



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **EXECUTIVE** will be held at the Civic Offices, Shute End, Wokingham on **THURSDAY 28 JANUARY 2016 AT 7.30 PM**

Andy Couldrick
Chief Executive
Published on 20 January 2016

This meeting will be filmed for inclusion on the Council's website.

Please note that other people may film, record, tweet or blog from this meeting. The use of these images or recordings is not under the Council's control.

Our Vision

A great place to live, an even better place to do business

Our Priorities

Improve educational attainment and focus on every child achieving their potential

Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth

Ensure strong sustainable communities that are vibrant and supported by well designed development

Tackle traffic congestion in specific areas of the Borough

Improve the customer experience when accessing Council services

The Underpinning Principles

Offer excellent value for your Council Tax

Provide affordable homes

Look after the vulnerable

Improve health, wellbeing and quality of life

Maintain and improve the waste collection, recycling and fuel efficiency

Deliver quality in all that we do

MEMBERSHIP OF THE EXECUTIVE

| | |
|--------------------------|--|
| Keith Baker | Leader of the Council |
| Julian McGhee-Sumner | Deputy Leader and Health and Wellbeing |
| Charlotte Haitham Taylor | Children's Services |
| Pauline Jorgensen | Resident Services |
| John Kaiser | Planning and Highways |
| Philip Mirfin | Regeneration and Communities |
| Anthony Pollock | Economic Development and Finance |
| Angus Ross | Environment |

| ITEM NO. | WARD | SUBJECT | PAGE NO. |
|----------|---------------|--|----------|
| 84. | | APOLOGIES To receive any apologies for absence | |
| 85. | | MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 26 November 2015. | 7 - 10 |
| 86. | | DECLARATION OF INTEREST To receive any declarations of interest | |
| 87. | | PUBLIC QUESTION TIME To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of the Executive Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Council or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions | |
| 87.1 | None Specific | Ribina Shahin has asked the Executive Member for Children's Services the following question: Question Why is there a complete lack of a unit or local college course for those with profound special needs leaving secondary school? | |

87.2 None Specific

Paul Gallagher has asked the Executive Member for Environment the following question:

Question

This question relates to the recent increase in parking fees at Dinton Pastures/California Country Park. Whilst the Council's need to increase income is accepted, the 55% increase in the concessionary annual parking permit fee seems excessive both by reference to other increases and the general rate of inflation. In his recent Press Release related to this, the Exec member for the Environment said "In terms of the car park increases, we have looked at country parks elsewhere and believe our recommended prices are broadly in line with them and would still represent amazing value for money". This was repeated in an email response to me when he said "I can assure you that we benchmarked our prices against a number of other country parks". I asked the member for a copy of the relevant benchmark data but did not receive it. I have, however, received it in response to a general request to the Council. Can the member please comment on why he believes that the increase to £112.50 for an annual concessionary season ticket is justified by the benchmark data which shows four comparators all of which are considerably cheaper than not only the proposed rate from January 2016 rate but also the existing 2015 rate? The comparator rates shown in the benchmark data are: Itchen Valley - £28.50, Danbury CP - £45, Great Notley £45, Hadley Park - £45.

87.3 None Specific

Clive Jones has asked the Executive Member for Planning and Highways the following question:

Question

Liberal Democrats worked with the former Managing Director of Reading Buses to get the number 19 Bus to the Royal Berkshire Hospital. Does Cllr Kaiser think this service has been a success?

88.

MEMBER QUESTION TIME

To answer any member questions

A period of 20 minutes will be allowed for Members to ask questions submitted under Notice

Any questions not dealt with within the allotted time will be dealt with in a written reply

88.1 None Specific

Prue Bray has asked the Executive Member for Children's Services the following question:

Question

Last July councillors voted to support a motion that I proposed on the subject of school funding, which said:

“Government per pupil funding for Wokingham primary and secondary schools is the lowest in the country. This Council will actively lobby local MP’s the Secretary of State for Education and the Department of Education until the level of funding for our schools is improved.”

