulted all services within the Council and that nobody wished to occupy the building.

Councillor Tony Vickers noted that a feasibility study for use of the building was still awaited and queried whether it was the correct time for disposal.

Councillor Carolyne Culver commented that it was a shame that the social housing option could not be pursued and queried the size of site required to be viable for social housing. Councillor Woollaston responded that the size required was approximately half an acre, and that York House was only one third of an acre.

Councillor Alan Macro noted that the property had been used as a 'touchpoint' for the Rough Sleeping Team, and queried what alternative arrangement was now in place. Councillor Woollaston agreed to discuss further under Part II.

Recommendation (Vote to be taken in Part II). That Executive:

Resolve to delegate to the Executive Director Resources and the Executive Portfolio Holder for Finance and Economic Development, the disposal of the freehold of York House on the open market (either through a marketing agent or auction).

Other options considered:

- Do nothing. The property is currently vacant, has no current operational need and costing WBC revenue funding to maintain the vacant property. Not recommended.
- There remains the opportunity to progress the proposal from the WBC Education Service for the purposes of education for young people with SEN & SEND, specifically young people of secondary age who are emotionally based school avoiders (EBSA). This option is not yet certain and more detailed feasibility work is required to offer certainty to progress. This will prolong the period of vacancy for the site.
- Option has already been pursued in 2018 for the purposes of the redevelopment for ASC respite care. This was withdrawn by the service.
- Option has already been pursued in 2018 for the potential disposal of the site to the West Berkshire Council and Sovereign Housing Association, Joint venture. Feedback was that the site was too small for viable redevelopment.
- Option has already been pursued in 2020/21 for the leasing out of the site to a local GP Practice which has expressed an interest. The GP practice withdrew following a site visit.
- Option has already been pursued in 2021/22 following expression of interest from St. Barts School. Following numerous communications St. Barts has not progressed this any further.
- During 2018, the WBC Housing Team expressed an interest in development of the site for emergency accommodation for the homeless. This proposal was withdrawn by the service.
- Further interest was expressed in 2020 by the WBC Housing Team for the development of the site for affordable housing through a procurement process with local Registered Providers. Following a procurement process there was insufficient interest to progress.
- To retain the vacant property pending yet to be identified service need to come forward.

50. Extension of existing leisure management contract from January 2023 to June 2023 (EX4267)

Councillor Howard Woollaston introduced the report (Agenda Item 13), which proposed the extension of the current leisure management contract to June 2023 to allow for the conclusion of the leisure management procurement process.

Councillor Adrian Abbs commented that he felt that it was a pragmatic approach to extend the contract for a short period and was generally in support of the recommendation.

Recommendation (Vote to be taken in Part II). That Executive:

Resolve to approve the forecasted costs relating to the extension of the Leisure Contract, as detailed in the Part II report, until the conclusion of the tender process due to be completed by June 2023 and that the Service Director for Communities and Wellbeing approves the variation agreement in consultation with Legal Services and Finance.

51. Members' Questions

A full transcription of the public and Member question and answer sessions is available from the following link: Transcription of Q&As.

52. Exclusion of Press and Public

RESOLVED that members of the press and public be excluded from the meeting for the under-mentioned items of business on the grounds that they involve the likely disclosure of exempt information as contained in Paragraphs 3 and 6 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006. Rule 8.10.4 of the Constitution also refers.

53. Contract Award for the Provision of Grounds Maintenance (EX4208)

(Paragraph 3 – Information relating to financial/business affairs of particular person)

The Executive considered an exempt report (Agenda Item 16), concerning the contract award for the Grounds Maintenance Contract following a tender process.

RESOLVED that: the recommendations in the exempt report be agreed.

54. York House - Freehold disposal (EX4279)

(Paragraph 3 – Information relating to financial/business affairs of particular person)

The Executive considered an exempt report (Agenda Item 17), concerning the recommendation for the freehold disposal of York House.

RESOLVED that: the recommendations in the exempt report be agreed.

55. Extension of existing leisure management contract from January 2023 to June 2023 (EX4267)

(Paragraph 6 – Information relating to proposed action to be taken by the Local Authority)

The Executive considered an exempt report (Agenda Item 18), concerning the recommendation to extend the existing contract from January 2023 until June 2023.

RESOLVED that: the recommendations in the exempt report be agreed.

(The meeting commenced at 5.00pm and closed at 7.25pm)

CHAIRMAN …………………………………………….

Date of Signature …………………………………………….

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Executive –15 December 2022

Item 3 – Declarations of Interest

Verbal Item

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Item 4:

Public Questions to be answered at the Executive meeting on 15 December 2022.

Members of the Executive to answer questions submitted by members of the public in accordance with the Executive Procedure Rules contained in the Council's Constitution.

A. **Question submitted by Ivan Scott to the Portfolio Holder for Planning, Transport and Countryside:**

"Will the budget for making Streatley footpath STRE/21/1 accessible to the public be carried over to the 2023/24 financial year if the physical works are not completed before the end of March 2023?"

B. **Question submitted by John Gotelee to the Portfolio Holder for Planning, Transport and Countryside:**

"The Faraday rd football pitch has been erroniously defined as a Brownfiedls site. Given the following definition of what constitutes Brownfields sites it is clear that the undeveloped pitch area does not fit the definition "Land which has previously been developed. The term may cover vacant or derelict land, land occupied by redundant or unused buildings and developed land within the settlement boundary where further intensification of use is considered acceptable." when can we expect this error to be rectified?"

C. **Question submitted by Gareth Beard to the Portfolio Holder for Planning, Transport and Countryside:**

"Would the council give an update on the use of the EV chargepoints it has installed across the area. How many sessions and the amount of power drawn from the units."

D. **Question submitted by Stuart Gourley to the Portfolio Holder for Housing, Leisure and Culture:**

"Can the Executive please tell me the wasted costs of: Wasted officer hours spent organising/and analysing the public consultation for the proposed Manor Park Playing Pitch; Wasted cost of the Feasibility Study for the Manor Park Pitch Proposal back in December 2021?"

E. **Question submitted by Vaughan Miller to the Portfolio Holder for Housing, Leisure and Culture:**

"Has the council identified sites for the shortfall of eight 3G football pitches in West Berks?"

F. **Question submitted by John Gotelee to the Portfolio Holder for Internal Governance and Strategic Partnerships:**

"In 2012 a report showed that amongst the council workforce stress, depression or anxiety was the top illness and had climbed to 26.6 per cent from 18.4 per cent in 2009/10. How do those figures compare to today."

G. **Question submitted by Gareth Beard to the Portfolio Holder for Planning, Transport and Countryside:**

Item 4:

Public Questions to be answered at the Executive meeting on 15 December 2022.

Members of the Executive to answer questions submitted by members of the public in accordance with the Executive Procedure Rules contained in the Council's Constitution.

"What plans are there to increase the number of chargepoints throughout the area especially in the villages. Is any consideration max to support larger vehicles such as vans and minibuses?"

H. **Question submitted by Vaughan Miller to the Portfolio Holder for Housing, Leisure and Culture:**

"When does the council plan to complete a review of the Playiong Pitch Strategy?"

I. **Question submitted by John Gotelee to the Portfolio Holder for Finance and Economic Development:**

"In the LRIE webinar Katherine Makant stated that drainage was an iterative process. If that is so what has been learnt from the failure of the SUDs in the car park of the new london rd Lidl?"

Executive – 15 December 2022

Item 5 – Petitions

Verbal Item

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Agenda Item 6.

Capital Financial Performance Report Quarter Two 2022/23

Committee considering report:	Executive
Date of Committee:	15 December 2022
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed sent:	16 November 2022
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	EX4270

1 Purpose of the Report

The financial performance report provided to Members reports on the forecast under or over spends against the Council's approved capital budget. This report presents the forecast outturn position for financial year 2022/23 as at Quarter Two.

2 Recommendations

2.1 It is recommended to members to approve the proposed reprofiling of £17.9 million of future expenditure from 2022/23 into financial year 2023/24.

2.2 Members are asked to note the increase in expenditure budget for the Castle at Theale School project, which will be fully funded through additional Department for Education High Needs Provision Capital Fund Grant. See section 6.1 of this report.

3 Implications and Impact Assessment

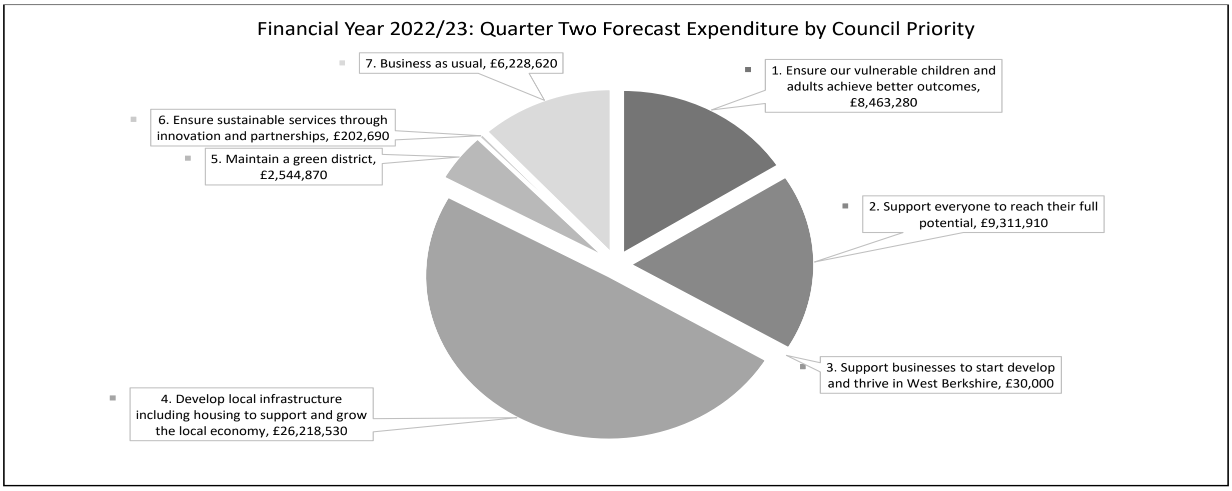
Implication	**Commentary**
Financial:	At the end of Quarter Two, expenditure of £53 million has been forecast against a revised budget of £72 million, an overall forecast underspend of £19 million. £17.9 million of future expenditure is proposed to be reprofiled into financial year 2023/24. Ongoing economic uncertainty has seen a rise in Bank Rate (from 1.75% at the end of Quarter One to 2.25% at the end of Quarter Two) and in loan rates offered through the Public Works Loan Board. This will increase the cost of any new borrowing required to support delivery of the capital programme.

Human Resource:	Not applicable			
Legal:	Not applicable			
Risk Management:	A key ongoing risk is the potential impact of engaged suppliers to default on contractual obligations through financial difficulties. Budget Managers and Capital Strategy Group are closely monitoring these risks to highlight projects with potential suppliers of concern and where there is an ongoing risk of default and/or the potential to retender agreed contracts at potentially higher cost.			
Property:	Not applicable			
Policy:	Not applicable			
	Positive	**Neutral**	**Negative**	**Commentary**
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		

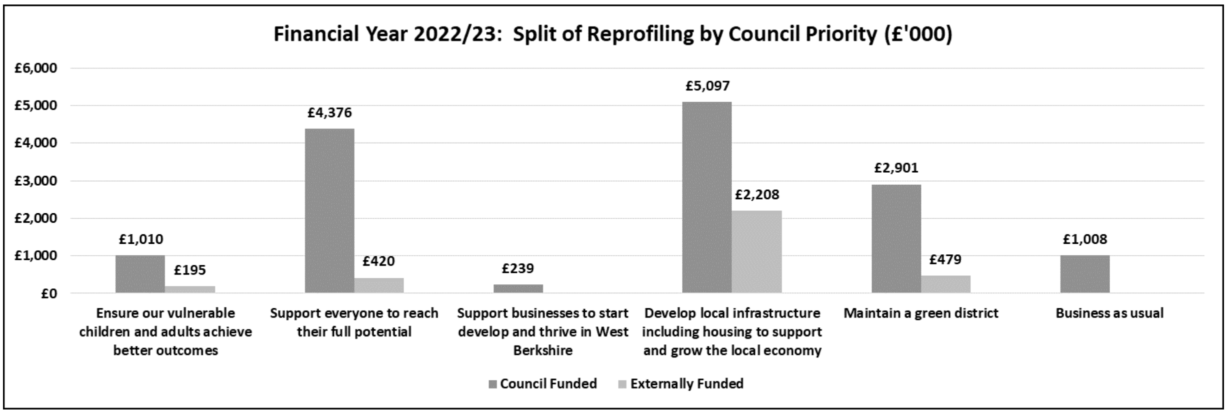
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Joseph Holmes, Executive Director for Resources, s151 Officer Capital Strategy Group (CSG)			

4 Executive Summary

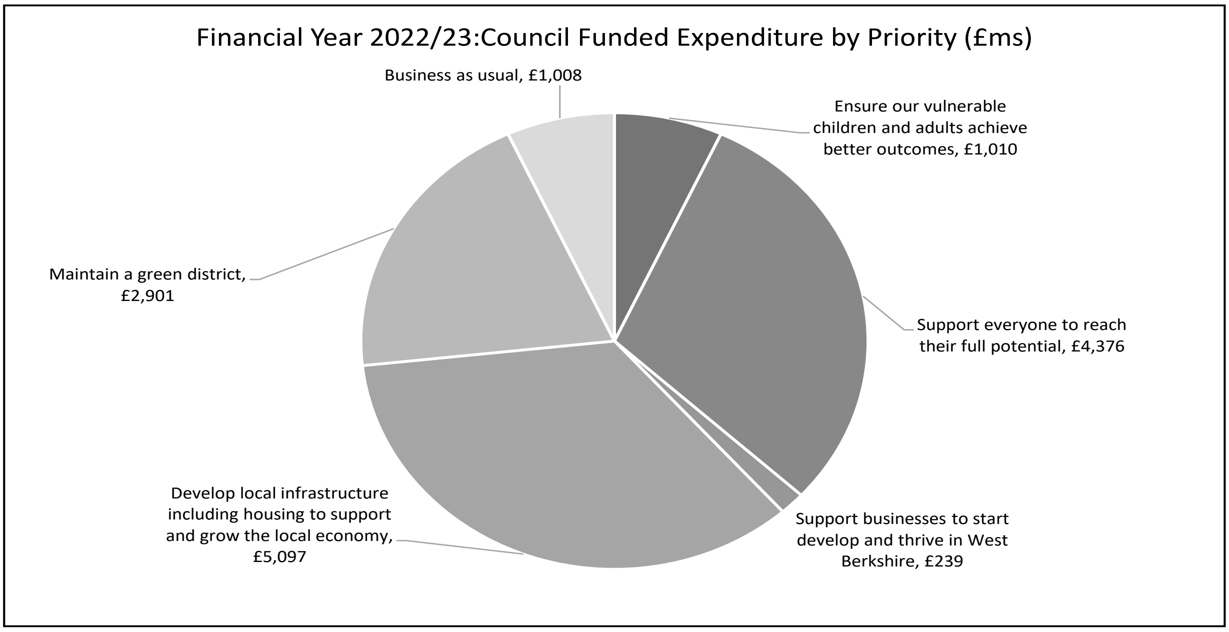
4.1 The capital programme enables delivery of key Council schemes focused on supporting the approved Capital and Council Strategies. At Quarter Two, expenditure of £53 million is forecast to be incurred in delivering against the approved capital programme in financial year 2022/23. The forecast expenditure of £53 million against an approved budget of £72 million, generates a forecast year end underspend of £19 million. Forecast planned expenditure by Council Strategy priority is detailed in the graphic below.



4.2 As part of the forecast outturn position £17.9 million of future planned expenditure is proposed to be reprofiled into financial year 2023/24, a detailed breakdown of which is included in Appendix B. This is comprised of £14.6 million of Council funded expenditure (i.e. to be financed through external borrowing) and £3.3 million of externally funded expenditure. The proposed reprofiling is broken down as follows:



4.3 In respect of financing the capital programme, as at 30th September 2022, the Council's total level of long term borrowing to fund capital spend stood at £189.4 million. Principal repayments of £2.5 million are due by the 31st March 2023 which will reduce the total level of long term borrowing to £186.9 million at the 31st March 2023 if no further long term borrowing is taken out during the current financial year. The graphic below details the forecast Council funded expenditure by Council priority for the financial year as at Quarter Two.



4.4 In respect of the economic outlook, the Bank of England Monetary Policy Committee has approved a series of stepped increase in Base Rate in 2022, at the time of writing this report the interest rate was raised from 2.25% to 3%, the largest single increase since 1989. Recent economic instability has been reflected in significant increases to Local Government borrowing from the PWLB (Public Works and Loans Board), with rates for a 25 year annuity loan now on average at near 5% compared to an average of 2.5%. In a rising interest environment, the Council will face risks of increased cost on any new external borrowing undertaken to support delivery of planned capital works, in addition to general cost inflationary pressures. The capital programme approved by

Council Committee in March 2022 was set with the expectation to undertake £14.5 million of new long term borrowing alongside £8.1 million of short term borrowing during 2022/23. During quarters One and Two of the current financial year officers have sought to mitigate risk through a strategy of not undertaking long term borrowing in respect of PWLB financing and, instead focusing on supporting delivery of the capital programme through short term borrowing and cash balances. The strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low is anticipated to continue until 31st March 2023.

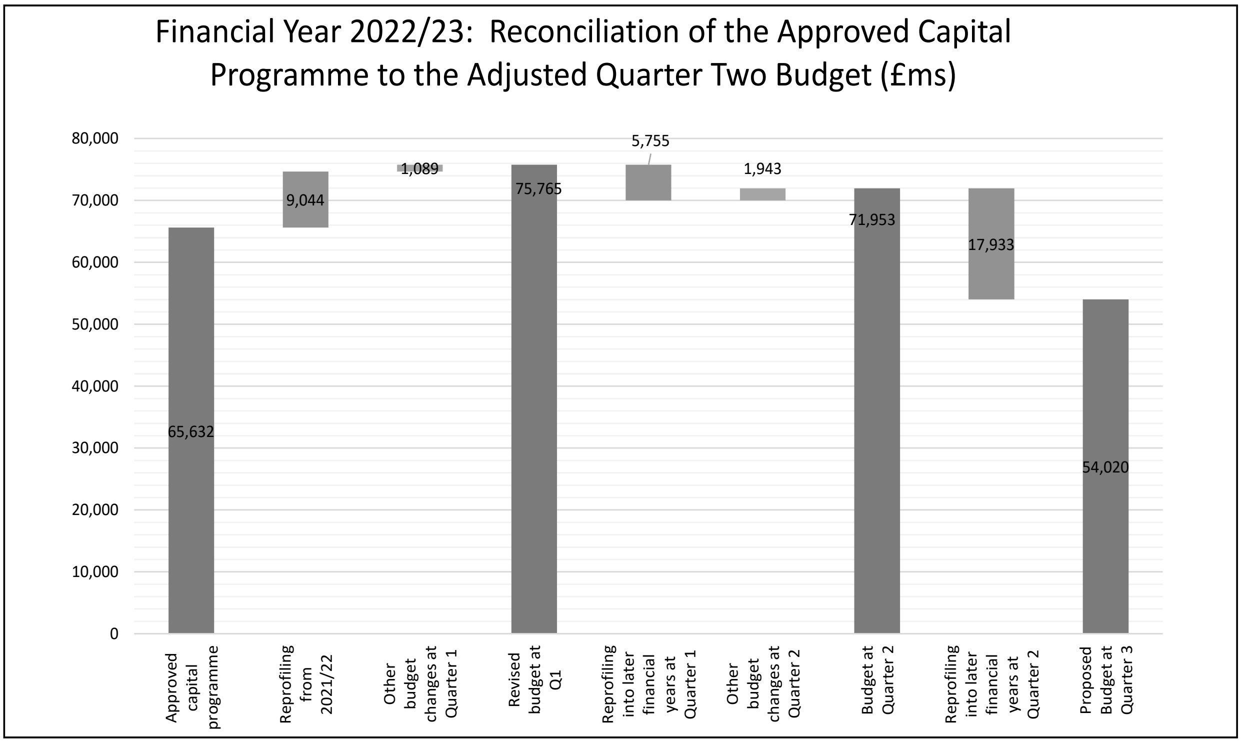
4.5 Capital financing costs are incurred a year in arrears, hence the cost of financing 2022/23 capital expenditure will fall into financial year 2023/24. Based on Quarter Two forecasting, the Council's liability benchmark (i.e. the net borrowing requirement of a local authority), indicates that long term borrowing will be required in financial year 2023/24. Current planning indicates that approximately there is a £33 million borrowing requirement in 2023/24 in support of capital expenditure, the waste PFI and maintaining minimum investment balances. Based on an average PWLB annuity loan of 25 years at forecast rates (including certainty rate) of 4.6% (9.11.2022 rates), total capital financing costs for 2023/24 are expected to be approximately £15.7 million.

5 Supporting Information

Introduction

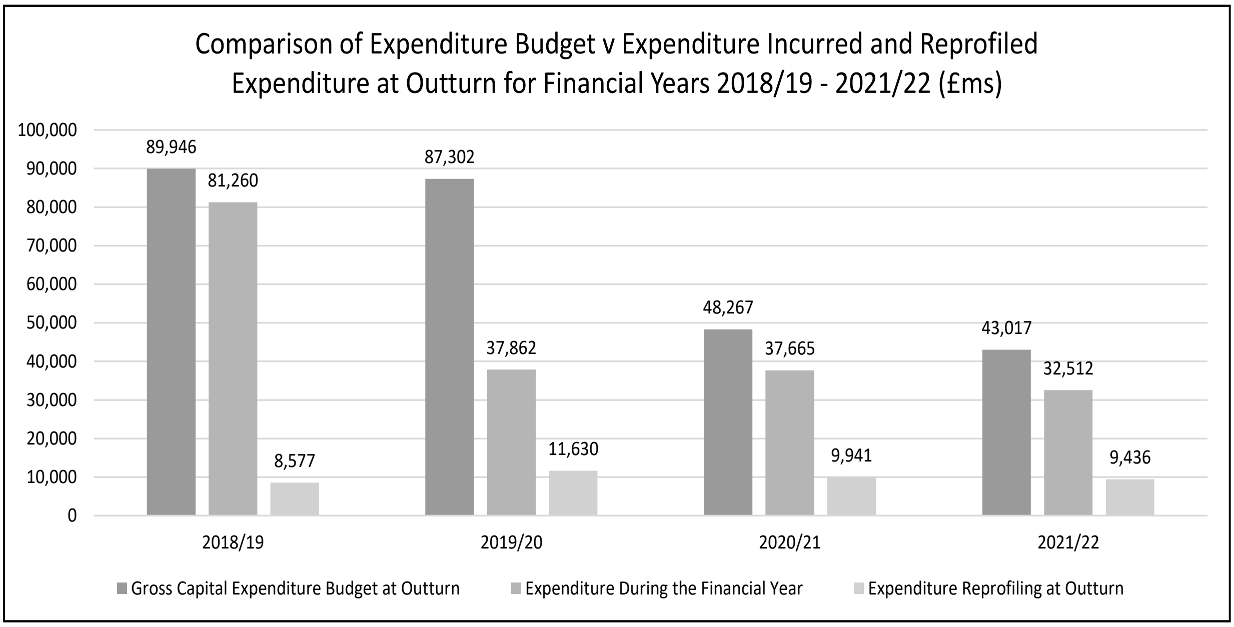
5.1 The 2022/23 capital programme was agreed by Council in March 2022 with a gross expenditure budget of £65.6 million split between externally funded expenditure of £28.7 million and £36.9 million of Council funded expenditure (i.e. application of capital receipts and external borrowing). The repayment of principal sums and interest on loans used to fund capital expenditure are met from the revenue budget for capital financing and risk management. Included within the capital programme for 2022/23 was £20.3 million of expenditure reprofiled from the 2021/22 approved capital programme, with an additional £9 million of expenditure subsequently reprofiled into 2022/23 at the end of 2021/22.