Can you please tell me what you have done so far to lobby for more funding for our schools?

| | | | |
|------------|---------------------------------|--|------------------|
| 89. | | MATTERS FOR CONSIDERATION | |
| 89.1 | None Specific | Council Owned Companies | 11 - 44 |
| 89.2 | None Specific | Revenue Monitoring 2015/16 - end of December 2015 | 45 - 54 |
| 89.3 | None Specific | Capital Monitoring 2015/16 - end of December 2015 | 55 - 62 |
| 89.4 | None Specific | Chief Finance Officer's Report | 63 - 94 |
| 89.5 | None Specific | Primary School Planning Strategy | 95 - 124 |
| 89.6 | None Specific | Primary Strategy Implementation Plan Phase 1 | 125 - 146 |
| 89.7 | None Specific | Council Plan 2014-17 - Update | 147 - 172 |
| 89.8 | None Specific | Model for Community Asset Transfer | 173 - 178 |
| 89.9 | Emmbrook | Elms Field Development - Payment of Infrastructure Contributions | 179 - 186 |
| 89.10 | Remenham, Wargrave and Ruscombe | Request for the Temporary Closure of Footpath 4 Remenham (Part) | 187 - 192 |
| 89.11 | None Specific | Library Offer - Consultation | 193 - 208 |
| 89.12 | None Specific | Risk Management Policies and Guidance | 209 - 236 |
| 89.13 | None Specific | Optalis Contract (<i>Part 2 sheet</i>) | 237 - 242 |

EXCLUSION OF THE PUBLIC

The Executive may exclude the public in order to discuss the Part 2 sheet above and to do so it must pass a resolution in the following terms:

That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act (as amended) as appropriate.

A decision sheet will be available for inspection at the Council’s offices (in Democratic Services and the General Office) and on the web site no later than two working days after the meeting.

CONTACT OFFICER

Anne Hunter
Tel
Email
Postal Address

Service Manager, Democratic Services
0118 974 6051
anne.hunter@wokingham.gov.uk
Civic Offices, Shute End, Wokingham, RG40 1BN

This page is intentionally left blank

**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD ON 26 NOVEMBER 2015 FROM 7.30 PM TO 7.40 PM**

Committee Members Present

Councillors: Keith Baker (Chairman), Charlotte Haitham Taylor, John Kaiser, Philip Mirfin, Anthony Pollock and Angus Ross

Other Councillors Present

Alistair Auty
Prue Bray
Bob Wyatt

77. APOLOGIES

Apologies for absence were submitted from Councillors Pauline Jorgensen and Julian McGhee-Sumner.

Councillors Alistair Auty and Bob Wyatt attended the meeting on behalf of Councillors Jorgensen and McGhee-Sumner. In accordance with legislation they could take part in any discussions but were not entitled to vote.

78. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 29 October 2015 were confirmed as a correct record and signed by the Chairman.

79. DECLARATION OF INTEREST

Councillor Anthony Pollock declared a personal interest in Item 82, Council Owned Companies' Business, by virtue of the fact that he was an unpaid Non-Executive Director of Optalis. Councillor Pollock remained in the meeting during discussions and voted on the matter.

Councillor Alistair Auty, who was in attendance to answer questions on behalf of the Executive Member for Resident Services, declared a personal interest in Item 82, Council Owned Companies' Business, by virtue of the fact that he was a paid Non-Executive Director of Wokingham Housing Ltd and Loddon Homes Ltd. Councillor Auty remained in the meeting during discussions.

80. PUBLIC QUESTION TIME

There were no public questions received.