5.2 During the financial year budget changes may occur, mainly as a result of budgets brought forward from prior financial years, additional grants, s106 and Community Infrastructure Levy (CIL) allocations received in year or expenditure re-profiled in future financial years. Changes of less than £250k can be approved by the s151 Officer in conjunction with the portfolio holder, all other changes must be approved by CSG and reported to Executive as set out in the Council's Financial Regulations. As part of the budget monitoring process, the forecast year end position of the capital projects is reviewed and proposals for unutilised budgets to be re-profiled is reviewed by CSG. Appendix A provides a breakdown of budget changes as at the 2022/23 year end. The graphic below details the changes between the Quarter One and Quarter Two Position:

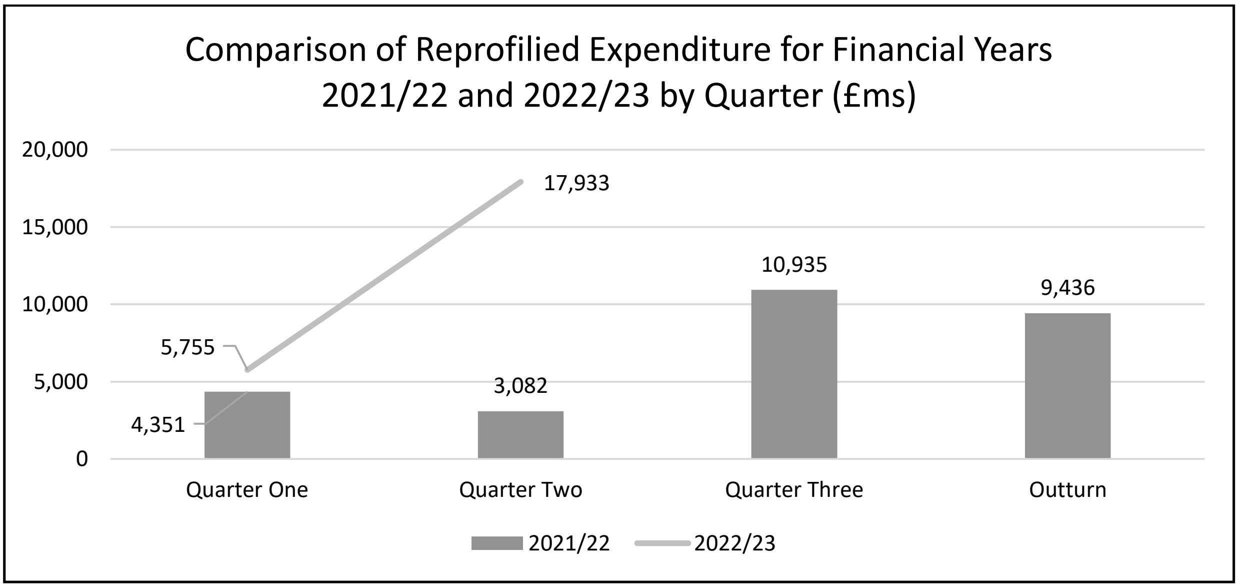


Background

5.3 As part of the annual budget build cycle, future expenditure identified in a financial year that is unlikely to be incurred is reprofiled into the subsequent financial years' capital programme. Reprofiling is undertaken up to and including Quarter Three annually. At outturn, any further previously unidentified sums are reprofiled - often termed 'slippage' - into the subsequent financial year. The graphic below shows the capital programme budget at outturn compared to expenditure incurred and sums reprofiled/slipped at outturn for the previous four financial years.



5.4 As at Quarter Two, total forecast expenditure against the approved capital programme of £72 million for 2022/23 amounts to £53 million, generating a £18.9 million underspend position. The Quarter Two forecast position is after £5.7 million of expenditure being reprofiled into financial year 2023/24. The graphic below details reprofiling undertaken throughout 2021/22 compared to the current financial year. In total through the budget build process, £27.8 million of expenditure was reprofiled from the 2021/22 approved capital programme into financial year 2022/23. In respect of the 2022/23 capital programme of £23.7 million has been reprofiled or is proposed to be reprofiled into the proposed programme for financial year 2023/24.



Financial Year 2022/23 Forecasting as at Quarter Two

The People Directorate

5.5 The directorate is forecasting total expenditure of £18.8 million against a budget of £29.7 million. £10.7 million of the forecast underspend is proposed to be reprofiled into financial year 2023/24. £590k of planned expenditure was previously reprofiled into financial year 2023/24 at Quarter One. The table below shows the forecast position against budget for both Quarter One and Two and proposed additional reprofiling at Quarter Two.

People Directorate	Quarter One Budget	Quarter One Forecast Expenditure	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling	Forecast (Under)/Over spend adjusted for Re-Profiling
Adult Social Care	£3,808,020	£3,866,280	£3,956,020	£2,751,020	(£1,205,000)	£1,205,000	£
Childrens & Family Services	£30,000	£30,000	£30,000	£11,000	(£19,000)	£	(£19,000)
Education	£14,506,170	£10,012,470	£14,267,170	£9,581,480	(£4,685,690)	£4,625,080	(£60,610)
Communities & Wellbeing	£11,760,470	£11,409,470	£11,409,470	£6,487,370	(£4,922,100)	£4,932,100	£10,000
Total Directorate	£30,104,660	£25,318,220	£29,662,660	£18,830,870	(£10,831,790)	£10,762,180	(£69,610)

5.6 The Quarter Two forecast position is driven by the Education and the Communities & Wellbeing Services, with underspends against the following key projects:

(a) Education: Downlands Sport Centre Replacement & Extension (forecast £3 million underspend), has been put on hold since Quarter One reporting as the community leisure element of the project has been placed under review.

The timing of a resolution to this issue is unknown and so this has been requested as reprofiling into 2023/24.

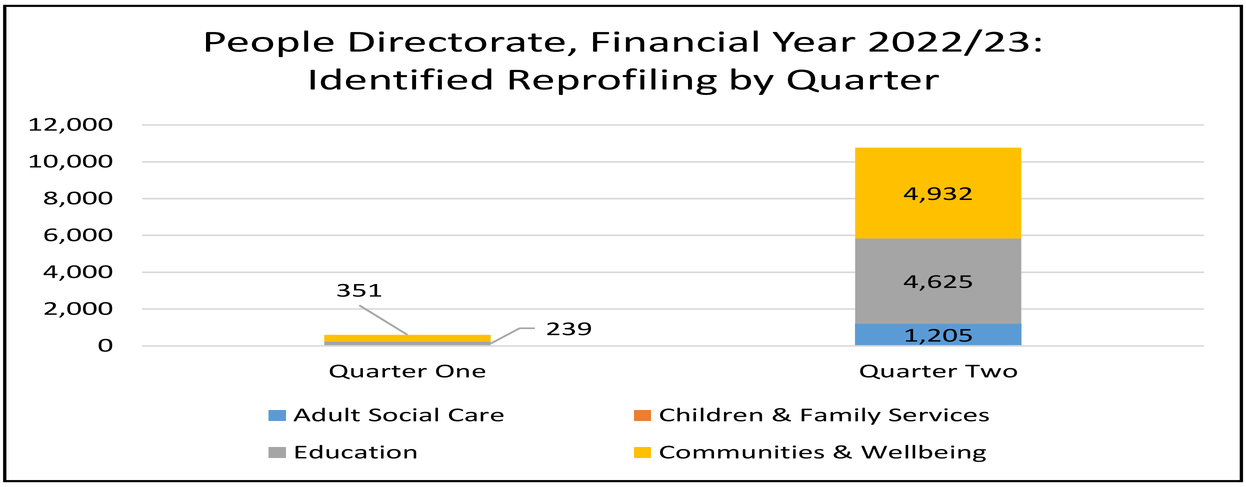
(b) Education: i-college project (forecast £309k underspend), is delayed due to delays in appointing a contractor and accessing the site, which are in turn due to problems in securing appropriate temporary accommodation. This project has therefore been requested to be reprofiled into 23/24.

(c) Education: The Education Planned Maintenance Programme is forecast to underspend by £280k. Delays in survey returns have compromised overall project delivery, meaning work expected over the summer holidays was not completed. This has therefore been requested to be reprofiled into 2023/24.

(d) Communities & Wellbeing: The Playing Pitch Action Plan (forecast £3.9 million underspend) is subject to delays in the pre-application stage. Progression of the project is dependent on utilities going in January/February 2023. This has therefore been requested to be reprofiled into 2023/24

(e) Communities & Wellbeing – Reducing the damp in the West Berkshire Museum, (forecasting £198k underspend). This project is on hold due to resourcing issues in Property, meaning there is a delay in the team allocating a surveyor. This has therefore been requested to be reprofiled into 2023/24.

5.7 At Quarter Two in total across both quarters of the financial year, £11.3 million of expenditure reprofiling has been identified. The graphic below details identified reprofiling by service and by quarter.



5.8 The proposed directorate budget after reprofiling will be £18.9 million with a forecast revised year end underspend position of £69.6k.

The Place Directorate

5.9 The directorate is forecasting total expenditure of £26.3 million against a budget of £32.6 million. £6.2 million of the forecast underspend is proposed to be reprofiled into financial year 2023/24. £5.2 million of planned expenditure was previously reprofiled into financial year 2023/24 at Quarter One. The table below shows the forecast position against budget for both Quarter One and Two and proposed additional reprofiling at Quarter Two.

Place Directorate	Quarter One Budget	Quarter One Forecast Expenditure	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling	Forecast (Under)/Over spend adjusted for Re-Profiling
Development & Regulation	£6,232,210	£6,232,210	£6,232,210	£5,619,410	(£612,800)	£568,620	(£44,180)
Environment	£29,808,630	£24,017,180	£26,383,840	£20,647,590	(£5,736,250)	£5,594,310	(£141,940)
Directorate Totals	£36,040,840	£30,249,390	£32,616,050	£26,267,000	(£6,349,050)	£6,162,930	(£186,120)

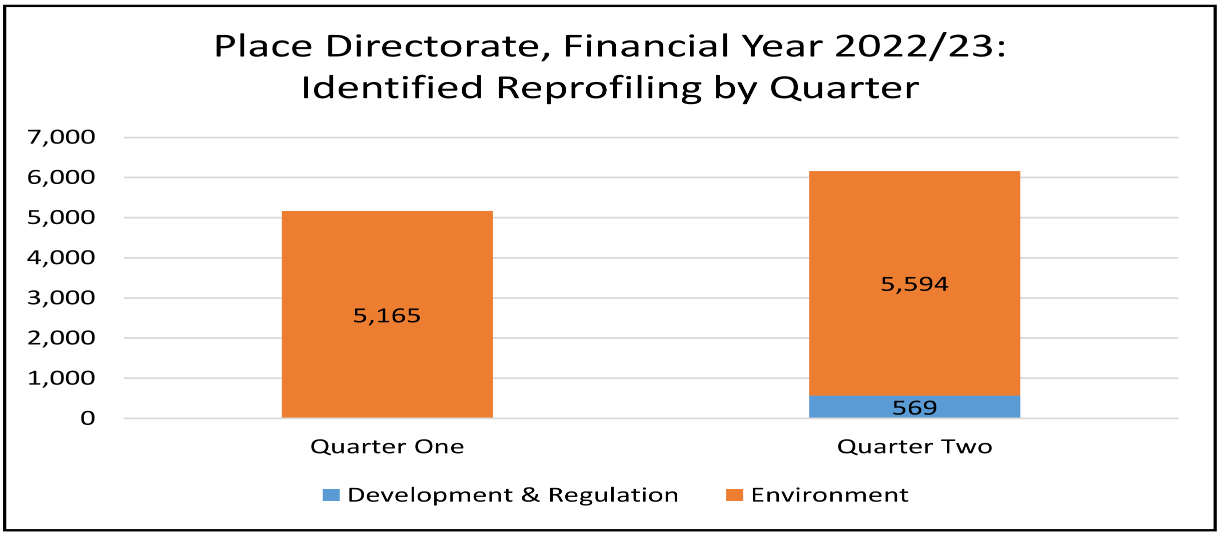
5.10 The forecast position is driven by the Environment Service and relates to three main projects:

(a) Renewable Energy Provision (£2.7 million underspend): Planning permission has now been granted for the Grazeley Solar Farm. The team are currently exploring options including selling energy to a local supplier which would create secure income at a higher rate. The full forecast underspend of £2.7 million has been requested to be reprofiled into 2023/24.

(b) Robin Hood Roundabout and A4 improvements (forecast £1.4 million underspend): A number of delays have been incurred as part of the consultation process. The full forecast underspend of £1.4 million has been requested to be reprofiled into 2023/24.

(c) A4 Faraday Road Improvements (forecast £320k underspend): Works on the project have been delayed with nil expenditure forecast in 2022/23. The full budget of £320k has been requested to be reprofiled in 2023/24.

5.11 At Quarter Two in total across both quarters of the financial year, £11.3 million of expenditure reprofiling has been identified. The graphic below details identified reprofiling by service and by quarter.



5.12 The proposed directorate budget after reprofiling will be £26.5 million with a forecast revised year end underspend position of £186k.

The Resources Directorate

5.13 The directorate is forecasting total expenditure of £7.9 million against a budget of £9.7 million. £1.0 million of the forecast underspend is proposed to be reprofiled into financial year 2023/24. No reprofiling of future planned expenditure was undertaken at Quarter One. The table below shows the forecast position against budget for both Quarter One and Two and proposed additional reprofiling at Quarter Two.

Directorate	Quarter One Budget	Quarter One Forecast Expenditure	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling	Forecast (Under)/Over spend adjusted for Re-Profiling
ICT	£4,604,220	£4,599,620	£4,604,220	£4,122,520	(£481,700)	£581,050	£99,350
Finance & Property	£4,433,820	£4,358,110	£4,433,820	£3,382,170	(£1,051,650)	£190,500	(£861,150)
Strategy & Governance	£581,250	£281,250	£636,250	£397,340	(£238,910)	£236,700	(£2,210)
Directorate Totals	£9,619,290	£9,238,980	£9,674,290	£7,902,030	(£1,772,260)	£1,008,250	(£764,010)

5.14 The main contributing factors to the directorate forecast position are as follows:

(a) Finance & Property: Landlord fit out works in commercial properties (forecast £790k underspend): The budget designed to fund works post end of a lease in 2022/23 has not been required due to tenant extending the lease.

(b) Finance & Property: The Enterprise Resource Planning System (forecast £191k underspend). The majority of the project budget was reprofiled at Quarter One into financial year 2023/24. The project is now being revised through the 2023/24 capital programme build process.

(c) ICT: Contact Centre Systems (forecast underspend of £180k) resourcing issues within ICT have impacted on ability to deliver the project. £150k of this underspend has been requested to be reprofiled into 2023/24.

(d) ICT: Project Management ICT (forecast underspend of £252k). Resourcing issues within the team resulting in an in-year underspend.

5.15 At Quarter Two £1.0 million of expenditure reprofiling has been identified. The proposed directorate budget after reprofiling will be £8.7 million with a forecast revised year end underspend position of £764k.

Capital Financing

5.16 The Prudential Code requires authorities to look at capital and investment plans in light of overall organisation strategy and resources to ensure that decisions are made with sufficient regard to the long term financing implications and risks to the Council. To demonstrate that local authorities have fulfilled these objectives, the code sets out a number of indicators, although the Code does not include suggested indicative limits or ratios. Local Authorities are to set their own limits and ratios, subject to controls under section 4 of the Local Government Act 2003. The Council's capital programme is a key driver of the treasury management activity.

5.17 A key indicator is the Council's Authorised Limit for external for debt which was approved at Council on 3rd March 2022, at £367.1 million for the current financial year. As well as the level of borrowing needed to fund capital expenditure, the Limit also allows for debt embedded in the Waste PFI contract and any temporary borrowing which is required for cash flow purposes during the year (up to a maximum of £24 million at any one time).

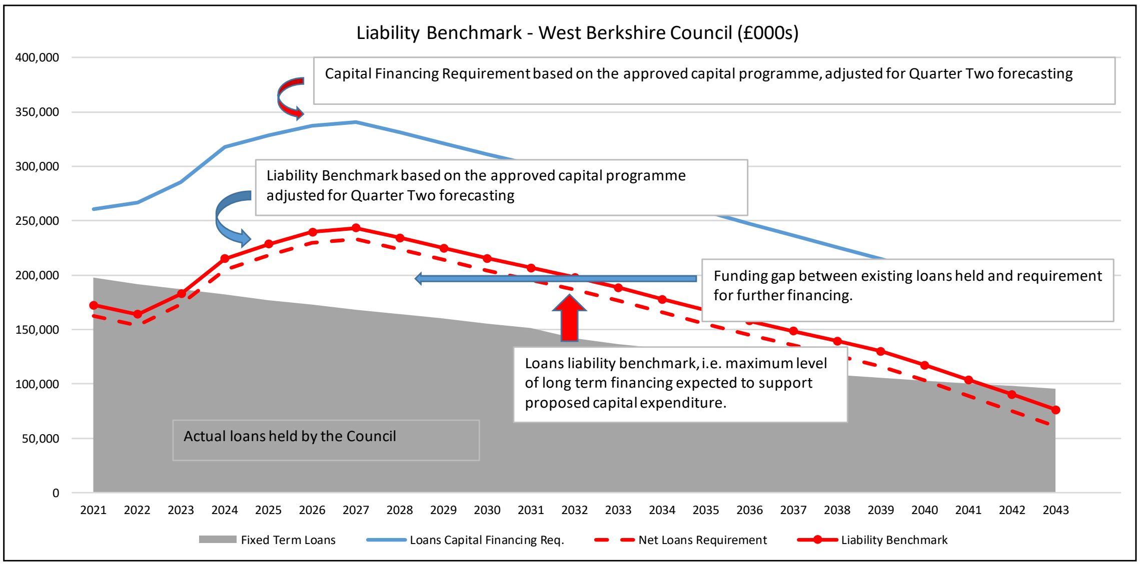
5.18 As at 30th September 2022, the Council's total level of long term borrowing to fund capital spend stood at £189.4 million. During financial year 2021/22 a strategy of not undertaking long term borrowing in respect of Public Works and Loan Board (PWLB) financing was pursued, instead focusing on supporting delivery of the capital programme through short term borrowing and cash balances. The strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low has continued in the first two quarters of 2022/23. Principal repayments of £2.5 million are due by the 31st March 2023 which will reduce the total level of long term borrowing to £186.9 million at the 31st March 2023. Based on the Quarter Two capital expenditure position and the level of proposed reprofiling, of which £14.6 million relates to Council funded expenditure (i.e. funded through borrowing), it is not anticipated that long term borrowing will be required in the duration of the current financial year. Major schemes reprofiled at Quarter Two that have contributed to the revised borrowing position are:

(a) Downlands Sports Centre replacement and expansion

(b) The Playing Pitch Action Plan

(c) Renewable Energy Provision

5.19 Capital financing costs are incurred a year in arrears, hence the cost of financing 2022/23 capital expenditure will fall into financial year 2023/24. Based on Quarter Two forecasting, the Council's liability benchmark (i.e. the net borrowing requirement of a local authority), indicates that long term borrowing will be required in financial year 2023/24. Current planning indicates that approximately there is a £33 million borrowing requirement in 2023/24 in support of capital expenditure, the waste PFI and maintaining minimum investment balances. Based on an average PWLB annuity loan of 25 years at forecast rates (including certainty rate) of 4.6% (9.11.2022 rates), capital financing costs for 2023/24 are expected to be approximately £15.7 million.



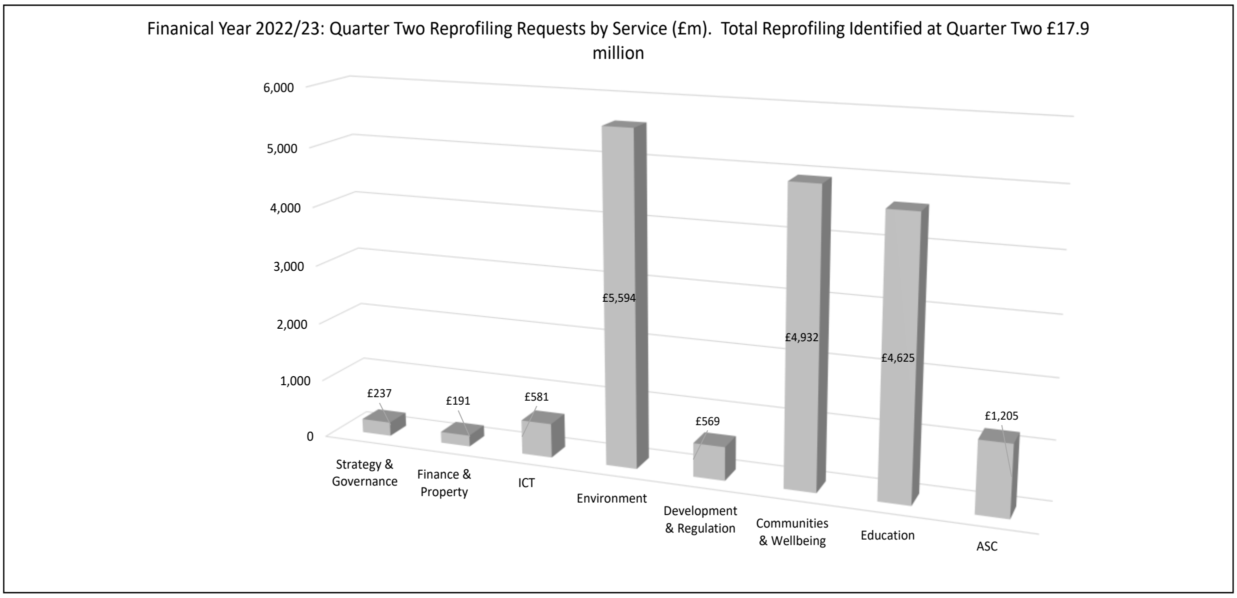
5.20 In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility and CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the Capital Financing Requirement – "CFR" - (which represents an authority's underlying need to borrow for capital purposes), unless directly and primarily related to the functions of the authority.