81. MEMBER QUESTION TIME

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

81.1 Prue Bray asked the Leader of the Council the following question:

Agenda item 82 includes a report from WHL which gives an update on progress on the development of Phoenix Avenue. The first part of the project was to demolish Eustace Crescent. It is my understanding that while WHL commissioned the demolition contract, they were not directly responsible for it. WHL intended the outcome of the demolition contract to be that the site was left ready for construction to start. However, a large

amount of demolition debris has been left on site and needs to be removed, at considerable unforeseen additional cost. Could you please explain how this happened?

Answer

The decision to approve the demolition and the cost thereof was taken by the Executive in May 2012. The demolition work was actually carried out in 2014 and the contract for the building of Phoenix Avenue was awarded in 2015.

This whole project is controlled by a Project Board including representatives from WHL, Tenant Services, Property Services and others. They defined the brief for the demolition. At the time, back in 2012/2013, the specific requirements of WHL for the new build were not sufficiently advanced to inform the brief. That did not occur until much later after it had been demolished.

In the absence of a detailed brief, specifically around some of the debris, the demolition contractor was instructed by the Project Board to spread the hard core over the wet and muddy site including the voids and depressions left from the removal of the foundations.

A year on from this, after the land had settled following the distribution of that hard core in 2014, the site now has to be tidied up for building work to commence.

The original budget for the demolition had a contingency element which is quite normal in these cases, especially when the specific requirements of the new build are not defined and unlikely to be defined for 12 months. The estimated cost of the additional work means the total expenditure is within that contingency element. Clearly every effort will be made to reduce the final cost through negotiation but it is always helpful if contingencies are not used but they are in place to handle such circumstances.

But the real story here is of an ambitious Council working creatively to deliver 68 much-needed affordable homes to rent in Wokingham Borough.

Supplementary Question

As you know we very much support this project and we want it to be successful as we do want all the affordable housing projects that the Council is engaged in to be successful. So I suppose my supplementary is: it is a relief that we can contain the cost but this appears to have fallen slightly between two or three stools, shall we say.

Have any learning points been learnt from this and will you make sure that we don't make the same mistakes again so that in future, and hopefully there will be many projects to come, we end up doing it properly?

Supplementary Answer

Clearly the Project Board, which includes all the relevant people and has done from day one are actively looking at how this was handled and how it was managed and any learnings from that will obviously be taken on board.

82. COUNCIL OWNED COMPANIES' BUSINESS

(Councillors Anthony Pollock and Alistair Auty declared personal interests in this item)

The Executive considered a report relating to an update on the operational position of the companies for the period up to 31 October 2015 and the budget monitoring position for the month ending 30 September 2015.

The Executive Member for Children's Services queried the timescales for approval of Loddon Homes' application to register as a for-profit registered provider. Councillor Auty, in his capacity as a non-Executive Director of Loddon Homes, advised that the Homes and Communities Agency had not provided a definitive timescale but it was hoped that it would be within the first quarter of next year.

RESOLVED that:

- 1) the budget monitoring position for the month ending 30 September 2015 be noted;
- 2) the operational update for the period to 31 October 2015 be noted.

83. FEES AND CHARGES

The Executive considered a report containing a schedule of proposed fees and charges for Council services.

The Executive Member for Economic Development and Finance informed the meeting that the fees and charges were being brought to the Executive earlier than in previous years and this was to enable the majority of them to be enacted sooner thereby increasing revenue which would assist with the Council's budgetary pressures.

The Executive Member for Environment welcomed bringing the fees and charges at an earlier stage as it allowed for seasonal charges eg fishing licenses to come in at an appropriate time. With regard to fees and charges related to country parks it was noted that extensive benchmarking had been undertaken which had resulted in some prices being decreased, which it was hoped would bring in additional income. Councillor Ross advised that although season tickets had gone up many of them still represented one visit a week over the year so it was believed that they were still good value. In addition it was being considered whether quarterly season tickets could be made available to those people who were seasonal in their use of the country parks.

RESOLVED: That the schedule of fees and charges, as set out in Appendix A to the report, be approved to be effective from the dates listed on the schedule.