5.21 The 2022/23 capital programme was expected to increase the Council's CFR by £23 million to £304.5 million by 31.3.2023 based on the Council's draft 2021/22 financial statements and the approved capital programme. As at Quarter Two the revised forecast CFR based on revised planned capital expenditure is £296.4 million.

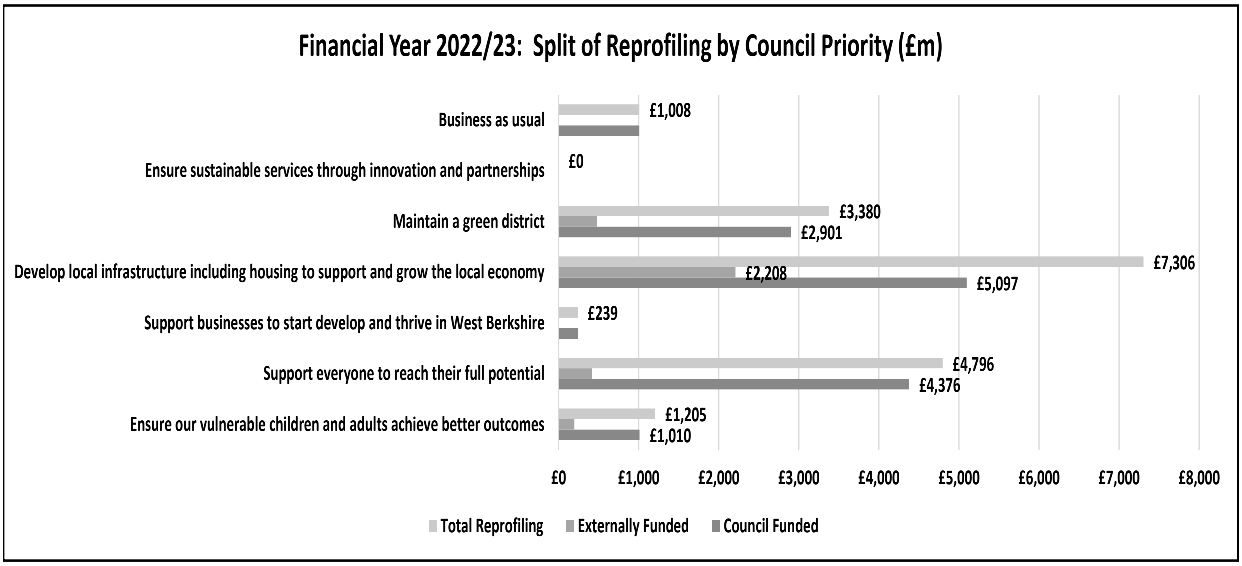
5.22 In respect of existing commercial investments under the new enhanced rules, Councils are not required to disinvest (i.e. sell assets); however, Councils with existing commercial investments who expect to need to borrow should review the options for exiting these investments. Included within proposed capital expenditure to be funded by external borrowing in financial year 2022/23 is £180k on refit costs for commercial properties.

Proposals

5.23 As part of the Quarter Two budget monitoring review, £17.9 of expenditure has been identified as unlikely to be incurred in the current financial year and is requested to be reprofiled into subsequent financial years. Appendix B provides a breakdown, and which is summarised in the below chart:



5.24 The funding of the proposed reprofiling is split between £14.6 million of Council funding (i.e. expenditure funded through external borrowing) and £3.3 million of external funding (i.e. external grants, S106 and CIL). Post reprofiling the adjusted forecast 31.3.2023 outturn position for the capital programme is an underspend of £1.0 million. The graphic below details the split of reprofiling by internal and external funding on a Council Strategy priority basis.



5.25 Post reprofiling the revised capital programme will be £54.0 million with a forecast outturn underspend of £1.0 million. Total planned expenditure in 2022/23 is forecast to be £53.0 million, of which £25.6 million is planned to be funded through Council borrowing. The costs of any long term financing through PWLB loans will be incurred against the 2023/24 revenue capital financing budget.

6 Other changes to note

6.1 Education Services: SEMH/ASD Resourced Provision – Secondary. An additional £771,990 in capital funding will be applied to the budget. This will be fully covered from the 2022/23 and 2023/24 allocations of High Needs Provision Capital Fund (HNPCF) grant received from the Department for Education (DfE). This has no impact upon other schemes and has been agreed by the S151 Officer in consultation with the Portfolio Holder for Finance, with the change being subsequently reported to the Executive via this report.

7 Other options considered

Not applicable.

8 Conclusion

8.1 In respect of the full programme at Quarter Two there is a forecast underspend of £19 million with a proposal to reprofile £17.9 million of future expenditure into financial year 2023/24.

The capital programme is subject to a number of financial risks. Construction inflation (currently forecast at 8 - 10% compared to an assumed level of 2%) potentially resulting current contracts being subject to a reduction in scope to deliver within agreed financial terms and tender cost for new projects subject to significant increases. The scale of the programme itself is also dependant on sufficient resourcing both internally and externally being available to support delivery. During 2021/22 £27.8 million of expenditure was reprofiled into 2022/23 (including £9 million reprofiled at outturn), which equated to 58% of the original 2021/22 capital programme. Total reprofiling in 2022/23 at £23.7 million equates to 31.3% of the Quarter One budget.

8.2 The financial position and risks associated with delivery of the capital programme will be monitored throughout the financial year by CSG. As part of the 2023/24 and ten year capital programme budget build process, expenditure identified as unlikely to occur in 2022/23 will be reprofiled into later financial years.

9 Appendices

Appendix A – Budget Changes as at Quarter Two

Appendix B – Quarter Two Reprofiling Proposals

Subject to Call-In:

Yes: ☒ No:

The item is due to be referred to Council for final approval	☐
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	☐

Item is Urgent Key Decision ☐

Report is to note only

Officer details:

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Job Title: Chief Financial Accountant
Tel No: 01635 503225
E-mail: Shannon.colemanslaughter@westberks.gov.uk

Appendix A

Budget Changes: As at Quarter Two Financial Year 2021/22

Service Area	Original Gross Expenditure Budget 2022/23	Budget Agreed by CSG to be Re-profiled from 2021/22	Other Changes to 2022/23 Budget at Quarter One	Budget at Quarter One	Budget Reprofiling Approved at Quarter One	Other Changes to 2022/23 Budget at Quarter Two	Budget at Q2	Explanation of Other Agreed Changes	Approved by CSG
PEOPLE DIRECTORATE									
Adult Social Care	3,022,170	785,850		3,808,020	0	148,000	3,956,020	£148k Increase to Care Homes PMP budget	15/09/2022
Children & Family Services	20,000	10,000		30,000	0	0	30,000		
Education	13,023,530	1,138,950	343,690	14,506,170	(239,000)		14,267,170		
Communities & Wellbeing	11,104,120	656,350		11,760,470	(351,000)		11,409,470		
Total for People Directorate	**27,169,820**	**2,591,150**	**343,690**	**30,104,660**	**(590,000)**	**148,000**	**29,662,660**		
PLACE DIRECTORATE									
Development & Regulation	4,978,720	1,253,490		6,232,210	0		6,232,210		
Environment	26,744,120	2,974,750	89,760	29,808,630	(5,164,790)	1,740,000	26,383,840	£1.7m Addition DFT Grant Budget allocated to numerous budgets £15k for Car Park Maintenance £25k for Wild Flower Displays (CIL Funded)	15/09/2022
Total for Place Directorate	**31,722,840**	**4,228,240**	**89,760**	**36,040,840**	**(5,164,790)**	**1,740,000**	**32,616,050**		
RESOURCES DIRECTORATE									
ICT	3,178,760	1,425,460		4,604,220	0		4,604,220		
Finance & Property	3,114,120	694,300	625,400	4,433,820	0	0	4,433,820	£47k Budget moved from 87299 to 87636	13/10/2022
Strategy & Governance	446,000	105,250	30,000	581,250	0	55,000	636,250	£55k for Digital Signposting Project	15/09/2022
Total for Resources Directorate	**6,738,880**	**2,225,010**	**655,400**	**9,619,290**	**0**	**55,000**	**9,674,290**		
CHIEF EXECUTIVE									
Chief Executive	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
Total Capital Budget	**65,631,540**	**9,044,400**	**1,088,850**	**75,764,790**	**(5,754,790)**	**1,943,000**	**71,953,000**		

Appendix B

Proposed Reprofiling at Quarter Two

Directorate	Service	Cost Centre	Project Title	Gross Expenditure Budget	Forecast Outturn at Q2	Underspend at Q2	Re-profiling Request	Externally Funded Re-profiling	Council Funded Value
People	Adult Social Care	86047	Willows Care Home - Garden Project	50,000	0	(50,000)	50,000		(50,000)
People	Adult Social Care	86048	Birchwood Care Home - Garden Project	50,000	0	(50,000)	50,000		(50,000)
People	Adult Social Care	86049	Notrees Care Home – Garden Project	30,000	0	(30,000)	30,000		(30,000)
People	Adult Social Care	86051	Notrees Day Centre - Refurbishment	400,000	20,000	(380,000)	380,000		(380,000)
People	Adult Social Care	86052	Birchwood Care Home - Refurbishment	400,000	150,000	(250,000)	250,000		(250,000)
People	Adult Social Care	86053	Willows Edge - Refurbishment	500,000	55,000	(445,000)	445,000	(195,000)	(250,000)
Adult Social Care Total				**1,430,000**	**225,000**	**(1,205,000)**	**1,205,000**	**(195,000)**	**(1,010,000)**
People	Education	82285	Highwood Copse	334,980	194,250	(140,730)	140,730		(140,730)
People	Education	82319	i-college Alternative Education - East of Area	1,784,140	1,475,340	(308,800)	308,800		(308,800)
People	Education	82337	Calcot Schools Remodelling	383,850	136,480	(247,370)	247,370		(247,370)
People	Education	82338	Downlands Sport Centre - replacement and expansion	3,111,420	50,000	(3,061,420)	3,061,420	(115,220)	(2,946,200)
People	Education	82339	Falkland Primary School - Classroom Replacement	87,140	20,000	(67,140)	67,140	(20,710)	(46,430)
People	Education	82340	Brookfields School - Accessability	233,750	50,000	(183,750)	183,750		(183,750)
People	Education	82342	SEMH/ASD Resourced Provision - Primary	153,360	101,560	(51,800)	51,800		(51,800)
People	Education	82344	North Newbury - New primary school	290,970	50,000	(240,970)	240,970	(240,970)	0
People	Education	82345	Thatcham Park Early Years Accomodation	25,000	10,000	(15,000)	15,000	(15,000)	0
People	Education	82346	Castle School Ways of Working Facility	27,000	10,000	(17,000)	17,000	(17,000)	0
People	Education	82347	Engaging Potential	11,100	5,000	(6,100)	6,100	(6,100)	0
People	Education	82348	Mortimer St John's Infants School - relocation	10,000	5,000	(5,000)	5,000	(5,000)	0
People	Education	87131	Education - Pmp	2,280,000	2,000,000	(280,000)	280,000		(280,000)
Education Total				**8,732,710**	**4,107,630**	**(4,625,080)**	**4,625,080**	**(420,000)**	**(4,205,080)**
People	Communities & Wellbeing	85188	Leisure Centre Compliance & Modernisation	468,380	418,380	(50,000)	50,000		(50,000)
People	Communities & Wellbeing	87133	Leisure Centres PMP	184,730	144,730	(40,000)	40,000		(40,000)
People	Communities & Wellbeing	85198	Hungerford LC - Modular exercise studio	290,830	120,000	(170,830)	170,830		(170,830)
People	Communities & Wellbeing	85199	Playing Pitch Action Plan	4,663,150	750,000	(3,913,150)	3,913,150		(3,913,150)
People	Communities & Wellbeing	85201	West Berkshire Museum. Reducing the damp in the historic buildings	248,000	50,000	(198,000)	198,000		(198,000)
People	Communities & Wellbeing	85204	Shaw House outbuildings restoration	225,000	50,000	(175,000)	175,000		(175,000)
People	Communities & Wellbeing	85205	West Berkshire Museum Collections Storage	20,000	5,000	(15,000)	15,000		(15,000)
People	Communities & Wellbeing	85143	Museum Maint & Repair	166,410	35,000	(131,410)	131,410		(131,410)
People	Communities & Wellbeing	87610	Members Bids	238,710	0	(238,710)	238,710		(238,710)
Communities & Wellbeing Total				**6,505,210**	**1,573,110**	**(4,932,100)**	**4,932,100**	**0**	**(4,932,100)**
People Total				**16,667,920**	**5,905,740**	**(10,762,180)**	**10,762,180**	**(615,000)**	**(10,147,180)**

Capital Financial Performance Report Quarter Two 2022/23

Directorate	Service	Cost Centre	Project Title	Gross Expenditure Budget	Forecast Outturn at Q2	Underspend at Q2	Re-profiling Request	Externally Funded Re-profiling	Council Funded Value
Place	Development & Regulation	80014	Sovereign Joint Venture	669,000	334,500	(334,500)	334,500		(334,500)
Place	Development & Regulation	87750	London Road Industrial Estate	850,500	695,000	(155,500)	155,500		(155,500)
Place	Development & Regulation	87756	Newbury Town Centre Masterplan	134,000	67,000	(67,000)	67,000		(67,000)
Place	Development & Regulation	86020	Temp Accommodation Refurbishment	31,620	20,000	(11,620)	11,620		(11,620)
Development & Regulation Total				**1,685,120**	**1,116,500**	**(568,620)**	**568,620**	**0**	**(568,620)**
Place	Environment	83103	Council Carbon Management Plan	120,180	30,000	(90,180)	90,180		(90,180)
Place	Environment	83132	Renewable Energy Provision	2,949,200	200,000	(2,749,200)	2,749,200		(2,749,200)
Place	Environment	81186	Traffic Signal Upgrades	476,290	300,000	(176,290)	176,290	(176,290)	0
Place	Environment	81379	School Safety Programme	50,000	0	(50,000)	50,000	(50,000)	0
Place	Environment	81426	Robin Hood Roundabout & A4	1,500,000	100,000	(1,400,000)	1,400,000	(1,400,000)	0
Place	Environment	81603	Aldermaston Footways	249,310	70,000	(179,310)	179,310	(179,310)	0
Place	Environment	81632	On Street Electrical Charge Point	374,400	75,000	(299,400)	299,400	(299,400)	0
Place	Environment	81642	Theale Bypass Noise Investigation Feasibility	15,000	0	(15,000)	15,000	(15,000)	0
Place	Environment	81649	Local S106 Highway Improvements	197,010	40,000	(157,010)	157,010	(157,010)	0
Place	Environment	81656	A4 Faraday Road Improvements	320,000	0	(320,000)	320,000	(320,000)	0
Place	Environment	81658	Car Park Maintenance	55,840	49,570	(6,270)	6,270		(6,270)
Place	Environment	81664	Kings Road Improvements	50,000	0	(50,000)	50,000	(50,000)	0
Place	Environment	81669	Vehicle Management System/Intelligent Traffic Signs	40,000	0	(40,000)	40,000	(40,000)	0
Place	Environment	83112	Urban tree fund	74,020	40,000	(34,020)	34,020		(34,020)
Place	Environment	81652	Transport Services Fleet Upgrade	335,830	308,200	(27,630)	27,630		(27,630)
Environment Total				**6,807,080**	**1,212,770**	**(5,594,310)**	**5,594,310**	**(2,687,010)**	**(2,907,300)**
Place Total				**8,492,200**	**2,329,270**	**(6,162,930)**	**6,162,930**	**(2,687,010)**	**(3,475,920)**
Resources	ICT	87294	Network Infrastructure (Core Switches)	90,000	0	(90,000)	90,000		(90,000)
Resources	ICT	87319	Telephony Infrastructure (VoIP Outlying Offices)	20,000	0	(20,000)	20,000		(20,000)
Resources	ICT	87342	Maintenance of DR Facility	135,890	67,940	(67,950)	67,950		(67,950)
Resources	ICT	87343	Telephony Infrastructure (Unified Communications Core Infrastructure)	60,000	0	(60,000)	60,000		(60,000)
Resources	ICT	87344	Telephony Infrastructure (Unified Communications Software)	78,170	6,070	(72,100)	72,100		(72,100)
Resources	ICT	87354	Contact Centre Systems Enhancements	180,000	0	(180,000)	150,000		(150,000)
Resources	ICT	87356	Network/ App Performance Monitoring	20,000	0	(20,000)	20,000		(20,000)
Resources	ICT	87358	Upgrade of Print Room	25,000	15,000	(10,000)	10,000		(10,000)
Resources	ICT	87359	Web Filtering	16,000	0	(16,000)	16,000		(16,000)
Resources	ICT	87360	Backup / Security products for O365 data	25,000	0	(25,000)	25,000		(25,000)
Resources	ICT	87361	Building Data Warehouse Capability	50,000	0	(50,000)	50,000		(50,000)
ICT Total				**700,060**	**89,010**	**(611,050)**	**581,050**	**0**	**(581,050)**
Resources	Finance & Property	87634	Enterprise Resource Planning System	240,500	50,000	(190,500)	190,500		(190,500)
Finance & Property Total				**240,500**	**50,000**	**(190,500)**	**190,500**	**0**	**(190,500)**
Resources	Strategy & Governance	87801	Integrated Performance, Risk and Project Management System	75,000	38,300	(36,700)	36,700		(36,700)
Resources	Strategy & Governance	87802	Education Management Information System	250,000	50,000	(200,000)	200,000		(200,000)
Strategy and Governance Total				**325,000**	**88,300**	**(236,700)**	**236,700**	**0**	**(236,700)**
Resources Directorate Total				**1,265,560**	**227,310**	**(1,038,250)**	**1,008,250**	**0**	**(1,008,250)**
Q2 - Council Total				**26,425,680**	**8,462,320**	**(17,963,360)**	**17,933,360**	**(3,302,010)**	**(14,631,350)**

2022/23 Revenue Financial Performance Quarter Two

Committee considering report:	Executive
Date of Committee:	15 December 2022
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	16 November 2022
Report Author:	Melanie Ellis
Forward Plan Ref:	EX4269

1 Purpose of the Report

1.1 To report on the financial performance of the Council's revenue budgets and provide a year-end forecast. This report is Quarter Two 2022/23.

2 Recommendations

2.1 To note the forecast £3m over spend, after taking account of provision that was made in reserves for specific risks at the time of budget setting. Without this provision, the forecast would be an over spend of £7.8m.

2.2 To note that proposed mitigations totalling £1.9m could reduce the overspend to £1.1m.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	£3m forecast over spend, after taking account of provision in reserves. Without this provision, £7.8m over spend. Amendments and mitigations could reduce the overspend to £1.1m.
Human Resource:	None
Legal:	None
Risk Management:	Risks to next years' budget are included where relevant in the report. Where identified these will form part of the budget build process for 2023/24. Specifically this includes inflation risk being seen in care costs and energy.

Property:				
Policy:	No			
	Positive	**Neutral**	**Negative**	**Commentary**
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		Y		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		Y		
Environmental Impact:		Y		
Health Impact:		Y		
ICT Impact:		y		
Digital Services Impact:		y		
Council Strategy Priorities:		y		Business as usual
Core Business:		y		
Data Impact:		y		

Consultation and Engagement:	Budget holders, Heads of Service and Directors.

4 Executive Summary

4.1 The 2022/23 net revenue budget of £144m was set in March 2022, using £140m of revenue funding and £4m of reserves. During the budget build, inflationary pressures were identified in demand led services. Not all of these pressures were built into the budget, with some being put aside in earmarked reserves to be called on should the pressures arise.

4.2 Inflation has increased further and at Quarter Two we are seeing pressures across the Council totalling £7.8m. After factoring in drawing down on the reserves that were set aside to support this, the forecast overspend is £3m.

4.3 Directors and Finance have undertaken detailed reviews all forecast overspends, in order to find mitigating underspends. These total £1.9m. After these actions, the forecast could be reduced to £1.1m overspend.

			(Under)/over spend			(Under)/over spend							
			Quarter One			Quarter Two							
Directorate Summary	Current Net Budget	Forecast Outturn	Budget Manager Forecast	Forecast after Reserves	Mitigated Forecast	Budget Manager Forecast	*Proposed budget transfer*	*Provided in Earmarked Reserve*	*Provided in General Fund*	*Amend-ments*	Forecast after Reserves	*Mitigation*	Mitigated Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
People	85,858	89,252	**7,839**	**4,147**	**3,463**	**8,661**	(850)	(2,268)	(624)	(217)	**4,702**	(1,307)	**3,395**
Place	31,242	31,368	**1,347**	**713**	**(196)**	**1,702**	(63)	(293)	(644)	(16)	**686**	(560)	**126**
Resources	11,763	11,133	**241**	**209**	**(555)**	**(571)**	0	(32)	0	0	**(603)**	(27)	**(630)**
Chief Executive	534	523	**(15)**	**(15)**	**(25)**	**(5)**	0	0	0	0	**(5)**	(6)	**(11)**
Capital Financing/Risk Mgt	15,590	13,851	**(1,271)**	**(421)**	**(551)**	**(1,989)**	850	(600)	0	0	**(1,739)**	0	**(1,739)**
Total	**144,987**	**146,128**	8,141	4,633	2,136	7,798	**(63)**	**(3,193)**	**(1,268)**	**(233)**	3,040	**(1,900)**	1,141

4.4 The People Directorate forecast overspend is £8.7m, reducing to £4.7m after use of reserves. £1.3m of mitigation proposals have been made, which bring the overspend to £3.4m.

4.5 In Adult Social Care (ASC), long term services (LTS) are forecasting a £3m over spend. There are higher client numbers: 1797 compared to 1743 modelled, with the rise attributable to higher levels of new requests for support, mirroring the national picture set out by the Association of Directors of Adult Social Services. There is an increase in the cost of new client care packages, due to current inflation (provided for in reserves) and complexities. There is lower occupancy in our own care homes and clients have had to be placed in externally commissioned beds costing more.

- Short term services are £0.25m over spent due to higher costs and more complex needs and there is a forecast over spend of £1.3m in our own care homes due to being unable to admit new clients in some homes. The remaining overspend is across staffing budgets due to agency cover.

4.6 In Children & Family Services (CFS), the forecast is a £2.6m over spend; £1.5m over spend in placements as identified in the model during budget build and £1.4m in Family Safeguarding teams due to agency costs. The risk provision for residential placements could be used which would reduce the over spend to £1m.

4.7 Education is reporting a £0.9m over spend, predominantly due to Home to School Transport, and Communities and Wellbeing is reporting a £0.3m overspend due to income pressures in leisure.

4.8 The Place Directorate is forecasting overspends of £0.8m in Development & Regulation (D&R) and 0.9m in Environment.

- In D&R there are agency pressures covering sickness and vacancies in the planning service and a shortfall of planning income. Housing is facing pressures from emergency and temporary accommodation.

- In Environment, car parking/season ticket income has significantly reduced compared to pre-pandemic levels. There is £0.4m set aside in reserves for this, as it was identified as an expected pressure at the time of budget build, leaving an unfunded pressure of £0.3m. Solar energy income is not achieving the expected levels of income based on current output of the installed solar panels and there are increased costs from street lighting. In network management, there is a £172k pressure on supervision fees for Section 38 and 278 orders. However, waste management is seeing increased levels of recycling income, reduced use of landfill and overachievement of garden waste subscriptions, and transport services have underspends from staff vacancies and overachievement of income.

4.9 The Resources Directorate forecast underspend is £0.6m arising from covering staff with agency in Finance and ICT, offset by the agency rebate in Commissioning & Procurement and commercial property income.

4.10 The Capital Financing forecast is an under spend of £1m from utilisation of short term borrowing and cash flow as opposed to longer term financing. Savings have also been achieved through the prepayment of pension contributions. There is an underspend of £730k in Risk Management after releasing a £130k provision from reserves that is no longer required, and use of £600k of the Outcomes Based Budgeting Reserve to support the ongoing financial position.

4.11 The 2021/22 savings and income generation programme of £5.3m is 78% Green.

5 Supporting Information

Introduction

5.2 The 2022/23 net revenue budget of £144m was set in March 2022, using £140m of revenue funding and £4m of reserves.

5.3 During the budget build, inflationary pressures were identified in demand led services. Not all of these pressures were built into the budget, with some being put aside in earmarked reserves to be called on should the pressures arise.

5.4 Inflation has further increased and at Quarter Two we continue to see pressures across the Council, and are factoring in using the reserves that were set aside to support this.

Quarter Two 2022/23

5.5 The Quarter Two budget manager forecast is a £7.8m overspend, which after taking account of £4.8m provision that was made in reserves for specific risks at the time of budget setting and other amendments, would reduce to £3m.

5.6 Directors and Finance have undertaken detailed reviews and a range of mitigation suggestions have been drawn up totalling £1.9m. After these actions, the forecast could be reduced to £1.1m overspend. The forecasts by service are shown below:

			(Under)/over spend Quarter One			(Under)/over spend Quarter Two							
	Current Net Budget	Forecast Outturn	Budget Manager Forecast	Forecast after Reserves	Mitigated Forecast	Budget Manager Forecast	*Proposed budget transfer*	*Provided in Earmarked Reserve*	*Provided in General Fund*	*Amend-ments*	Forecast after Reserves	*Mitigation*	Mitigated Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	55,120	56,857	4,173	1,840	1,402	**4,834**	0	(1,760)	(523)	(116)	**2,435**	(697)	**1,738**
Children & Family Services	18,134	18,586	2,466	1,057	1,057	**2,576**	(850)	(508)	(101)	(102)	**1,015**	(562)	**452**
Executive Director	331	299	(7)	(7)	(7)	**(31)**	0	0	0	0	**(31)**	0	**(31)**
Education DSG funded	(444)	(444)	0	0	0	**0**	0	0	0	0	**0**	0	**0**
Education	9,855	10,786	707	582	582	**955**	0	0	0	0	**955**	(24)	**931**
Public Health & Wellbeing	362	362	0	0	0	**0**	0	0	0	0	**0**	0	**0**
Communities & Wellbeing	2,501	2,806	500	463	429	**328**	0	0	0	0	**328**	(23)	**305**
People	**85,858**	**89,252**	**7,839**	**3,935**	**3,463**	**8,661**	**(850)**	**(2,268)**	**(624)**	**(217)**	**4,702**	**(1,307)**	**3,395**
Development & Regulation	6,740	6,895	430	162	(52)	**794**	(63)	(73)	(100)	(130)	**428**	(273)	**155**
Executive Director	215	225	0	(22)	(22)	**10**	0	0	0	0	**10**	0	**10**
Environment	24,288	24,248	917	(122)	(122)	**898**	0	(220)	(544)	114	**248**	(287)	**(40)**
Place	**31,242**	**31,368**	**1,347**	**18**	**(196)**	**1,702**	**(63)**	**(293)**	**(644)**	**(16)**	**686**	**(560)**	**126**
ICT	2,291	2,256	77	53	53	**(35)**	0	0	0	0	**(35)**	0	**(35)**
Executive Director	313	302	0	0	0	**(11)**	0	0	0	0	**(11)**	0	**(11)**
Commissioning & Procurement	827	510	(237)	(237)	(237)	**(317)**	0	0	0	0	**(317)**	0	**(317)**
Finance & Property	1,315	1,393	208	(194)	(194)	**78**	0	0	0	0	**78**	0	**78**
Strategy & Governance	7,017	6,672	193	114	(177)	**(286)**	0	(32)	0	0	**(318)**	(27)	**(345)**
Resources	**11,763**	**11,133**	**241**	**(264)**	**(555)**	**(571)**	**0**	**(32)**	**0**	**0**	**(603)**	**(27)**	**(630)**
Chief Executive	**534**	**523**	**(15)**	**(15)**	**(25)**	**(5)**	**0**	**0**	**0**	**0**	**(5)**	**(6)**	**(11)**
Capital Financing	14,610	13,601	(421)	(421)	(421)	**(1,009)**	0	0	0	0	**(1,009)**	0	**(1,009)**
Risk Management	980	250	(850)	(130)	(130)	**(980)**	850	(600)	0	0	**(730)**	0	**(730)**
Capital Financing/Risk Mgt	**15,590**	**13,851**	**(1,271)**	**(551)**	**(551)**	**(1,989)**	**850**	**(600)**	**0**	**0**	**(1,739)**	**0**	**(1,739)**
Total	**144,987**	**146,128**	**8,141**	**3,123**	**2,136**	**7,798**	**(63)**	**(3,193)**	**(1,268)**	**(233)**	**3,040**	**(1,900)**	**1,141**

NB: Rounding differences may apply to the nearest £k.

Impact on Reserves

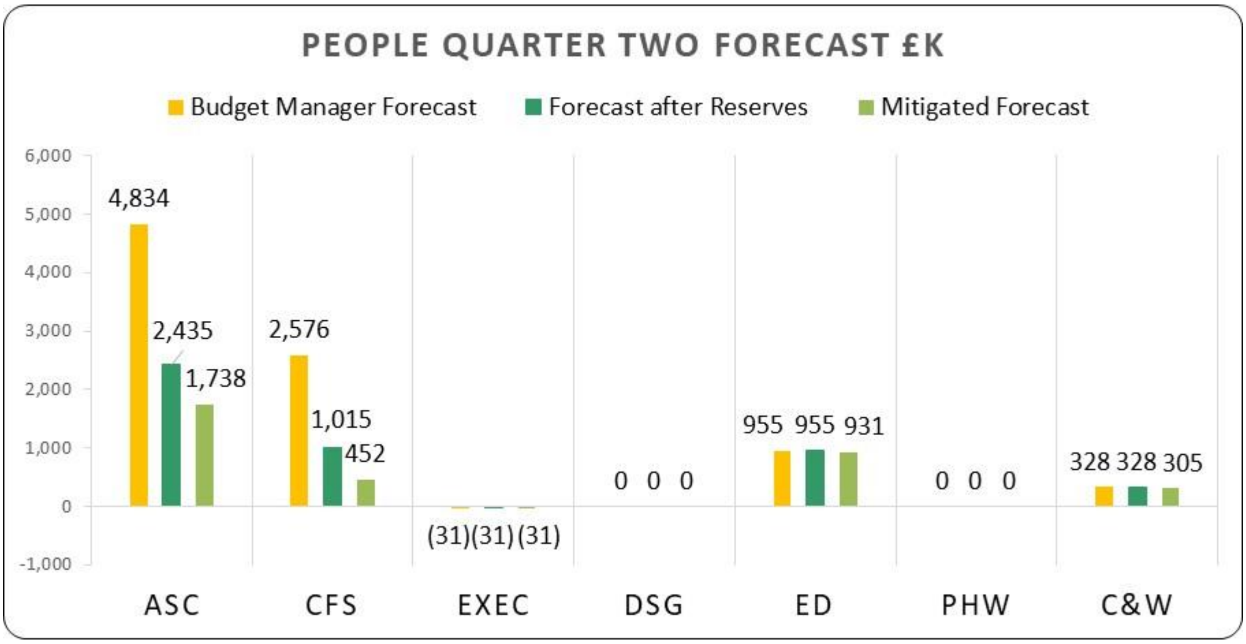
5.7 Reserves that are forecast to be used during 2022/23 are shown below:

Reserve	Current Balance	Proposed Utilisation in 2022/23	Balance Remaining
	£m	£m	£m
Service risk reserves	3.03	2.65	0.38
Local Development Framework	0.13	0.07	0.06
Outcomes Based Budgeting	1.20	0.60	0.60
CFS Risk Management Budget	0.80	0.80	0.00
General Fund	9.40	2.40	7.00
	14.56	**6.53**	**8.03**

People Directorate

5.8 The Directorate forecast is an over spend of £8.7m. The over spend could be reduced to £4.7m by accessing specific reserves which were set aside for risks relating to inflation and demand that have arisen.

5.9 A range of mitigation suggestions have been drawn up totalling £1.3m. After these actions, the forecast could be reduced to £3.4m overspend.



5.10 In ASC, the forecast over spend is £4.8m. The over spend could be reduced to £2.4m by using the provisions that were made in the service risk reserves and against the General Fund for inflation and other risks during the budget build process.

5.11 The forecast has worsened since Quarter One, as a result of continued demand for services, along with lower occupancy in our own care homes and ongoing challenges with recruiting and retaining permanent employees.

5.12 Long term services (LTS) are forecast to be £3.1m over spent.

- There are higher client numbers than modelled, 1797 compared to 1743 modelled. The rise in clients is attributable to higher levels of new requests for support, mirroring the national picture set out by the Association of Directors of Adult Social Services in their Spring Budget survey. This includes high demand from hospital discharge.

- There is an increase in the cost of new client care packages, due to current inflation (provided for in reserves), complexities and challenges in the external workforce market.
- There has been lower occupancy in our own care homes and clients have had to be placed in externally commissioned beds costing more.

5.13 Short term services are £0.25m over spent due to higher costs from more complex needs.

5.14 There is a forecast overspend of £1.3m in our own care homes due to being unable to admit new clients in some homes.

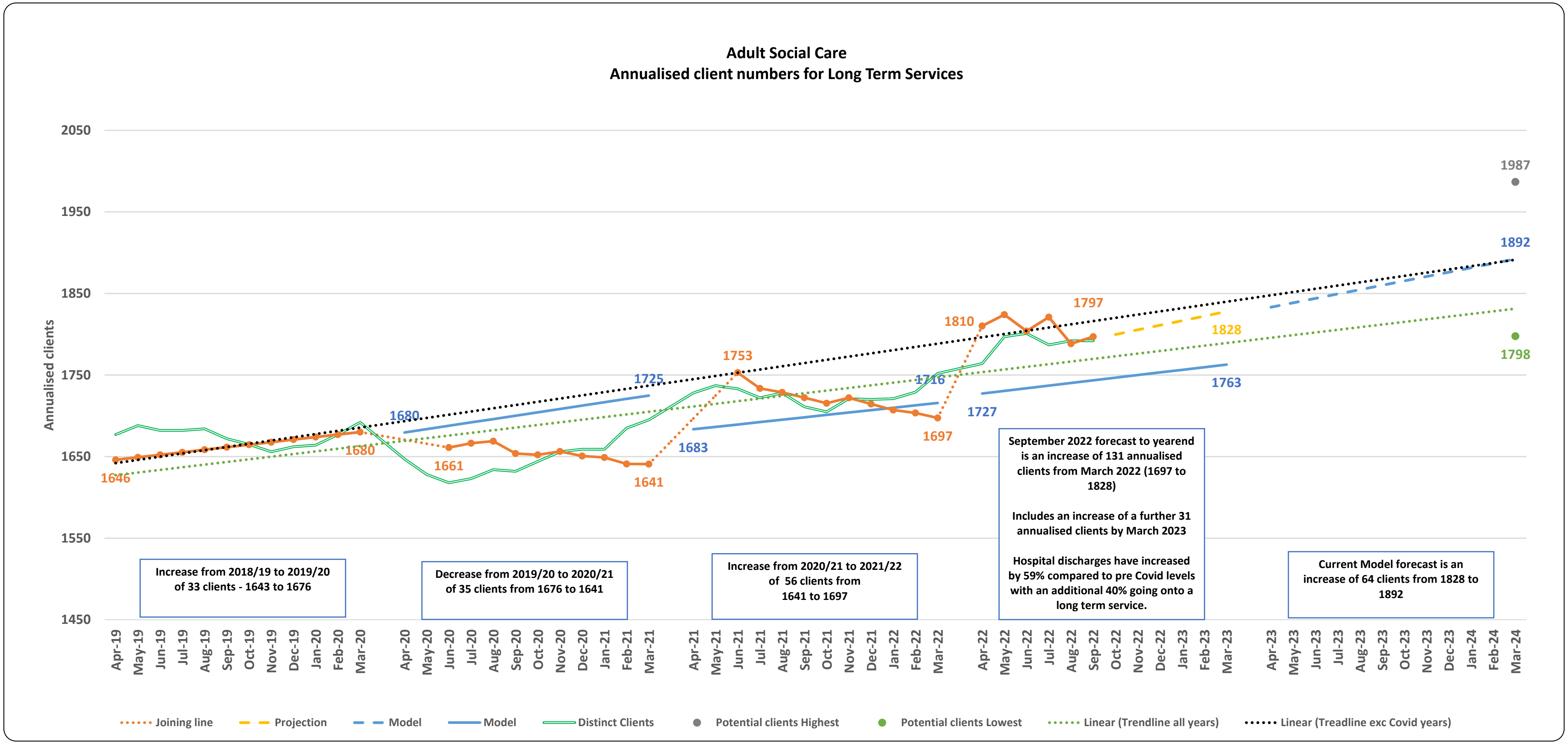
5.15 The remaining overspend is across staffing budgets due to agency cover.

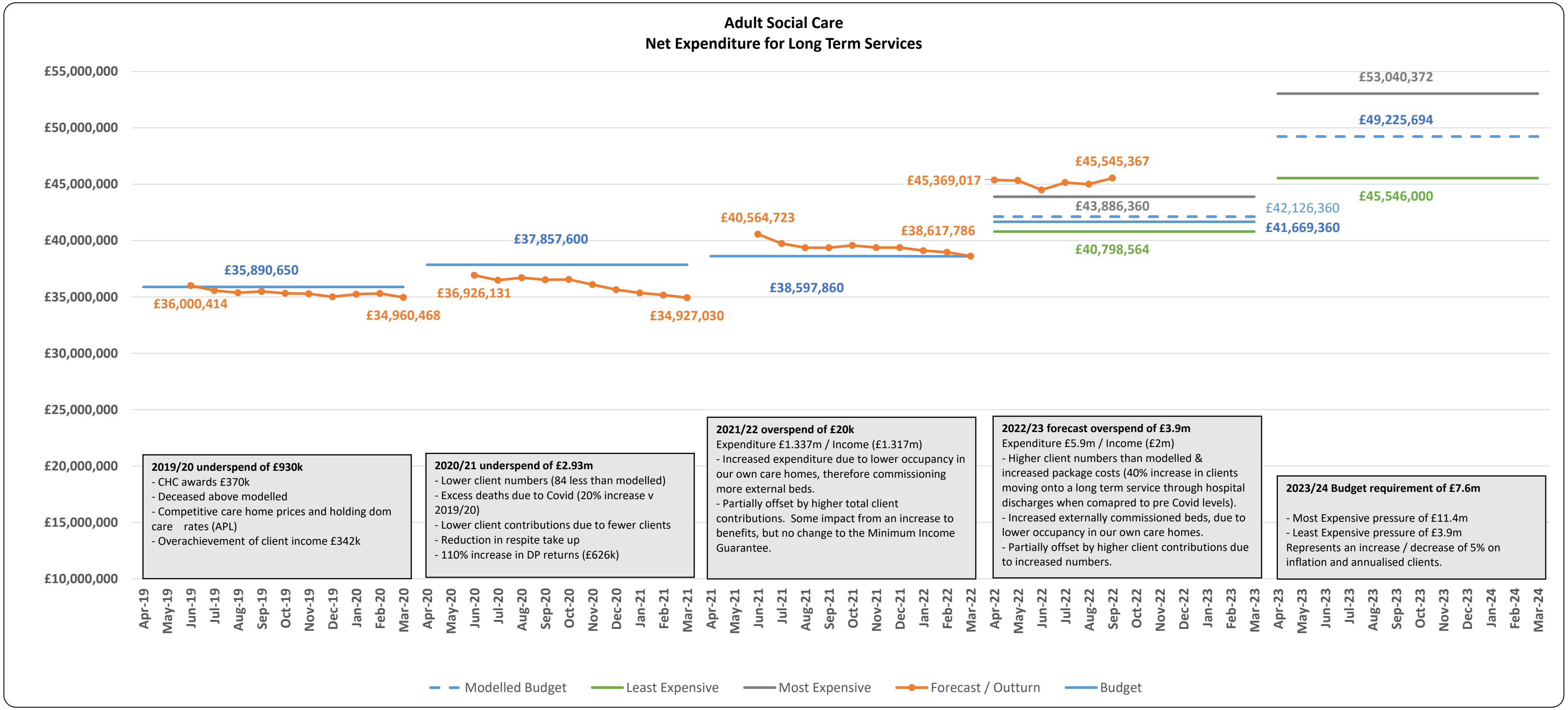
5.16 A range of mitigations identified by the service could reduce the forecast to £1.7m overspend. These include reducing external training, review of client services, estimate of external funding streams, reducing agency spend and review of all services.

5.17 The service continues to take action to suppress market demand such as reinforcing the three conversations model suppressing the need for long term services, strategic review of in-house care home provision, use of technology enabled care and maximising external funding streams. Market Management is working with local providers to ensure supply and demand are better aligned and offering better value for money. Net weekly spend on long term services is carefully monitored. All requests for long term services are scrutinised weekly at Good Practice Forum by senior management to ensure Care Act compliance and also make best uses of resources. Staffing options are being explored with HR.

5.18 The ASC Model for long term services will be updated monthly throughout this financial year to inform the 2023-24 budget. The assumptions are reviewed and agreed by the ASC Financial Planning Steering group and reported at the ASC Financial Planning meeting on a monthly basis. The modelling produces a financial impact range between low cost, most likely and high cost. The model inflation is at 3.5%, reflecting increases expected in costs balanced against increases already in place.

The graphs below shows client numbers from April 2019 and net expenditure for Long Term Services.