This page is intentionally left blank

| | |
|-----------------------------|---|
| TITLE | Council Owned Companies Business |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None specific |
| DIRECTOR | Graham Ebers, Director of Finance and Resources |
| LEAD MEMBER | Keith Baker, Leader of The Council |

OUTCOME / BENEFITS TO THE COMMUNITY

Transparency in respect of Council Owned Companies

RECOMMENDATION

The Executive is asked to:

- 1) note the budget monitoring position for the month ending 30 November 2015;
- 2) note the operational update for the period to 31 December 2015.

SUMMARY OF REPORT

Strategy and Objectives of the Council's Subsidiary Companies

There has been no change to the Strategy and Objectives of the Council's Subsidiary Companies since the last report to Executive in November 2015.

Operational Update

An operational update is provided from each of the companies as at 31 December 2015 in paragraph 2 below.

Financial Report

A budget monitoring report is provided for each of the companies for November 2015, which confirms that overall the group has incurred a deficit as forecast. This again reflects the high level of WHL capital works being undertaken which has previously been reported, and which will be followed in later years by income flows from the investments. This together with the management costs of WBC (Holdings) Ltd offset the profit earned by Optalis Ltd. The position for each of the companies is explained in paragraph 3 below.

REPORT

1. Directorship Report

- There have been no changes in the directorship of the Group companies.

2. Operational Update to 31 December 2015

2.1 WBC (Holdings) Ltd

WBC (Holdings) Ltd does not undertake any operations as it is a holding company.

2.2 Optalis Ltd

- All relevant compliance actions have now been taken to achieve compliance with CQC standards and in the course of the month one further manager achieved Registered Manager status, i.e. his application to the CQC was successful. This manager now heads up Optalis' Supported Living Services, including existing supported living units and the learning disability services which have recently converted from residential care to supported living.
- Beeches Manor Extra Care Scheme had an inspection by the CQC in December 2015 and Optalis is pleased to have received a 'Good' rating.
- Optalis is no longer subject to any 'Care Governance' ratings by any local authority, having worked successfully to demonstrate quality and compliance in relevant services.
- Focus on learning & development continues to be of the highest priority across all services alongside recruitment, which remains challenging.
- Turnover of staff in the organisation is at an all-time low at 18% which compares favourably to 28% for the region within the care industry.
- Optalis Colleague survey (staff satisfaction survey) was rolled out during October and early results are being reviewed. Key messages include a higher level of job satisfaction along with the workforce identifying that further effort is required with respect to learning and development as it relates to staff retention. Managers and the Staff Consultative Forum have started work on a response to the survey, including a positive action plan. A response has also been built into the key priorities for the 2016-17 business plan.
- Business Continuity Planning – following a workshop earlier in the autumn, all service managers have been tasked with compiling business continuity plans for their services, setting out their intended response to unplanned events, including severe weather, so as to support the organisations safety and responsiveness.
- A high use of agency workers remains a key risk for the organisation affecting both financial and customer outcomes. This is being addressed firmly and whilst some improvement can be seen, continuous efforts are required. The main cause is the difficulty in recruiting care staff which affects the industry as a whole.
- Two Optalis colleagues have won prestigious awards over the past month. Anju Bhatti won Social Worker of the Year Lifetime Achievement Award for services to national and international social work and charitable work, and Mandy Loveday, support worker at the learning disability day services won the Ancillary Worker Award in the South East heats of the Great British Care Awards, specifically for her work to create a sensory garden from recycled materials at the Acorn Community Centre.

Business Development:

Oxfordshire County Council

- Optalis has been approached to negotiate the running of an extra care service in Oxfordshire following a successful tender process. Details have yet to be confirmed. In addition a further tender has been won for an extra-care framework agreement, which will enable Optalis to bid for new schemes in future.