Adult Social Care
Annualised client numbers for Long Term Services
Annualised clients
2050
1950
1850
1750
1650
1550
1450
1987
1892
1828
1798
1810
1797
1753
1725
1716
1763
1727
1697
1683
1680
1680
1661
1641
1646
Increase from 2018/19 to 2019/20 of 33 clients - 1643 to 1676
Decrease from 2019/20 to 2020/21 of 35 clients from 1676 to 1641
Increase from 2020/21 to 2021/22 of 56 clients from 1641 to 1697
September 2022 forecast to yearend is an increase of 131 annualised clients from March 2022 (1697 to 1828)
Includes an increase of a further 31 annualised clients by March 2023
Hospital discharges have increased by 59% compared to pre Covid levels with an additional 40% going onto a long term service.
Current Model forecast is an increase of 64 clients from 1828 to 1892
Apr-19 May-19 Jun-19 Jul-19 Aug-19 Sep-19 Oct-19 Nov-19 Dec-19 Jan-20 Feb-20 Mar-20
Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21
Apr-21 May-21 Jun-21 Jul-21 Aug-21 Sep-21 Oct-21 Nov-21 Dec-21 Jan-22 Feb-22 Mar-22
Apr-22 May-22 Jun-22 Jul-22 Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23 Mar-23
Apr-23 May-23 Jun-23 Jul-23 Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24
Joining line
Projection
Model
Model
Distinct Clients
Potential clients Highest
Potential clients Lowest
Linear (Trendline all years)
Linear (Treadline exc Covid years)

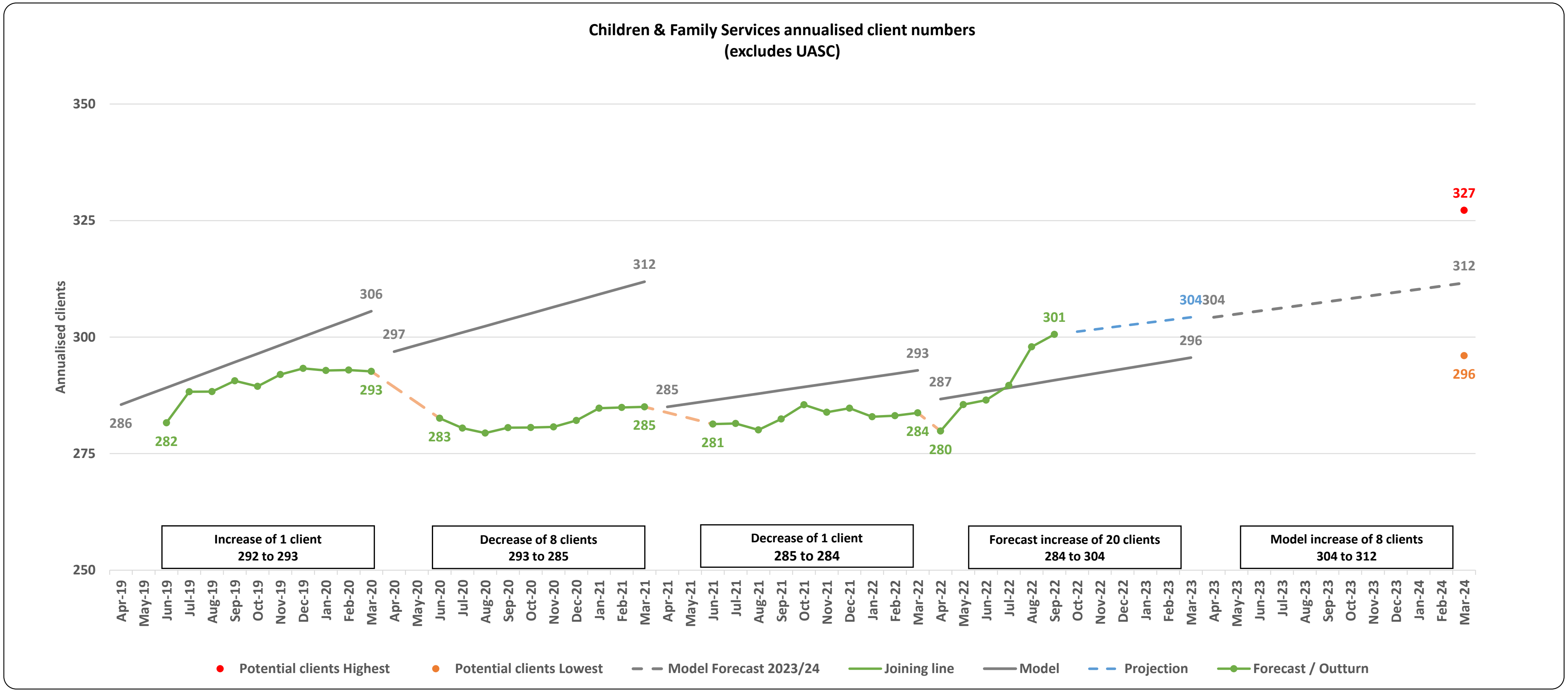

Adult Social Care
Net Expenditure for Long Term Services
£55,000,000
£50,000,000
£45,000,000
£40,000,000
£35,000,000
£30,000,000
£25,000,000
£20,000,000
£15,000,000
£10,000,000
£35,890,650
£36,000,414
£34,960,468
£37,857,600
£36,926,131
£34,927,030
£40,564,723
£38,617,786
£38,597,860
£45,369,017
£45,545,367
£43,886,360
£42,126,360
£41,669,360
£40,798,564
£53,040,372
£49,225,694
£45,546,000
2019/20 underspend of £930k
- CHC awards £370k
- Deceased above modelled
- Competitive care home prices and holding dom care rates (APL)
- Overachievement of client income £342k
2020/21 underspend of £2.93m
- Lower client numbers (84 less than modelled)
- Excess deaths due to Covid (20% increase v 2019/20)
- Lower client contributions due to fewer clients
- Reduction in respite take up
- 110% increase in DP returns (£626k)
2021/22 overspend of £20k
Expenditure £1.337m / Income (£1.317m)
- Increased expenditure due to lower occupancy in our own care homes, therefore commissioning more external beds.
- Partially offset by higher total client contributions. Some impact from an increase to benefits, but no change to the Minimum Income Guarantee.
2022/23 forecast overspend of £3.9m
Expenditure £5.9m / Income (£2m)
- Higher client numbers than modelled & increased package costs (40% increase in clients moving onto a long term service through hospital discharges when comapred to pre Covid levels).
- Increased externally commissioned beds, due to lower occupancy in our own care homes.
- Partially offset by higher client contributions due to increased numbers.
2023/24 Budget requirement of £7.6m
- Most Expensive pressure of £11.4m
- Least Expensive pressure of £3.9m
Represents an increase / decrease of 5% on inflation and annualised clients.
Apr-19 May-19 Jun-19 Jul-19 Aug-19 Sep-19 Oct-19 Nov-19 Dec-19 Jan-20 Feb-20 Mar-20
Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21
Apr-21 May-21 Jun-21 Jul-21 Aug-21 Sep-21 Oct-21 Nov-21 Dec-21 Jan-22 Feb-22 Mar-22
Apr-22 May-22 Jun-22 Jul-22 Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23 Mar-23
Apr-23 May-23 Jun-23 Jul-23 Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24
Modelled Budget
Least Expensive
Most Expensive
Forecast / Outturn
Budget

5.19 In CFS, the forecast is a £2.6m over spend. This could be reduced to £1m with the use of the risk provision for residential placements and additional savings found post Quarter Two.

- There is a forecast £1.5m over spend in placements which was identified in the model during budget build and is fully provided for in reserves.
- The Family Safeguarding teams are overspending by £1.4m due to agency costs. This has been required to cover vacancies, maternity leave and additional capacity. There are 17 vacancies across the East and West Teams and six maternity leaves.

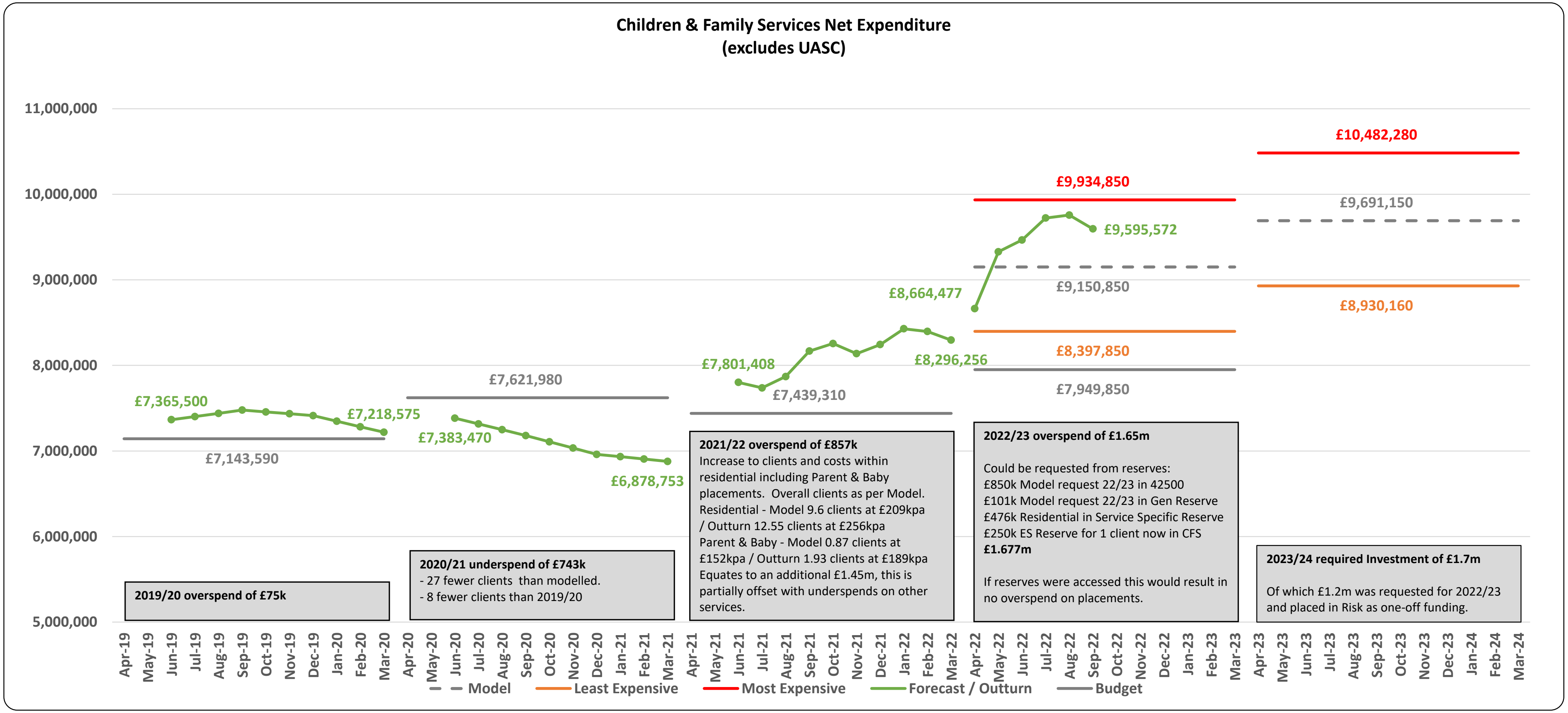
5.20 Mitigations have been identified by the service totalling £562k which would reduce the overspend to £452k. These include reducing external training, estimates of further external funding to be applied and use of risk reserve.

5.21 The model for placements has been refined and will be updated monthly. Client numbers and net expenditure are shown in the graphs below.



Children & Family Services annualised client numbers
(excludes UASC)
Annualised clients
350
325
300
275
250
Increase of 1 client
292 to 293
Decrease of 8 clients
293 to 285
Decrease of 1 client
285 to 284
Forecast increase of 20 clients
284 to 304
Model increase of 8 clients
304 to 312
Potential clients Highest
Potential clients Lowest
Model Forecast 2023/24
Joining line
Model
Projection
Forecast / Outturn

2022/23 Revenue Financial Performance Quarter Two



5.22 Education is reporting a £0.9m over spend. The over spend is predominantly due to a forecast pressure on Home to School Transport, where there are a higher number of eligible SEN students and increasing transport costs. This has increased by £0.25m since last quarter. The volatility of this service means that it is difficult to forecast but there are more children with special needs requiring transportation, limited spaces in Newbury schools, rising fuel costs and driver's wages all contributing to this year's overspend position.

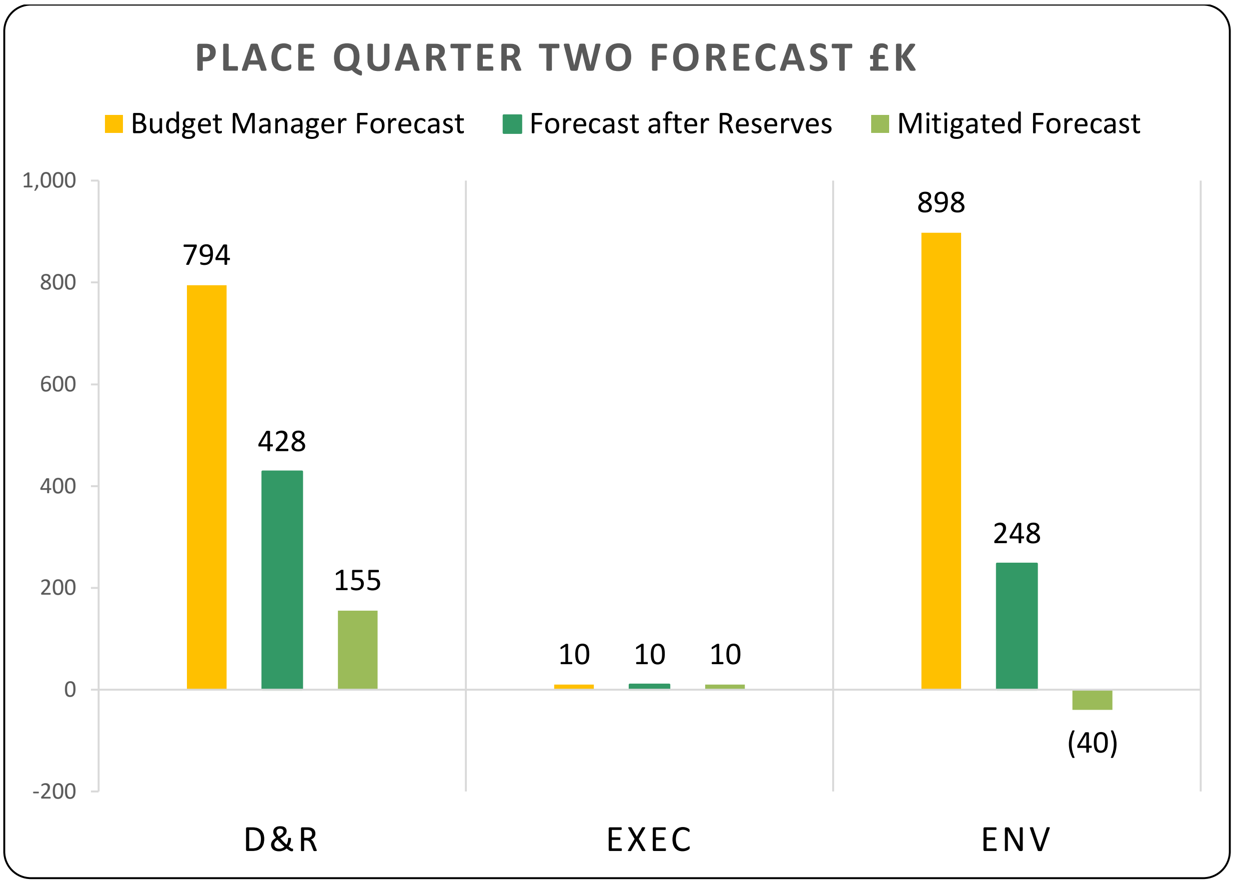
5.23 Communities and Wellbeing is reporting a £0.3m overspend due to income pressures in leisure.

5.24 The Public Health grant forecast is on line, and any variances to budget will be transferred to the Public Health Reserve at year end. There is currently an estimated £137k under spend which will transfer to the reserve. This is mainly due to staff projects being supported from COMF funding.

Place Directorate

5.25 The Place Directorate is forecasting an overspend of £1.7m against a budget of £31m. The overspend could be reduced to £0.7m by accessing reserves that were set aside during the budget build for specific pressures.

5.26 A range of mitigation suggestions have been drawn up totalling £560k. After these actions, the forecast could be reduced to £126k overspend.



5.27 In Development and Regulation, there is a £0.8m forecast over spend, which could reduce to £0.1m through use of reserves and mitigation initiatives.

- There are £0.6m of agency and consultant pressures in Planning from covering sickness and vacancies and the service struggling to recruit qualified permanent staff. Planning income is below target, with a pressure of £184k partly covered off by a £100k reserve. Minerals and Waste Examination has been delivered with a £130k underspend.

- Housing is facing £250k of pressures on emergency and temporary accommodation and funding pressures from restrictive grant conditions. There has been a revenue saving of £160k against site management as the costs are capital in nature.

- These areas of pressure have all increased since Quarter One.

- Mitigations are focussing on service review and further efficiencies.

5.28 In Environment, there is a £0.9m forecast over spend, which could reduce to £0.25m by using reserves set aside as part of the budget process for pressures identified. Mitigations of £0.3m would bring the service back on line.

- The largest area of pressure is parking income which is seeing significant reductions compared to pre-pandemic levels both from car parks and season tickets amounting to £0.7m. There is £0.4m set aside in reserves for this, as it was identified as an expected pressure at the time of budget build.

- Other pressures include £162k solar energy income which is not achieving the expected levels of income based on current output of the installed solar panels, and £167k increased costs from street lighting. In network management, there is a £172k pressure on supervision fees for Section 38 and 278 orders.

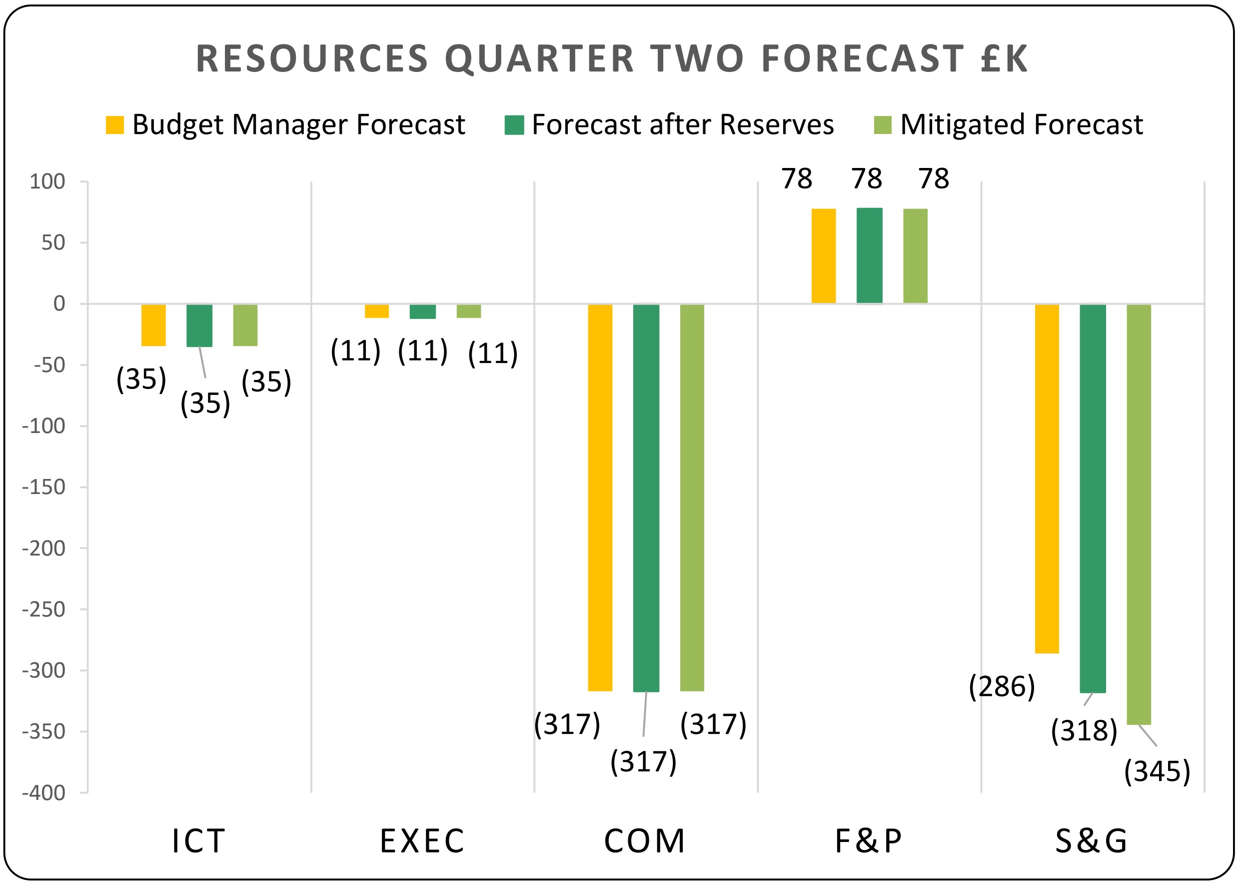
- Transport services are seeing underspends from staffing vacancies and overachievement of income.

- Waste management are seeing increased levels of recycling income, reduced use of landfill and an overachievement of garden waste subscriptions leading to a favourable variance of £0.4m.

- Mitigations are around reduced spend, additional income targets and use of transformation funding.

Resources Directorate/Chief Executive

5.29 The Resources Directorate is forecasting an underspend of £571k against a budget of £12m, and after use of reserves of £32k, the underspend would increase to £603k.



5.30 In ICT there is a forecast underspend of £35k from staff vacancies, overachievement of school income. There are pressures from print and reprographic income and from WAN circuit requirements.

5.31 In Commissioning, there is a £317k forecast surplus income largely from the agency contract rebate, as a result of the increased agency usage.

5.32 In Finance and Property, the £78k forecast over spend has arisen as follows:

- Temporary staff costs covering workload pressures in the Financial Reporting Team is expected to lead to an over spend of £138k. There are further agency pressures in Exchequer Services totalling £66k.
- Energy costs and repairs and maintenance in corporate buildings are causing a pressure of £142k.
- These pressures are offset by £200k overachievement on commercial property income.

5.33 Strategy and Governance is forecasting a £286k underspend, which could increase to £345k after use of reserves.

- In HR there are £160k savings from National Insurance, and £236k savings in the Engagement Team due to use of Transformation Funding.

- In Legal there are pressures due to Coroners Court increased costs £65k, legal fee income £42k and client disbursements £32k (covered by reserve).

Capital Financing and Risk Management

5.34 The Capital Financing forecast is an under spend of £1m. Capital financing costs are lower than expected due savings on capital financing through utilisation of short term borrowing and cash flow as opposed to longer term financing. Savings have also been achieved through the prepayment of pension contributions.

5.35 There is an underspend of £730k in Risk Management after releasing a £130k provision from reserves that is no longer required, and the proposed release of £0.6m from the Outcomes Based Budgeting reserve (OBB).

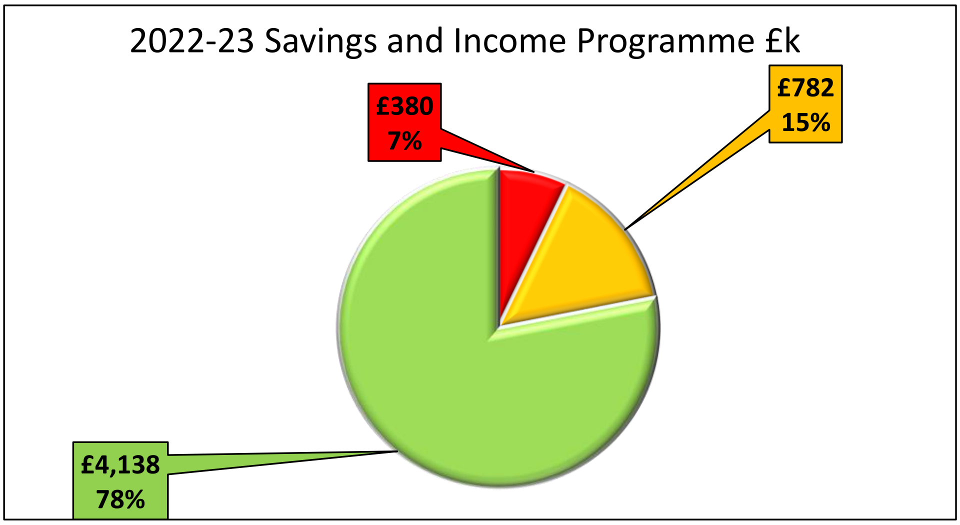
Employee and Agency Spend

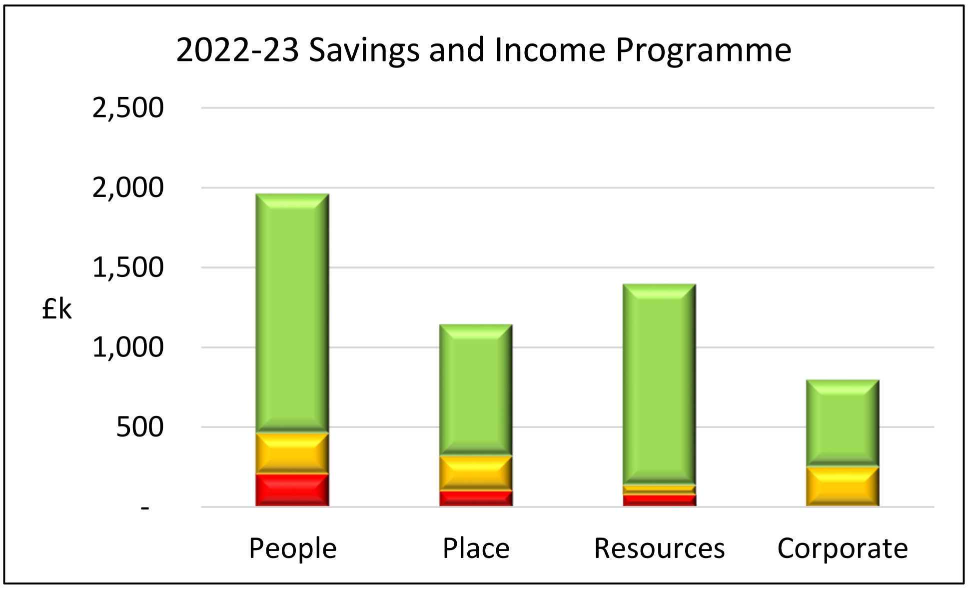
5.36 At Quarter Two, total employee spend including agency was £34.9m against a budget of £33.4m, an overspend of £1.5m. Within employee costs, agency spend to Quarter Two was £5.7m. Agency is 17% as a percentage of employee budgets.