LATCo consultancy

- Optalis continues to provide expert consultancy to Bury Manchester Metropolitan Borough Council in support of the development of their own LATCo. 'Persona Care & Support' launched on 1 October 2015. Phase 3 support is now underway and our commission with the authority is set to conclude by February 2016.
- A small contract has been won with Nottinghamshire County Council to support the local authority's development of an outline business case and options appraisals in preparation for decisions regarding the development of a LATCo.

Better Care Fund projects (BCF)

The BCF is a programme consisting of a number of projects aimed at admission avoidance, support for self-care, and better integration of services to improve customer pathways:

- Step Up Step Down – this project has set aside two units at Alexandra Place, Woodley, and a number of health and social care services are working together to support speedier hospital discharge for those who may be clinically fit but not yet ready to return home, or to provide urgent support for those whose admission to hospital can be avoided with the provision of enhanced community based reablement support. The pilot project is going well, with 9 referrals to the middle of October and rates of referral and occupancy increasing. Ambition is to increase to six beds in the next phase which will increase Optalis' contribution.
- Domiciliary care plus – this programme has a number of facets and Optalis is engaged in two ways: 1) Project support provided through B&PS (see operational report), and 2) Homecare overnight response service – this is currently in negotiation and Optalis has been asked to mobilise in the next month. The overnight response service will be focused on supporting those people to stay at home who may otherwise have found themselves admitted to hospital out of hours, e.g. in the night, where there is a primary social need which leads to hospital admission, e.g. the need for supervision and reassurance, domestic assistance, and handover to daytime services.

2.3 Wokingham Housing Ltd (WHL)

2.3.1 WHL Completed schemes:

The remaining outstanding works at Vauxhall Drive are being finally costed following a report from an Occupational Therapist which advised us that three of the four resident's bathrooms needed to be replaced. Once assessed the cost of undertaking the works will be advised to Health and Wellbeing and orders put in place to carry out these works.

2.3.2 WHL Schemes in Progress and/or Development:

Phoenix Avenue: Hill are now on site undertaking preparation works to be able to start construction works in the New Year, having started the removal of the demolition debris left on site. We have now been advised that the build programme will be delayed by four to six weeks as a result of the demolition removal works. The additional costs for removing the excess demolition debris were quoted at £142k. Although the actual costs of debris removal is at the level we had expected at around £100k; we were surprised that the cost was as high as it was due to additional preliminary costs and Hill's overhead

and Profit (OH&P). This was despite direct questions from WHL on whether the additional works would cause any 'programme delays'. There was clearly a lack of communication between the parties and on the back of this we negotiated a reduction in Hills OH&P figure to around half. Investigations of the prelim costs showed that these had indeed been pared back to the lowest reasonable level and there was no mileage in arguing for these to be reduced further.

This provided a final additional figure of around £135k (assuming no additional contamination is found). Subsequently it has been agreed that costs will be shared between Tenant Services (£100k) and WHL (£35k). Property Services have no budget to be able to contribute towards the costs, so this was deemed to be the most pragmatic and sensible solution.

A press release has been sent out promoting the Phoenix Avenue development around a time capsule to be buried on the site.

Fosters Extra Care Home: There are no major issues to report and final interior designs are being signed off. Tendering the contract is progressing well. A new topographical survey to check site levels has been undertaken and our Employers Agent's report shows there are no issues of concern as discovered at Phoenix Avenue.

Pipe-line sites: We continue to progress the four small sites with planning permission and are making progress on other potential small sites to add in to the development pipeline.

Loddon Homes: A meeting with the HCA to discuss their assessment of our application to become a For-Profit Registered Provider (FPRP) took place on 11th November. The meeting was positive and the HCA commented that we had got in to the substance of the application quickly because of the high quality of our application. While there is a fair amount of work to provide the reassurance the HCA is after, there were no significant areas likely to stop us from being Registered. An action plan has been produced to co-ordinate the work necessary to provide the additional information requested and we will be returning this to the HCA before Christmas, with a pencilled in date of a report going to the HCAs Regulation Committee in February.