Service	Employee Budget to Q2	Employee Spend to Q2 (including agency)	Agency spend to Q2	Agency as a % of Employee budgets
Chief Executive	255,075	259,789	-	
Adult Social Care	8,825,235	9,355,135	2,066,011	23%
Children & Family Services	4,409,940	4,505,300	1,304,700	30%
Communities & Wellbeing	902,150	755,167	192,479	21%
Executive Director - People	145,515	128,787	125	0%
Education	2,922,075	2,586,763	343,655	12%
Public Health & Wellbeing	778,000	1,386,983	40,597	5%
Executive Director – Place	100,010	103,615	-	0%
Development & Regulation	5,037,640	6,195,962	1,108,863	22%
Environment	2,951,375	2,846,624	113,441	4%
Commissioning & Procurement	641,675	642,802	-	0%
Executive Director - Resources	99,725	74,638	-	0%
Finance & Property	2,128,520	2,309,049	237,982	11%
ICT	1,121,945	1,102,559	98,950	9%
Strategy & Governance	3,046,755	2,638,163	177,615	6%
	33,365,635	**34,891,336**	**5,684,418**	**17%**

2022/23 Savings and income generation programme

5.37 In order to meet the funding available, the 2022/23 revenue budget was built with a £5.3m savings and income generation programme. The programme is monitored using the RAG traffic light system. The status is shown in the following charts:





5.38 Red items are as follows:

- £100k for ASC utilisation of the workforce reform grant. This is not achievable within the funding received and the conditions placed on the grants.
- £36k for supported living in ASC due to delays in construction of a new Learning Disability service due to supply chain issues.
- £26k Resource Allocation System software which will be implemented as part of Care Director V6 upgrade.
- £43k for ASC digital pathway which will be implemented with Care Director upgrade.
- £100k for Environment in delivery of solar PV projects. An investment bid has been proposed for 2023/24 to realign unachievable income.
- £75k from Timelord2 due to energy costs.

5.39 Amber items are as follows:

- £250k from Timelord reduced mileage.
- £133k for Children's staffing capacity savings.
- £42k for income from Northcroft leisure expansion.

- £80k traded income in Education.
- £30k home improvement agency income, not achievable for private adaptation work.
- £15k temporary accommodation maintenance as the cost of materials have increased.
- £172k from Traffic Management income not currently being achieved.
- £28k print and postage due to increased costs of paper and lack of external income.
- £32k from property disposals, still awaiting sale.

Proposals

5.40 To note the year-end forecast £3m over spend, after taking account of provision that was made in reserves for specific risks at the time of budget setting. Without this provision, the forecast would be an over spend of £7.8m.

5.41 To note that proposed mitigations totalling £1.9m could reduce the overspend to £1.1m.

6 Other options considered

6.1 None.

7 Conclusion

7.1 The 2022/23 financial year is presenting financial challenges for the Council due to inflation and demand. Provision that was set aside in reserves will be required to reduce the overspend by £4.7m, and a range of other mitigations are being considered to bring the overspend down further.

7.2 The £5.3m savings and income generation programme is forecast to be 78% achieved and will be reported on each quarter.

8 Appendices

8.1 Appendix A – Quarter Two position

8.2 Appendix B – Budget changes

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval	☐
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council’s position	☐
Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to note only	☒

Officer details:

Name:	Melanie Ellis
Job Title:	Chief Management Accountant
Tel No:	01635 519142
E-mail:	Melanie.Ellis@westberks.gov.uk

Appendix A – Quarter Two position

	Budget				Forecasted Performance						
					Expenditure			Income			Net
	Original Budget 2022/23 £	Changes in year 2022/23 £	Funding Released from Reserves 2022/23 £	Revised Budget 2022/23 £	Annual Expenditure Budget for 2022/23 £	Annual Expenditure Forecast for 2022/23 £	Expenditure Variance for 2022/23 £	Annual Income Budget for 2022/23 £	Annual Income Forecast for 2022/23 £	Income Variance for 2022/23 £	Net Variance £
Adult Social Care	55,119,550	0	0	55,119,550	74,647,930	82,462,070	7,814,140	-19,528,380	-22,508,590	-2,980,210	4,833,930
Children & Family Services	17,972,860	161,000	0	18,133,860	20,051,890	23,472,450	3,420,560	-1,918,030	-2,762,990	-844,960	2,575,600
Executive Director - People	330,710	0	0	330,710	330,710	299,420	-31,290	0	0	0	-31,290
Education (DSG Funded)	-444,000	0	0	-444,000	117,885,990	109,836,520	-8,049,470	-118,329,990	-110,280,520	8,049,470	0
Education	9,891,580	-161,000	124,200	9,854,780	13,425,710	15,607,540	2,181,830	-3,570,930	-4,797,910	-1,226,980	954,850
Public Health & Wellbeing	-80,000	0	441,900	361,900	6,748,750	6,656,300	-92,450	-6,386,850	-6,294,400	92,450	0
Communities & Wellbeing	2,427,920	38,380	34,650	2,500,950	3,929,010	4,262,050	333,040	-1,428,060	-1,433,150	-5,090	327,950
People	**85,218,620**	**38,380**	**600,750**	**85,857,750**	**237,019,990**	**242,596,350**	**5,576,360**	**-151,162,240**	**-148,077,560**	**3,084,680**	**8,661,040**
Development & Regulation	6,598,320	-13,830	155,020	6,739,510	13,646,520	15,222,520	1,576,000	-6,907,010	-7,688,560	-781,550	794,450
Executive Director – Place	214,610	0	0	214,610	214,610	224,610	10,000	0	0	0	10,000
Environment	24,450,060	-243,630	81,700	24,288,130	35,782,780	36,294,930	512,150	-11,494,650	-11,109,170	385,480	897,630
Place	**31,262,990**	**-257,460**	**236,720**	**31,242,250**	**49,643,910**	**51,742,060**	**2,098,150**	**-18,401,660**	**-18,797,730**	**-396,070**	**1,702,080**
ICT	2,222,590	0	68,000	2,290,590	3,164,190	3,060,350	-103,840	-873,600	-804,390	69,210	-34,630
Executive Director - Resources	313,430	0	0	313,430	313,430	317,000	3,570	0	-15,000	-15,000	-11,430
Commissioning & Procurement	744,880	34,250	47,950	827,080	10,388,820	10,387,720	-1,100	-9,561,740	-9,877,650	-315,910	-317,010
Finance & Property	1,334,840	-27,550	7,700	1,314,990	32,858,510	33,085,380	226,870	-31,543,520	-31,692,650	-149,130	77,740
Strategy & Governance	7,022,660	-60,890	54,730	7,016,500	8,098,460	7,819,810	-278,650	-1,081,960	-1,089,370	-7,410	-286,060
Resources	**11,638,400**	**-54,190**	**178,380**	**11,762,590**	**54,823,410**	**54,670,260**	**-153,150**	**-43,060,820**	**-43,479,060**	**-418,240**	**-571,390**
Chief Executive	533,970	0	0	533,970	533,970	528,970	-5,000	0	0	0	-5,000
Chief Executive	**533,970**	**0**	**0**	**533,970**	**533,970**	**528,970**	**-5,000**	**0**	**0**	**0**	**-5,000**
Capital Financing & Management	14,610,470	0	0	14,610,470	14,730,470	14,376,540	-353,930	-120,000	-775,860	-655,860	-1,009,790
Risk Management	850,000	0	130,000	980,000	980,000	0	-980,000	0	0	0	-980,000
Capital Financing and Management	**15,460,470**	**0**	**130,000**	**15,590,470**	**15,710,470**	**14,376,540**	**-1,333,930**	**-120,000**	**-775,860**	**-655,860**	**-1,989,790**
Total	**144,114,450**	**-273,270**	**1,145,850**	**144,987,030**	**357,731,750**	**363,914,180**	**6,182,430**	**-212,744,720**	**-211,130,210**	**1,614,510**	**7,796,940**

Appendix B – Budget Changes

Service	Original Net Budget	Approved Budget B/F from 2021-22	Budget changes not requiring approval	FAGG approved release from reserves	Approved by S151 & Portfolio Holder	Approved by Executive	Budget C/F to 2023-24	Final Net Budget
	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	55,120							55,120
Children and Family Services	17,973		161					18,134
Executive Director	331							331
Education DSG funded	(444)							(444)
Education	9,892		(161)	124				9,855
Public Health & Wellbeing	(80)			442				362
Communities & Wellbeing	2,428		38	35				2,501
People	**85,219**	**0**	**38**	**601**	**0**	**0**	**0**	**85,858**
Development & Regulation	6,584			155				6,740
Executive Director	215							215
Environment	24,208		(1)	82				24,288
Place	**31,007**	**0**	**-1**	**237**	**0**	**0**	**0**	**31,242**
ICT	2,223			68				2,291
Executive Director	313							313
Commissioning & Procurement	745		34	48				827
Finance & Property	1,340		(33)	8				1,315
Strategy & Governance	7,000		(38)	55				7,017
Resources	**11,621**	**0**	**(37)**	**178**	**0**	**0**	**0**	**11,763**
Chief Executive	**534**							**534**
Capital Financing & Risk	**15,460**			**130**				**15,590**
Total	**143,841**	**0**	**0**	**1,146**	**0**	**0**	**0**	**144,987**
Quarter One	**143,841**			**594**				**144,435**
Quarter Two	**143,841**			**552**				**144,987**
Quarter Three	**143,841**							**144,987**
Quarter Four	**143,841**							**144,987**
Total	**143,841**	**0**	**0**	**1,146**	**0**	**0**	**0**	**144,987**

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Agenda Item 8.

Financial Year 2022/23 Mid-Year Treasury Report

Committee considering report:	Governance and Ethics Committee
Date of Committee:	16 January 2023
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed/sent report:	16 November 2022
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	GE4308

1 Purpose of the Report

The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA TM Code) requires the Council to approve both mid-year and annual treasury management reports. This report provides an overview of the treasury management activity for financial year 2022/23 as at 30th September 2022.

2 Recommendation

This report is to note only. The Section 151 Officer is satisfied that treasury management practices in year have operated in accordance with the approved performance management criteria.

3 Implications and Impact Assessment

Implication	**Commentary**
Financial:	The Treasury function is responsible for the daily cash flow management of the Council. Income from investments contributes to the Council's annual budget. Bank Rate increased from 0.75% in April to 2.25% in September, following a series of stepped increases from May. The increase in rates is expected to result in an over achievement of investment income of £703k against budget for the financial year. The Council did not take on new external borrowing in the period to end September 2022.

Human Resource:	Not applicable			
Legal:	Not applicable			
Risk Management:	The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA TM Code) requires the Council to approve an annual treasury management strategy and mid-year review. All investments are undertaken with a view to minimising the risk of financial loss. The Investment and Borrowing Strategy approved by the Council sets parameters to ensure this. Key treasury indicators are adopted as part of the annual strategy and compliance with these indicators is detailed in sections 7.3 and 7.4 of this report.			
Property:	Not applicable			
Policy:	Not applicable			
	Positive	**Neutral**	**Negative**	**Commentary**
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		

Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:	X			The treasury function supports the delivery of the Council Strategy through the financing of the Council's approved Capital Programme and monitoring of Council cash flows.
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Joseph Holmes – Director of Resources Cllr Ross Mackinnon – Portfolio Holder for Finance Treasury Management Group			

4 Executive Summary

4.1 The Council's Investment and Borrowing Strategy for 2022/23 was approved by Council on 3 March 2022. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.

4.2 On 31 March 2022, the Council had a Capital Financing Requirement (CFR) of £278.4 million (i.e. the underlying need to borrow for capital purposes is measured by the CFR, while usable reserves and working capital are the underlying resources available for investment). The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. In keeping with this objective, whilst short-term interest rates remained much lower than long-term rates and temporary investments earning Bank Rate or lower, it has been considered to be more cost effective in the near term to use borrowed rolling temporary / short-term loans. At 30 September 2022 the Council held £189.4 million of loans, as part of its strategy for funding previous and current years' capital programmes. The Council's borrowing position is summarised in the table below.

Borrowing Position as at 30 September 2022	31.03.22 Balance £m	Net Movement £m	30.09.22 Balance £m
Public Works Loan Board	(191.0)	2.4	(188.6)
Community Bond	(0.8)	0.1	(0.7)
Total Borrowing	**(191.8)**	**2.5**	**(189.3)**

4.3 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year to 30 September 2022, the Council's investment balances have ranged between £34.3m and £64.0 million due to timing differences between income and expenditure. The investment position as at 30 September 2022 compared to 31 March 2022 is shown in the table below.

Investment Summary	31.03.22 Balance £m	Net Movement £m	30.09.22 Balance £m
Banks & Building Societies (Unsecured)	5.0	(2.8)	2.2
Government (incl. Local Authorities)	18.0	12.0	30.0
Money Market Funds	14.8	(2.8)	12.0
Total Unvestments	**37.8**	**6.4**	**44.2**

4.4 The economic backdrop during the period April to September has been characterised by high oil, gas and commodity prices and inflationary pressures. The Bank of England increased the official Bank Rate to 2.25% over this period, rising from 0.75% in March as a result of 0.25% rises in both May and June and 0.50% rises in the August and September. As a result of the rise in Bank Rate, investment income is forecast to be £703k over achieved for the year. The Council's existing external borrowings are fixed rates and no new long term borrowing has been undertaken in the six month period to September 2022. The Council has financed its capital programme during 2022/23 through undertaking short term borrowing with other Local Authorities (i.e. loans with other Local Authorities for a duration of under one year). Treasury Management Group maintains and scrutinises a listing of other Local Authorities deemed to be appropriate from a risk perspective with which to undertake short term borrowing activities.

4.5 In respect of non-treasury investment assets, at the 31st March 2021 the Council held £72.5m of investments in directly owned property categorised as follows:

(a) Directly owned property (commercial property) £58.9 million, details in appendix C. This is property that the Council has borrowed specifically to fund the purchase.

(b) Directly owned property (investment property) £13.6 million, details included in appendix D. This is property that the Council holds as an investment property but the purchase has not been funded by borrowing. In most cases the property has been inherited from Berkshire County Council or Newbury District Council upon the formation of West Berkshire Council in 1998.

4.6 Due to the nature of direct investment in property there is additional risk that the value of the investment may change. In respect of commercial property, this risk is carried alongside the risk of voids and no rental income being recovered adversely impacting on achievable rates of return. These risks are managed through allocation of General Fund Reserve to Earmarked Reserves as part of annual budget setting processes.

These earmarked funds are released against the General Fund at year end to compensate for any voids and reductions in income achieved. For financial year 2022/23 the forecast revenue budget monitoring position at Quarter Two is for a net favourable variance of £148k in respect of commercial and investment property holdings.

5 Supporting Information

Introduction

5.1 The CIPFA TM Code requires the Council to approve semi-annual and annual treasury management reports. This report provides an overview of the treasury management activity for financial year 2022/23 as at 30 September 2022.

5.2 The Council's treasury management strategy for 2022/23 was approved by Council on 3 March 2022. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Investment and Borrowing Strategy.

Background

5.3 **Economic background**: The ongoing conflict in the Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. High energy and commodity prices during the first two quarters of 2022/23 have impacted on consumer's cost of living. Annual headline CPI peaked at 10.1% in July, the highest rate for 40 years and RPI registered 12.3% in both July and August. Quarterly GDP fell 0.1% in the quarter to end June 2022 driven by a decline in services output. The Bank of England has increased interest rates from 0.75% in March to 2.25% at the time of writing. A full appraisal of the economic position from the Council's external treasury advisors Arlingclose is contained in appendix A.

5.4 **Local Context**: On 31st March 2021, the Council had net borrowing (i.e. gross external borrowing less net investments) of £154m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the CFR, while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in the table below which is based on the Council's 2021/22 draft financial statements.

Investment Summary	**31.03.22 Actual £m**
General Fund CFR	278.40
Less: Other debt liabilities: Waste Private Finance Initative	(11.50)
Loans CFR	266.90
External borrowing	(191.80)
Internal borrowing	75.10
Less: Usable reserves	(77.30)
Less: working capital	(35.60)
Net Investments	**(37.80)**

5.5 The Council has not needed to undertake new external borrowing during the period April to September 2022 and instead has continued to pursue a strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk. The treasury management position on 30 September 2022 and the change over the six months is shown in the table below in section 5.7.

5.6 **Borrowing Update**: Local authorities can borrow from the Public Works and Loan Board (PWLB) provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Council's that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes servicing expenditure on operational assets, housing, regeneration, preventative action, and treasury management e.g. refinancing of existing debt. The CIPFA Prudential Code notes that since access to the PWLB is important to ensure local authorities' liquidity in the long term and that leveraged (i.e. debt driven) investment always increases downside risks, that local authorities must not borrow to fund acquisitions where obtaining financial returns is the primary aim. The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able fully access the PWLB. Details of the PWLB guidance is included in appendix B.

Borrowing Position as at 30 September 2022:

5.7 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. In keeping with these objectives no new borrowing was undertaken. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. At 30 September 2022 the Council held £189.3m of loans, a decrease of £2.5m from 31 March 2022 due to annuity payments made in the period. Outstanding loans on 30 September are summarised in the table below.

Borrowing Position as at 30 September 2022	31.03.22		30.09.22	30.09.22	30.09.22
	Balance	Net Movement	Balance	Weighted Average Rate	Weighted Average Maturity
	£m	£m	£m	%	Years
Public Works Loan Board	(191.0)	2.4	(188.6)	3.35	30.48
Community Bond	(0.8)	0.1	(0.7)	1.20	3.04
Total Borrowing	**(191.8)**	**2.5**	**(189.3)**	**3.35**	**30.38**

5.8 **Other Debt Activity**: Although not classified as borrowing, the Council also has a Private Finance Initiative (PFI) liability in respect of the Padworth Waste Recycling Facility. This debt, which is included in the total borrowing shown on the Council's balance sheet, stood at £11.1 million at end of September 2022. (Repayments of this debt are included in the monthly waste contract charges, which are paid from the revenue budget for waste management).

Treasury Management Activity 1 April 2022 – 30 September 2022:

5.9 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year to date, the Council's investment balances ranged between £34.3m and £64.0 million due to timing differences between income and expenditure, as detailed in the table below.

Investment Summary	31.03.22 Balance £m	Net Movement £m	30.09.22 Balance £m	30.09.22 Income Return %	30.09.22 Weighted Average Maturity Days
Banks & Building Societies (Unsecured)	5.0	(2.8)	2.2	0.11	1
Government (incl. Local Authorities)	18.0	12.0	30.0	1.13	79
Money Market Funds	14.8	(2.8)	12.0	1.1	1
Total Unvestments	**37.8**	**6.4**	**44.2**	**1.07**	**54**

5.10 Both the CIPFA TM Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Non Treasury Investments:

5.11 The definition of investments in the CIPFA TM Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by the Department for Levelling Up, Housing and Communities, in which the definition of investments is further broadened to also include all such assets held partially for financial return. At the 31 March 2022 the Council held £72.5m of such investments in directly owned property categorised as follows:

(a) Directly owned property (commercial property) £58.9 million, details in appendix C. This is property that the Council has borrowed specifically to fund the purchase.

(b) Directly owned property (investment property) £13.6 million, details included in appendix D. This is property that the Council holds as an investment property but the purchase has not been funding by borrowing. In most cases the property has been inherited from Berkshire County Council or Newbury District Council upon the formation of West Berkshire Council in 1998.

5.12 The estimated rate of return on these investments for 2022/23 is summarised in the table below. The rate of return is based on the latest valuation of the properties at the 31 March 2022. The estimated net income for 2022/23 is based on budget monitoring as at the 30 September 2022. The rate of return does not include the change in value of the properties during the period.

Directly Owned Property: 'Commercial Property'	£'000
Valuation at 31 March 2022	58,985
Estimated 22/23 net income	(3,235)
Rate of return, excluding MRP and interest	**5.48%**
MRP costs 22/23	666
Interest costs 22/23	1,529
Estimated outturn, net of MRP and interest	(1,040)
Rate of return, after MRP and interest	**1.76%**

Directly Owned Property: 'Investment Property'	£'000
Valuation at 31 March 2022	13,571
Estimated 22/23 net income	(465)
Rate of return, excluding MRP and interest	**3.43%**

Directly Owned Property: 'Commercial' and 'Investment' Property, Combined	£'000
Valuation at 31 March 2022	72,556
Estimated 22/23 net income	(3,700)
Rate of return, excluding MRP and interest	**5.10%**
MRP costs 22/23	666
Interest costs 22/23	1,529
Estimated outturn, net of MRP and interest	(1,505)
Rate of return, after MRP and interest	**2.07%**

5.13 The rate of return shown in table above does not include any change in value of the properties during the period. Due to the nature of direct investment in property there is additional risk (upside and downside) that the value of the investment may change. In respect of commercial property, this risk is carried alongside the risk of voids and no rental income being recovered adversely impacting on achievable rates of return. These risks are managed through allocation of General Fund Reserve to Earmarked Reserves as part of annual budget setting processes. These earmarked funds are released against the General Fund at year end to compensate for any voids and reductions in income achieved. For financial year 2022/23 the forecast revenue budget monitoring position at Quarter Two is for a net favourable variance of £148k in respect of commercial and investment property holdings.

Proposals

There are no proposals within this report.

6 Other options considered

Not applicable

7 Conclusion

7.1 The economic backdrop is affected by inflationary pressures and a squeeze on consumer income. The Bank of England has increased interest rates from 0.75% to 2.25% at the time of writing. The Council, with the support of its Treasury Advisors, Arlingclose, will continue to monitor the situation and adjust planned borrowing and investment opportunity accordingly.

7.2 The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in the table below:

Total Council Debt	Actual Interest Cost 01.04.22-30.09.22	Forecast Interest Cost 01.04.22-31.03.23	Budgeted Interest Cost 01.04.22-31.03.23	Costs (Over) / Under Budget	Actual Interest Rate at 30.09.22
	£'000	£'000	£'000	£'000	%
Short-Term borrowing	0	0	(9)	9	-
Public Works Loan Board	(3,715)	(6,366)	(6,198)	(168)	3.35
Community Bond	(5)	(9)	0	(9)	1.20
Total Borrowing	**(3,720)**	**(6,375)**	**(6,207)**	**(168)**	**3.35**
PFI Debt	(292)	(701)	(731)	30	6.10
Total Debt	**(4,012)**	**(7,076)**	**(6,937)**	(139)	**3.49**

Total Council Investments	Actual Interest Received 01.04.22-30.09.22	Forecast Interest Income 01.04.22-31.03.23	Budgeted Interest Income 01.04.22-31.03.23	Income Over / (Under) Budget	Actual Interest Rate Year To Date	Benchmark Interest Rate	Over / (Under) Achievement
	£'000	£'000	£'000	£'000	%	%	Basis Points
Short-Term Investments	172	467	113	354	1.13	n/a	n/a
Cash and Cash Equivalents	92	210	5	205	0.97	n/a	n/a
Total Treasury Investments	**264**	**677**	**118**	**559**	**1.07**	**1.74**	**(67)**
Pre-paid pension contributions	72	144	0	144	2.55	n/a	n/a
Total Treasury Investments (inc. Pre-paid pension contributions)	**336**	**821**	**118**	**703**	**n/a**	**n/a**	**n/a**

NB: "Basis point" means one hundreth of one percentage point

7.3 Compliance: The S151 Officer is required to report on compliance against the adopted CIPFA TM Code and the Council's approved Investment and Borrowing Strategy. The Council's performance against adopted benchmarks is as follows:

(a) Compliance with the authorised limit and operational boundary for external debt.

Authorised Limit & Operational Boundary for Debt	Maximum debt during Reporting Period	Balances as at 30.09.22	2022/23 Operational Boundary	2022/23 Authorised Limit	Complied?
	£m	£m	£m	£m	
Borrowing	(191.8)	(189.4)	(338.7)	(352.7)	Yes
Private Finance Initiative and Finance Leases	(11.5)	(11.1)	(12.0)	(14.4)	Yes
Total Debt	**(203.3)**	**(200.5)**	**(350.7)**	**(367.1)**	**Yes**

The operational boundary is a management tool for in-year monitoring. Main debt levels (both long and short term debt) have remained within the approved boundaries during the reporting period.

(b) Compliance with approved Investment Counter Party Limits

Investment Limits	Maximum Invested during Reporting Period	Balances as at 30.09.22	2022/23 Individual Counterparty Limit	Complied?
	£m	£m	£m	
Debt Management Office	41.0	22.0	Unlimited	Yes
UK Local Authorities (incl. Police, Fire & similar)	10.0	8.0	8.0	Yes - Individual limit per counterparty has not been exceeded
UK Building Societies (ranked 1-11 by asset size)	0.0	0.0	8.0	Yes
UK Building Societies (ranked 12-21 by asset size)	0.0	0.0	6.5	Yes
UK Building Societies (ranked 22-25 by asset size)	0.0	0.0	5.0	Yes
UK Banks & other financial institutions with Moody's short term rating P1 or equivalent	5.3	2.0	8.0	Yes
UK Banks & other financial institutions with Moody's short term rating P2 or equivalent	0.0	0.0	6.5	Yes
UK Banks & other financial institutions with Moody's short term rating P3 or equivalent	0.0	0.0	5.0	Yes
UK based Money Market Funds rated AAAmf	23.0	12.1	8.0	Yes - Individual limit per counterparty has not been exceeded
Registered Charities, Public Sector Bodies & Council owned Companies, Joint Ventures	0.0	0.0	8.0	Yes

7.4 During the reporting period the Council has not breached the approved counter party limits. Should a limit be breached it is reported to the Council's Treasury Management Group as part of monthly performance reporting.

7.5 The Council measures and manages its exposures to treasury management risks using the following indicators:

(a) Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. The current one-year revenue impact of a 1% rise in interest rates would be £600k.

(b) Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Maturity Structure	30.09.22 Actual %	Upper Limit %	Lower Limit %	Complied?
Under 12 months	2.61	30	0	Yes
12 months and within 24 months	2.55	30	0	Yes
24 months and within 5 years	6.99	30	0	Yes
5 years and within 10 years	14.32	30	0	Yes
10 years and within 15 years	15.79	30	0	Yes
15 years and within 20 years	6.71	30	0	Yes
20 years and within 25 years	7.23	30	0	Yes
25 years and within 30 years	4.73	30	0	Yes
30 years and within 35 years	3.99	30	0	Yes
35 years and within 40 years	1.07	30	0	Yes
40 years and within 45 years	1.01	30	0	Yes
45 years and within 50 years	33.00	30	0	No

7.6 The actual maturity position for the 45 year to 50 year banding of 33.0% is marginally over the 30% intended limit. This was due to an error in calculation of the bandings as originally set, which will be corrected when the limits are revised for 2023/24.

7.7 In conclusion the Section 151 Officer is satisfied that treasury management practices in year have operated in accordance with the approved performance management criteria.

8 Appendices

8.1 Appendix A – Arlingclose Economic Outlook

8.2 Appendix B – Revised PWLB Guidance

8.3 Appendix C - Directly Owned Property – Purchase Funded via Borrowing

8.4 Appendix D - Directly owned Property – Purchase not Funded by Borrowing

Subject to Call-In:

Yes: ☐ No: X

The item is due to be referred to Council for final approval	☐
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to note only	X

Officer details:

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Appendix A

Arlingclose Economic Assessment
Performance to 30 September 2022

Economic background: The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further.

The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.

UK inflation remained extremely high. Annual headline CPI hit 10.1% in July, the highest rate for 40 years, before falling modestly to 9.9% in August. RPI registered 12.3% in both July and August. The energy regulator, Ofgem, increased the energy price cap by 54% in April, while a further increase in the cap from October, which would have seen households with average energy consumption pay over £3,500 per annum, was dampened by the UK government stepping in to provide around £150 billion of support to limit bills to £2,500 annually until 2024.

The labour market remained tight through the period but there was some evidence of easing demand and falling supply. The unemployment rate 3m/year for April fell to 3.8% and declined further to 3.6% in July. Although now back below pre-pandemic levels, the recent decline was driven by an increase in inactivity rather than demand for labour. Pay growth in July was 5.5% for total pay (including bonuses) and 5.2% for regular pay. Once adjusted for inflation, however, growth in total pay was -2.6% and –2.8% for regular pay.

With disposable income squeezed and higher energy bills still to come, consumer confidence fell to a record low of –44 in August, down –41 in the previous month. Quarterly GDP fell -0.1% in the April-June quarter driven by a decline in services output, but slightly better than the 0.3% fall expected by the Bank of England.

The Bank of England increased the official Bank Rate to 2.25% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises of 0.25% in each of the following two MPC meetings, before hiking by 0.50% in August and again in September. August's rise was voted by a majority of 8-1, with one MPC member preferring a more modest rise of 0.25%. the September vote was 5-4, with five votes for an 0.5% increase, three for an

0.75% increase and one for an 0.25% increase. The Committee noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected.

On 23rd September the UK government, following a change of leadership, announced a raft of measures in a ‘mini budget’, loosening fiscal policy with a view to boosting the UK’s trend growth rate to 2.5%. With little detail on how government borrowing would be returned to a sustainable path, financial markets reacted negatively. Gilt yields rose dramatically by between 0.7% - 1% for all maturities with the rise most pronounced for shorter dated gilts. The swift rise in gilt yields left pension funds vulnerable, as it led to margin calls on their interest rate swaps and risked triggering large scale redemptions of assets across their portfolios to meet these demands. It became necessary for the Bank of England to intervene to preserve market stability through the purchase of long-dated gilts, albeit as a temporary measure, which has had the desired effect with 50-year gilt yields falling over 100bps in a single day.

Bank of England policymakers noted that any resulting inflationary impact of increased demand would be met with monetary tightening, raising the prospect of much higher Bank Rate and consequential negative impacts on the housing market.

After hitting 9.1% in June, annual US inflation eased in July and August to 8.5% and 8.3% respectively. The Federal Reserve continued its fight against inflation over the period with a 0.5% hike in May followed by three increases of 0.75% in June, July and September, taking policy rates to a range of 3% - 3.25%.

Eurozone CPI inflation reached 9.1% y/y in August, with energy prices the main contributor but also strong upward pressure from food prices. Inflation has increased steadily since April from 7.4%. In July the European Central Bank increased interest rates for the first time since 2011, pushing its deposit rate from –0.5% to 0% and its main refinancing rate from 0.0% to 0.5%. This was followed in September by further hikes of 0.75% to both policy rates, taking the deposit rate to 0.75% and refinancing rate to 1.25%.

Financial markets: Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government’s fiscal plans, leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.

Due to pressure on pension funds, the Bank of England announced a direct intervention in the gilt market to increase liquidity and reduce yields.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to 4.40%, the 10-year gilt yield rose from 1.61% to 4.15%, the 20-year yield from 1.82% to 4.13% and the 50-year yield from 1.56% to 3.25%. The Sterling Overnight Rate (SONIA) averaged 1.22% over the period.

Arlingclose's Economic Outlook for the remainder of 2022/23

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	2.25	4.25	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.75	4.25	3.75	3.25
Downside risk	0.00	-1.00	-1.00	-0.75	-0.50	-0.50	-0.50	-0.75	-1.25	-1.50	-1.75	-1.75	-1.75

Arlingclose expects Bank Rate to rise further during 2022/23 to reach 5% by the end of the year.

The MPC is particularly concerned about the demand implications of fiscal loosening, the tight labour market, sterling weakness and the willingness of firms to raise prices and wages.

The MPC may therefore raise Bank Rate more quickly and to a higher level to dampen aggregate demand and reduce the risk of sustained higher inflation. Arlingclose now expects Bank Rate to peak at 5.0%, with 200bps [i.e. 2%] of increases this calendar year.

This action by the MPC will slow the economy, necessitating cuts in Bank Rate later in 2024.

Gilt yields will face further upward pressure in the short term due to lower confidence in UK fiscal policy, higher inflation expectations and asset sales by the BoE. Given the recent sharp rises in gilt yields, the risks are now broadly balanced to either side. Over the longer term, gilt yields are forecast to fall slightly over the forecast period.

Appendix B

Revised PWLB Guidance

HM Treasury published further guidance on PWLB borrowing in August 2021 providing additional detail and clarifications predominantly around the definition of an 'investment asset primarily for yield'. The principal aspects of the new guidance are:

- Capital expenditure incurred or committed to before 26th November 2020 is allowable even for an 'investment asset primarily for yield'.
- Capital plans should be submitted by local authorities via a DELTA return. These open for the new financial year on 1st March and remain open all year. Returns must be updated if there is a change of more than 10%.
- An asset held primarily to generate yield that serves no direct policy purpose should not be categorised as service delivery.
- Further detail on how local authorities purchasing investment assets primarily for yield can access the PWLB for the purposes of refinancing existing loans or externalising internal borrowing.
- Additional detail on the sanctions which can be imposed for inappropriate use of the PWLB loan. These can include a request to cancel projects, restrictions to accessing the PLWB and requests for information on further plans.

Changes to PWLB Terms and Conditions from 8th September 2021

The settlement time for a PWLB loan has been extended from two workings days (T+2) to five working days (T+5). In a move to protect the PWLB against negative interest rates, the minimum interest rate for PWLB loans has also been set at 0.01% and the interest charged on late repayments will be the higher of Bank of England Base Rate or 0.1%.

Appendix C

Directly Owned Property – Purchase Funded via Borrowing

Directly owned property (commercial property) held at 31 March 2022

Name and address of property	Property type	Valuation at 31 March 2022 £'000
Dudley Port Petrol Filling Station, Tipton	Petrol Filling Station	3,765
79 Bath Road, Chippenham	Retail Warehouse	11,775
Lloyds Bank, 104 Terminus Road, Eastbourne	Retail	1,800
Aldi/Iceland, Cleveland Gate Retail Park, Gainsborough	Retail Warehouse	6,300
303 High Street and 2 Waterside South, Lincoln	Retail	2,950
3&4 The Sector, Newbury Business Park	Office	18,010
Sainsbury's, High Street, North Allerton	Retail	7,185
Ruddington Fields Business Park, Mere Way, Nottingham	Office	7,200
Valuation total per draft 2021/22 Statement of Accounts		**58,985**

Appendix D

Directly owned Property – Purchase not Funded by Borrowing

Directly owned property (investment property) held at 31st March 2022

Name and address of property	Property type	Valuation at 31 March 2022 £'000
The Stone Building, The Wharf, Newbury	Café	31
Pelican Lane Creche, Pelican Lane	Children's Nursery	0
Rainbow Nursery, Priory Road, Hungerford	Children's Nursery	40
Clappers Farm/Beech Hill Farm, Grazely	Tenanted Smallholding	1,800
Bloomfield Hatch Farm, Grazely	Tenanted Smallholding	1,100
Shaw Social Club, Almond Avenue, Shaw	Community Centre	70
Swings n Smiles, Lower Way, Thatcham	Children's Day Centre	400
Units 1 to 7, Kennet Enterprise Centre, Hungerford	Industrial	565
London Road Industrial Estate, Newbury	Industrial	9,565
Valuation total per draft 2021/22 Statement of Accounts		**13,571**

Grazeley Solar Farm Project Update

Committee considering report:	Executive
Date of Committee:	15 December 2022
Portfolio Member:	Councillor Steve Ardagh-Walter
Date Portfolio Member agreed report:	1 November 2022
Report Author:	Jon Winstanley
Forward Plan Ref:	EX4293

1 Purpose of the Report

1.1 To provide an update on the business case for the Grazeley Solar Farm project and to seek delegated authority for the Service Director Environment to enter into a power purchase agreement to supply energy through the Crown Commercial Services Heat Networks and Electricity Generation Assets (HELGA) Framework.

2 Recommendation

2.1 That the updated business case be noted and that the Executive give delegated authority for the Service Director Environment, in consultation with the S151 and Monitoring Officers, to approve registering as an energy supplier on the Crown Commercial Services Heat Networks and Electricity Generation Asset (HELGA) Framework and entering into of a Power Purchase Agreement for up to 30 years for the supply of electricity through said framework.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	Detailed financial analysis is included in the report and its appendices. Funding for this project is identified in the Council's current 5 year Capital Programme.
Human Resource:	None as a result of this report.
Legal:	The recommendations of this report would involve the Council registering on the Crown Commercial Services Heat Networks and Electricity Generation Asset (HELGA) Framework as an

	energy supplier. The Council will be bound by the Framework's governing terms and conditions applicable to Suppliers. Once registered as a Supplier, the Council may bid for any suitable tenders to supply energy and could enter into a power purchase agreement with a Tenderer for a maximum 30 year term. Any future power purchase agreement would need to be reviewed by Legal Services prior to agreement.			
Risk Management:	The risks within this project are being managed in accordance with the Council's Risk Management and Project Management Methodology procedures. The recommendations of this report will help mitigate the financial risk to the Council of future energy market volatility.			
Property:	The recommendations from this report have no property implications in addition to those already committed to as part of the delivery of the solar farm.			
Policy:	The proposed course of action is in line with the Council's Environment Strategy.			
	Positive	**Neutral**	**Negative**	**Commentary**
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				N/A

B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?				NA
Environmental Impact:	x			The proposal is in line with the aims of the Council's Environment Strategy and delivery plan.
Health Impact:		x		N/A
ICT Impact:		x		N/A
Digital Services Impact:		x		N/A
Council Strategy Priorities:	x			This scheme supports the 'Maintaining a Green District' priority.
Core Business:		x		N/A
Data Impact:		x		N/A
Consultation and Engagement:	Claire Say – Principal Lawyer Property & Procurement Ann McManners – Strategic Assets Team Leader Miles Roberts – Principal Engineer Jenny Graham – Environment Delivery Manager Adrian Slaughter – Energy & Carbon Manager Shannon Coleman-Slaughter – Chief Financial Accountant Sarah Wood – Category Manager Agency & Energy			

4 Executive Summary

4.1 In September 2022 planning permission was secured for the construction of a solar farm at Grazeley. The original business case for the solar farm was produced in November

2020 which demonstrated that a 16MWp farm, costing £10.5m, would generate a modest internal rate of return of 4% whilst offsetting approximately 30% of the Council's carbon footprint.

4.2 It should be noted that planning permission has been secured for a 25MWp farm as options are being explored with Scottish and Southern Energy to increase the available grid connection capacity. The 25MWp project represents the most environmentally beneficial scheme that could be built on the land available, which in turn would have the most impact in planning terms. Should additional capacity not be found then the fall-back position would be the construction of an 18MWp facility, which is the maximum size that could be built with the currently available 12MWA grid connection.

4.3 In light of the turbulent energy, commodities and financial markets in recent times, an updated options summary and business case appraisal has been prepared by consultants Horizon Power and Energy, which can be seen in Appendix A along with Annexes A to E. Despite the impact of interest rates, rising material costs and other detrimental factors, the updated business case demonstrates that the provision of a solar farm at Grazeley is still a financially and environmentally viable proposition. It is also identified that two potential scheme options exist which impact the economics and risk exposure, which vary dependent on the location of the grid connection.

- Option 1 – Connection directly into the grid. This involves cabling to a designated grid connection point and selling/exporting 100% of the energy produced to the grid.

- Option 2 – Grid connection via AWE Burghfield. This involves a connection via AWE's substation at Burghfield and may allow the opportunity to sell some of the energy to AWE via a power purchase agreement.

4.4 The relative merits of each grid connection option are discussed within the body of the report and some key factors can be compared in the table below:

	Option 1 – Grid connection	**Option 2 – AWE connection**
Scheme cost	£14.98m	£16.30m
First year return	£98,953	£230,412
Internal rate of return (IRR)	5.62%	7.60%
Carbon offset as a percentage of WBC Council emissions	37%	37%
% of WBC carbon emissions offset	37%	10%
Scheme completion and turn on date	June 2024	Nov 2024

4.5 It is the view of officers and the advising consultant that the AWE connection option significantly de-risks the project and reduces the financial exposure for the Council going forward. Although there would be a reduction in carbon offset for the Council and an extension to the programme, on balance the recommendation is to pursue the AWE connection option.

4.6 In order to do this it would be necessary for the Council to successfully tender to supply AWE with energy and enter into a 30 year Power Purchase Agreement. This would involve the Council registering as a supplier on the Crown Commercial Services Heat Networks and Electricity Generation Assets (HELGA) Framework.

4.7 It is therefore recommended that the Executive give delegated authority for the Service Director Environment, in consultation with the S151 and Monitoring Officers, to approve the entering into of a Power Purchase Agreement for up to 30 years for the supply of electricity through the Crown Commercial Services Heat Networks and Electricity Generation Asset (HELGA) Framework.

5 Supporting Information

Introduction

5.1 In September 2022 planning permission was secured for the construction of a solar farm in Grazeley. The approved scheme involves the provision of a 25MWp site across 75 acres.

5.2 The Council currently has secured a 12MWA grid connection which would allow the construction of an 18MWp site. There are options being explored with Scottish and Southern Energy to increase the connection size to allow the construction of the 25MWp farm. The scheme submitted for planning represented the largest and most intrusive scheme (worst case in planning terms) possible in the event that additional grid capacity can be secured, in the knowledge that the project could be scaled back should additional network capacity not be secured.

5.3 For the purposes of updating the business case, an 18MWp scheme is assumed.

Background

5.4 The initial business case for the project was developed in November 2020 which demonstrated that a 16MWp site would generate a modest annual surplus and an estimated internal rate of return (IRR) of 4.0%. World events have since led to volatility in the financial markets affecting borrowing rates and the cost of materials and volatility in the energy markets. The business case has therefore been revisited in light of these changing markets.

5.5 An updated options summary and business case appraisal has been prepared by consultants Horizon Power and Energy.

5.6 There are many economic factors working against the delivery of solar projects at present including a weakened pound, rising material costs, global PV demand pushing up prices, rising employment costs and increased borrowing rates to name a few. Fortunately this is being offset by high energy prices.

5.7 The updated project cost for an 18MWp solar farm is between £14.98m and £16.30m dependent on the location of the grid connection. This compares to the original estimate of £10.5m for a 16MWp scheme from 2020. However, the rise in energy prices has meant that the IRR for the project has risen from the 2020 figure of 4.0% to between 5.62% and 7.60% dependent on the connection options discussed below.

Proposals

5.8 Two potential grid connection options are available to the Council, the choice of which could have an impact on the scheme economics.

<u>Option 1 – Connection directly into the grid</u>

5.9 This would involve laying a cable beneath the Highway between the site and a point designated by SSE to the north west of the site, a distance of approximately 3.4km (see Appendix A Annex E). Negotiations are under-way with adjacent landowners to enter into wayleaves to shorten the route and reduce the amount of hard dig, however the worst case scenario along the road has been assumed for this business case.

5.10 In connecting directly into the grid the Council would enter into a Power Purchase Agreement (PPA) with the District Network Operator (DNO which is SSE) to sell them energy.

5.11 The total cost of delivering this option is £14.98m.

5.12 The benefits of this option is that all the carbon savings (3,256 tonnes per annum) can be offset against West Berkshire Council's operations and this would represent approximately 37% of the Council's footprint (2021/22 figures).

5.13 A major risk of this option is the volatility of the energy markets which could potentially leave the Council exposed should energy prices drop and interest rates remain high.

<u>Option 2 – AWE Grid connection</u>

5.14 There is a possibility of connecting into the grid via AWE's Burghfield substation. Informal discussions have taken place with both AWE and SSE which have indicated this may be feasible. AWE have also expressed an interest in purchasing green energy locally.

5.15 The overall cost of this option is estimated at £16.30m. The difference in cost from the Grid option is due to a slightly shorter cabling distance to the AWE site, but there is a £1.5m addition due to potential work required to connect to the grid through AWE.

5.16 Connecting into AWE Burghfield would provide a number of benefits especially if they are able to buy energy. Early informal discussions indicate that AWE's power requirements are such that they could potentially take approximately 73% of the generated energy from the Grazeley site, with the remainder being exported to the grid.

5.17 In order for AWE to purchase exported energy, the Council would need to register as a supplier on the HELGA Framework and bid in response to any tender that AWE may issue for the supply of energy. If the Council were the successful bidder, the Council and AWE would need to enter into a Power Purchase Agreement. Typically these agreements are over 30 years and involve the purchase of power for a fixed (or strike) price with an annual indexation. This gives the Council security of income for the 30 year life of the solar farm and generates savings for AWE in that they will receive relatively cheap green energy for that time.

5.18 As AWE are a public body, public procurement regulations apply and they would need to undertake a competitive procurement process in order to purchase energy from the Council. AWE has indicated that they would undertake this procurement exercise through the Heat Networks and Electricity Generation Assets (HELGA) Framework which is managed by Crown Commercial Services. As noted above, West Berkshire Council would need to register as a power supplier on this framework and successfully bid to supply energy to AWE.

5.19 Whilst there are no legal or procurement concerns around the Council becoming an energy provider through the framework contract, it does add a layer of complexity to the project and will delay the delivery of the scheme by approximately 4 months from June 2024 to September 2024.

5.20 A dis-benefit of selling power to AWE is that AWE's carbon footprint is accounted for at a national level and West Berkshire Council would not be able to claim the carbon offset from the energy sold to AWE. Assuming 73% of the energy generated would be sold to AWE, under this scenario only 27% (880 tonnes) of the carbon savings could be claimed by the Council which is approximately 10% of the Council's footprint.

6 Other options considered

6.1 Consideration is being given to using the solar farm for sheep farming during its life. Biodiversity and ecology is also prominent in the scheme design. The project retains the current features that are present on the site, such as the mature trees and hedges. We have allowed a ten metre buffer between these existing features and the fenced solar farm area, hence ensuring there is no damage to the existing flora and fauna in the field boundaries. In addition to this, the proposed scheme design includes additional tree and hedge planting, the creation of ponds and seeding with wildflower seed-mix, and seeding for winter birds. The scheme will also include the installation of bird and bat boxes across the site. All of these measures have been captured in the Biodiversity Net gain score, which is positive.

7 Conclusion

7.1 Despite the impact of interest rates, rising material costs and other detrimental factors, the latest business case update demonstrates that the provision of a solar farm at Grazeley is still a financially and environmentally viable proposition.

7.2 Two connection options are currently open to the Council for a minimum size 18MWp scheme and officers will fully explore the potential for increasing grid capacity to allow the construction of up to 25MWp as approved at planning.

7.3 Of the two connection options available, the AWE option significantly de-risks the project and reduces the financial exposure for the Council going forward. Subject to the terms of any PPA, benefits to the Council of the AWE option include:

- Improved guaranteed rates of return as detailed in the business case.
- Not being exposed to the volatile wholesale electricity market prices, thus de-risking the future project revenues.
- Elimination of the longer term risk of price cannibalisation, and the negative impact on project revenues.
- Agreement of a fixed PPA starting price (strike price) plus a fixed annual indexation percentage, resulting in significantly more accurate financial forecasting.
- If project build costs escalate due to increasing inflation and a weakening pound sterling, the AWE PPA option may provide an avenue to compensate by increasing the agreed PPA strike price.
- Subject to suitable wayleave agreements being obtained, the HV cable runs associated with the AWE connection are shorter, and less disruptive to local road users.
- Subject to grid connection constraints, it may be possible to utilise battery storage to increase the scheme size, and sell power to AWE overnight.

7.4 The disadvantage of selling power to AWE is a slight delay to the delivery of the project. It should also be noted that as AWE's carbon emissions are accounted for at a national level the Council would not be able to directly claim carbon reductions for any energy AWE offtake from the project. However it should be noted that this is an anomaly of the carbon accounting model and selling to AWE should not detract from the fact that the Council will be generating significant amounts of renewable energy which will be used locality by one of our key.

7.5 It is therefore recommended that the Council pursues the AWE grid connection option and registers on the HELGA framework as a power provider and that delegated authority is given to the Service Director Environment (in consultation with the S151 and Monitoring Officers) to enter into a Power Purchase Agreement through the framework for a period of up to 30 years.

8 Appendices

None

Background Papers:

Grazeley Project Update Part II report

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council	☒
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to note only	☐

Wards affected: Burghfield & Mortimer

Officer details:

Name: Jon Winstanley
Job Title: Service Director Environment
Tel No: 01635 519087
E-mail: jon.winstanley@westberks.gov.uk

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Contract Award for the Children and Young Peoples Therapies Service

Committee considering report:	Executive
Date of Committee:	15 December 2022
Portfolio Member:	Councillor Dominic Boeck
Date Portfolio Member agreed report:	20 October 2022
Report Author:	Millie Smith/Jane Seymour
Forward Plan Ref:	EX4181

1 Purpose of the Report

1.1 To seek authority to enter into an Inter Authority Agreement (IAA) to work in partnership with Wokingham Borough Council (Lead Authority) & Brighter Futures For Children Ltd (Reading) to deliver the Children and Young People's Integrated Therapies Service. Within this agreement we will agree to Wokingham Borough Council entering into a Service Contract with a provider on behalf of Wokingham Borough Council, Brighter Futures For Children Ltd. and West Berkshire Council.

2 Recommendation

The Executive resolves to approve the Inter Authority Agreement with Wokingham Borough Council and Brighter Futures for Children Limited (Reading Borough Council) for integrated therapies service under a contract let by Wokingham Borough Council and to delegate authority to Service Lead Legal & Democratic Services in consultation with Head of Education to finalise and enter into the IAA.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	The Commencement date of this contract is 1st April 2023. We will only purchase the number of sessions that we need to meet the demand of the service for the year up to a pre-specified ceiling price. The number of sessions required to meet statutory need will be monitored as part of contract management meetings. If the number of children requiring therapies as part of their Education, Health & Care Plan (EHCP) reduces then the Council will purchase less sessions.

	Should the number of children requiring therapies in their EHCP increase then the number of sessions will increase accordingly. However if the need increases above the ceiling price then this would require agreement from the service and Heads Funding Group prior to delivery. This increase in cost was factored in to the proposed 2023-24 High Needs Block budget which was approved by the Heads Funding Group on 5th October 2022 and by the School's Forum on 17th October 2022. There is not an inflationary element built into this contract but the provider can apply for an uplift. However, the agreement of the uplift would be at the sole discretion of the Wokingham Borough Council as Lead Authority (with prior agreement from Wokingham Borough Council, West Berkshire District Council and Brighter Futures For Children Ltd.) Andy Walker 17 October 2022
Human Resource:	N/A
Legal:	The IAA between the Council, Wokingham Borough Council and Brighter Futures for Children Limited enables Wokingham Borough Council to award a services contract on behalf of all three local authorities. The IAA governs the management of that service contract for its duration (an initial 5 years with an option of 3 year extension). The IAA also sets out the parties' financial commitments over the term of the Service contract. Any party must give at least 14 months' notice to exit the IAA prior to the 5 year term and such early exit will result in that party being liable for all direct and indirect losses under the services contract (as will any breach of the IAA). The IAA is supplemented by an MOU between the parties which outlines governance processes and decision making in relation to the CYPIT services. A commitment is made in the MOU to a contribution by each LA to Wokingham Borough Council in respect of project management costs. It will be necessary to finalise the IAA.

	Wokingham Borough Council's tender process has now concluded and one provider have been given preferred bidder status. Claire Say 7th October 2022			
Risk Management:	Wokingham Borough Council are the lead commissioning authority. A market engagement event was carried out prior to going out to tender to understand the market appetite for the new service model delivery. Responses to the market engagement event indicated that there are limited providers in the market that can deliver this service. This event also helped to inform the specification.			
Property:	N/A			
Policy:	Health and Wellbeing Strategy, Council Strategy, West Berkshire Vision and (special educational needs and disabilities) SEND strategy. Principles of these will be used to inform the service's aims, objectives, delivery and outcomes.			
	Positive	**Neutral**	**Negative**	**Commentary**
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		This service will provide an integrated service provision for Children and Young People in West Berkshire and across Berkshire West.

B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:	X			The service will have the following positive impacts: Enable parents and carers to identify problems early so that children can benefit from early help. Use the evidence gained from the assessment of the child's skills, condition, context and family expectations and situation, to negotiate and agree an individual care plan for that child, to be supported by the most appropriate people. Minimise the dependence on therapy input by enabling families to self-manage their child's development. Encourage and support the wider children's workforce to create an environment in which children with communication, mobility, sensory and/or motor needs can assess all aspects of ordinary life and develop to their full potential.
ICT Impact:		X		
Digital Services Impact:		X		

Council Strategy Priorities:	X			This report will meet the following Council Strategy priorities: Ensure our vulnerable children and adults achieve better outcomes Support everyone to reach their full potential
Core Business:	X			The new contract will offer an integrated service provision for Children and Young Peoples Therapy Services across West Berkshire and Berkshire West as well as a more up to date service that offers a good range of interventions and access opportunities.
Data Impact:		X		
Consultation and Engagement:	Public consultation and a needs assessment was carried out with service users, potential providers and the local community			

4 Executive Summary

4.1 This report informs Executive of the intention to enter into an Inter Authority Agreement (IAA) with Wokingham Borough Council, West Berkshire Council and Brighter Futures For Children to work in partnership to deliver the Children and Young Peoples Integrated Therapies Service. Under the IAA, Wokingham Borough Council have procured and let the contract on behalf of West Berkshire Council and Brighter Futures for Children.

4.2 The Inter Authority Agreement establishes the terms of collaboration between the parties with the aim of achieving best value in the provision of the Services and with the intention of improving them for all their residents.

4.3 West Berkshire Council have joined Wokingham Borough Council (Lead Authority) and Brighter Futures for Children Ltd. to commission this service.

4.4 The service provides speech and language therapy, occupational therapy and physiotherapy for children with SEND (special educational needs & disabilities) who have a statutory entitlement to access such therapies as part of an Education, Health and Care Plan (EHCP).

4.5 The preferred option for procurement was approved by Procurement Board on 14th December 2021. Once approval has been sought from the Executive to sign the Inter Authority Agreement, Wokingham Borough Council will award this contract to the preferred bidder.

5 Supporting Information

Introduction

5.1 The Inter Authority Agreement sets out the basis on which Wokingham Borough Council (Lead Authority) will manage the Service Contract on behalf of Wokingham Borough Council, West Berkshire Council and Brighter Futures For Children Ltd. and the parties' respective obligations.

5.2 The parties agree to collaborate and work together in good faith and use reasonable endeavours to deliver the project and achieve the Objectives.

5.3 Following the submission and approval of the procurement strategy report on 14th December 2021 to Procurement Board. The tender was advertised on Wokingham Borough Council's procurement portal in February 2022.

5.4 One bid was received which was evaluated against set criteria by representatives from each Local Authority and two schools.

5.5 Extended discussions were necessary in order to clarify the information submitted in the providers bid which has resulted in a lengthy evaluation process. Due to the extended evaluation a seven month extension was approved by Procurement Board until 31st March 2023.

Background

5.6 A decision was taken by Berkshire West Executive Directors to jointly commission the service with Brighter Futures for Children and Wokingham Borough Council, with Wokingham acting as the lead authority. A significant amount of work has been done over the last 18 months to achieve a joint commissioning arrangement across the three Councils, including agreement on a joint service specification and performance measures.

5.7 Wokingham Borough Council, West Berkshire Council and Brighter Futures For Children have agreed to work in partnership and enter into an Inter Authority Agreement in order to establish the terms of collaboration between the parties with the aim of achieving best value in the provision of the Services and with the intention of improving them for all their residents.

5.8 The Memorandum of Understanding for Integrated Therapies sets out how the Parties have agreed to work together in order to procure the integrated children and young people's therapy service contract with a provider dating from 1st April 2023 expiring on 31st March 2028 with the option to extend for up to a further three years subject to satisfactory performance and mutual agreement of the parties and have agreed that the contract will be managed by Wokingham Borough Council on their behalf.

5.9 The purpose of the service is to provide the relevant therapy intervention, as set out in the child's Education, Health and Care Plan, in order to support the child's development, improve their access to the curriculum and ultimately support them in achieving their potential and maximising their life chances.

5.10 It should be stressed that the service only provides speech and language therapy, occupational therapy and physiotherapy where this is stipulated as an educational need in a child's Education, Health and Care Plan (EHCP), and is therefore the statutory duty of the Local Authority to provide. It does not provide these therapies for children without EHCPs and does not include therapy assessments as part of the Education, Health and Care assessment process, as these are clearly health responsibilities and are commissioned by the Integrated Care Board (ICB).

5.11 Following the submission of the procurement strategy report the advertisement was published on 10 February 2022 and the tender went live on the Wokingham procurement portal and was also published on Contracts Finder as well as Find a Tender Service (FTS).

5.12 The proposed contract commencement date is 1st April 2023 for an Initial Term of 5 Years and the option to extend for additional 3 years.

5.13 The tenders were evaluated on 40% price and 60% quality/technical criteria. Social value was incorporated as part of the quality questions.

5.14 Providers were asked to specify the price per session broken down into physiotherapy, occupational therapy & speech and language therapy (SALT).

5.15 The current contract provides 59 therapy sessions per week, West Berkshire have estimated that to meet current demand we will need to purchase 69.8 sessions per week. A session is the equivalent of half a day per week of a therapist's time. These sessions are distributed across special schools, resourced schools and mainstream schools according to need.

5.16 We will only purchase the number of sessions that we need to meet the demand of the service for the year up to a pre-specified ceiling price. The number of sessions required to meet statutory need will be monitored as part of contract management meetings. If the number of children requiring therapies as part of their EHCP reduce then we will purchase less sessions. If the number of children requiring therapies in their EHCP increases then the number of sessions will increase accordingly. However if the need increases above the ceiling price, then this would need to be agreed by the Service and Heads Funding Group prior to delivery.

5.17 The service will be subject to contract monitoring throughout the contract term, the main aim of this being to ensure that the requirements of the contract and service specification are adhered to. Contract monitoring will be led by Wokingham Borough Council on behalf of the parties to the contract. The Provider will report on the delivery and performance of the Service to Wokingham Borough Council on a termly basis. Wokingham Borough Council will arrange termly Contract Review meetings which require the attendance of the Provider.

5.18 The contract price has seen relatively small inflationary uplifts but the number of sessions of therapy purchased has not been changed significantly for several years in spite of increases in the number of children who have therapy written into their Education and Health Care Plans (EHCP). This has resulted in the service being stretched and some children have not received the therapy set out in the EHCPs.

6 Other options considered

The following alternative options for the service were considered and discounted.

6.1 Undertake full tender for West Berkshire Council only. This option was considered and discounted as partnering with neighbouring authorities will achieve economies of scale and better value for money.

6.2 Do nothing and let the current contract lapse with no future provision. This is not an option due to the statutory nature of the service

6.3 Provide the service in-house. The Council do not have the necessary skills to deliver this service and it is not considered economically viable to pursue this option.

7 Conclusion

7.1 The Executive resolves to approve the Inter Authority Agreement with Wokingham Borough Council and Brighter Futures for Children Limited (Reading Borough Council) for integrated therapies service under a contract let by Wokingham Borough Council and to delegate authority to Service Lead Legal & Democratic Services in consultation with Head of Education to finalise and enter into the IAA.

8 Appendices

8.1 Appendix A – Equalities Impact Assessment

8.2 Appendix B – Data Protection Impact Assessment

Subject to Call-In:

Yes: ☒ No: ☐

The item is due to be referred to Council for final approval	☐
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to note only	☐

Officer details:

Name: Millie Smith/Karen Felgate
Job Title: Childrens Commissioner/Service Manager

Tel No:	01635 519586
E-mail:	Karen.felgate@westberks.gov.uk

Appendix A

Equality Impact Assessment (EqIA) - Stage One

What is the proposed decision that you are asking the Executive to make:	Contract Award – Children and Young People's Therapies Service
Summary of relevant legislation:	
Does the proposed decision conflict with any of the Council's priorities for improvement? • Ensure our vulnerable children and adults achieve better outcomes • Support everyone to reach their full potential • Support businesses to start develop and thrive in West Berkshire • Develop local infrastructure including housing to support and grow the local economy Maintain a green district • Ensure sustainable services through innovation and partnerships	**Yes** ☐ **No** ☒
Name of Budget Holder:	**Michelle Sancho**
Name of Service/Directorate:	**People**
Name of assessor:	Millie Smith
Date of assessment:	3rd October 2022
Version and release date (if applicable):	

Is this a …. ?		**Is this policy, strategy, function or service … ?**	
Policy	**Yes** ☐ **No** ☒	**New or proposed**	**Yes** ☐ **No** ☒
Strategy	**Yes** ☐ **No** ☒	**Already exists and is being reviewed**	**Yes** ☒ **No** ☐
Function	**Yes** ☐ **No** ☒	**Is changing**	**Yes** ☒ **No** ☐
Service	**Yes** ☒ **No** ☐		

(1) What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	Provision of a Children and Young Peoples Integrated Therapies Service for Berkshire West

Objectives:	To maximise the potential for all children that are referred to the service by assessing, advising, training and working with relevant others to provide the right intervention that brings about a positive impact. To use the evidence gained from the assessment of the child's skills, condition, context and family expectations and situation, to negotiate and agree an individual care plan for that child, to be supported by the most appropriate people. To advise, train and support parents/carers in the delivery of the care plan. To enable parents and carers to identify problems early so that children can benefit from early help. To minimise the dependence on therapy input by enabling families to self-manage their child's development. To encourage and support the wider children's workforce to create an environment in which children with communication, mobility, sensory and/or motor needs can assess all aspects of ordinary life and develop to their full potential.
Outcomes:	This service will provide an improved, recovery focused, evidence based, and cost-effective integrated service for children and young people.
Benefits:	The specification will provide an up to date service that offers a good range of interventions and access to wider opportunities

(2) Which groups might be affected and how? Is it positively or negatively and what sources of information have been used to determine this?		
Group Affected	**What might be the effect?**	**Information to support this**
Age	Positive	Contract monitoring, KPI data and meetings. Consultation taken place as part of procurement with service users, providers.
Disability	Positive	Contract monitoring, KPI data and meetings. Consultation taken place as part of

		procurement with service users, providers.
Gender Reassignment	N/A	
Marriage and Civil Partnership	N/A	
Pregnancy and Maternity	Positive	Contract monitoring, KPI data and meetings. Consultation taken place as part of procurement with service users, providers.
Race	Positive	Contract monitoring, KPI data and meetings. Consultation taken place as part of procurement with service users, providers.
Religion or Belief	N/A	
Sex	N/A	
Sexual Orientation	N/A	
Further Comments:		
N/A		

(3) Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	**Yes** ☐ **No** ☒
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	**Yes** ☐ **No** ☒

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a EqIA 2.

If an EqIA 2 is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the EqIA guidance and template – http://intranet/index.aspx?articleid=32255.

(4) Identify next steps as appropriate:	
EqIA Stage 2 required	**Yes** ☐ **No** ☒

Owner of EqIA Stage Two:	
Timescale for EqIA Stage Two:	

Name: **Millie Smith** **Date: 3rd October 2022**

Please now forward this completed form to Pamela Voss, Equality and Diversity Officer (pamela.voss@westberks.gov.uk), for publication on the WBC website.

Appendix B

Data Protection Impact Assessment – Stage One

The General Data Protection Regulations require a Data Protection Impact Assessment (DPIA) for certain projects that have a significant impact on the rights of data subjects.

Should you require additional guidance in completing this assessment, please refer to the Information Management Officer via dp@westberks.gov.uk

Directorate:	People
Service:	Education
Team:	SEN Inclusion and Disabled Children
Lead Officer:	Jane Seymour
Title of Project/System:	Children's and Young People's Therapies Service
Date of Assessment:	1st March 2022

Do you need to do a Data Protection Impact Assessment (DPIA)?

	Yes	No
Will you be processing SENSITIVE or "special category" personal data? Note – sensitive personal data is described as "*data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation"*	☐	☐
Will you be processing data on a large scale? Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both	☐	☐
Will your project or system have a "social media" dimension? Note – will it have an interactive element which allows users to communicate directly with one another?	☐	☒
Will any decisions be automated?	☐	☒

	Yes	No
Note – does your system or process involve circumstances where an individual's input is "scored" or assessed without intervention/review/checking by a human being? Will there be any "profiling" of data subjects?		
Will your project/system involve CCTV or monitoring of an area accessible to the public?	☐	☒
Will you be using the data you collect to match or cross-reference against another existing set of data?	☐	☒
Will you be using any novel, or technologically advanced systems or processes? Note – this could include biometrics, "internet of things" connectivity or anything that is currently not widely utilised	☐	☒

If you answer "Yes" to any of the above, you will probably need to complete Data Protection Impact Assessment - Stage Two. If you are unsure, please consult with the Information Management Officer before proceeding.

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Item 11:

Member Questions to be answered at the Executive meeting on 15 December 2022.

Members of the Executive to answer questions submitted by Councillors in accordance with the Executive Procedure Rules contained in the Council's Constitution.

A. **Question submitted by Councillor Councillor Alan Macro to the Portfolio Holder for Internal Governance and Strategic Partnerships:**

"How many refugees are being accommodated in hotels in West Berkshire?"

B. **Question submitted by Councillor Erik Pattenden to the Portfolio Holder for Children, Young People and Education:**

"Despite the Government's recent increase in school's funding, inflation and the cost of living crisis mean schools face real term cuts – what recommendations is the Council giving to schools to ensure these funding cuts don't damage children's education and affect teacher's pay?"

C. **Question submitted by Councillor Adrian Abbs to the Portfolio Holder for Housing, Leisure and Culture:**

"How accountable are social landlords to West Berkshire Council and what can the Council do to intervene where there are problems?"

D. **Question submitted by Councillor Geoff Mayes to the Portfolio Holder for Planning, Transport & Countryside:**

"When will WBC make the asset register information it holds in its GIS on flood risk public, to enable residents to adequately protect themselves from surface water flood risk in particular?"

E. **Question submitted by Councillor Lee Dillon to the Portfolio Holder for Health and Wellbeing:**

"What is WBC doing to provide support for families in these difficult times, when we know there is likely to be an upswing in domestic abuse due to the cost of living crisis and the festive period?"

F. **Question submitted by Councillor Alan Macro to the Portfolio Holder for Adult Social Care:**

"What actions are the Council taking to ensure that the circumstances that led to the tragic death of one of its care home residents, that was the subject of a recent "Report to Prevent Future Deaths" by the Assistant Coroner for Berkshire, are not repeated at any of its care homes?"

G. **Question submitted by Councillor Adrian Abbs to the Portfolio Holder for Housing, Leisure and Culture:**

"Does this Council have a handle on how many families in private sector tenancies are getting no fault evictions in West Berks and whether there has been a recent increase due to the cost of living crisis?"

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 14.

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