Staffing Update: The new Development Officer, Holly Morris, joined WHL on 23rd November and is settling in very well. Derek Thurgood left WHL on 10th December after a successful handover with Holly.

WHL Business Plan: The WHL Business Plan 2015 has been signed-off and approved by WBC (Holdings) Ltd at their December meeting, and has been put forward to the Executive alongside this report.

3. Financial Report

Budget Monitoring for 2015-16 financial year (To 30 November 2015)

3.1 WBC Group Consolidated, (i.e. comprising WBC (Holdings) Ltd, Wokingham Housing Group, and Optalis Group).

The figures shown below represent the overall expenditure and income of the Council's

subsidiary companies.

At the operational level, the net deficit was £95k.

3.2 WBC (Holdings) Ltd

A loss of £124k is reported compared to a budgeted loss of £220k. This is largely due to a saving on interest as anticipated works on Phoenix Avenue were rephased.

3.3 Optalis

- The post-tax result for November is a profit of £5.1k - favourable to budget by £1.0k (budget £4.1k profit).
- The key favourable variances to budget relate to new business from Independent Living Services (Orchard and Shipman) plus backdated Suffolk Lodge Dementia unit income, and cost savings from the deferral of appointments to the Chairperson, external NED, and Managing Director roles respectively.
- These were mitigated by unfavourable variances in agency spend, and lack of private homecare growth.
- The November result assumes a drawdown of £8k against the budgeted underwriting of £100k made by WBC against the impact of implementing the National Pay Agreement in January 2015 (YTD £40k).
- The YTD pre-tax result is a profit of £41.0k - favourable to budget by £7.3k (budget £33.7k).
- The full year pre-tax result is forecast at £50k as budgeted (which is after a return of £250k to the Commissioner as budgeted).
- Net assets at 30 November are £181k (budget £180k).
- Cash at 30 November was £327k (budget £732k).

| Total Company Nov YTD | Actual | Budget | Budget Variance |
|--------------------------|-----------|-----------|--------------------|
| | (£000) | (£000) | (£000) |
| Turnover | 7,798 | 7,329 | 469 |
| Costs | (7,699) | (7,236) | (463) |
| Operating Profit | 99 | 93 | 6 |
| Depreciation | (58) | (60) | (2) |
| Profit before tax | 41 | 33 | 8 |
| Corporation tax | (8) | (7) | (1) |
| Net profit | 33 | 26 | 7 |

3.4 Wokingham Housing (Including Wokingham Housing Ltd & Loddon Homes Ltd)

| Total Sub Group NOVEMBER | Nov Actual | Nov Budget | Budget Variance | Prior Mth Actual |
|-----------------------------|---------------|---------------|--------------------|---------------------|
| | (£000) | (£000) | (£000) | (£000) |
| Income | 9 | 43 | (34) | 7 |
| Costs | (97) | (78) | (28) | (49) |
| Operating Loss | (88) | (34) | (63) | (42) |
| Non Trading costs | - | - | - | - |
| Depreciation | (2) | (2) | 0 | (2) |
| Loss before Tax | (90) | (36) | (63) | (44) |
| Taxation | - | - | - | - |
| Net Loss | (90) | (36) | (63) | (44) |

Wokingham Housing Limited (Consolidated)

Nov Year To Date

Profit and Loss Account for the period to 30th November 2015

| | Actual £ | Budget £ | Variance £ |
|-----------------------|-------------|-----------------|---------------|
| | | Note (a) | |
| Income | 61,589 | 98,056 | (36,467) |
| Operating Expenditure | (445,175) | (480,079) | +34,904 |
| Operating Loss | (383,586) | (382,023) | (1,563) |

Note (a) - Budget for the Group has been approved by WBC (Holdings) Limited and is provided here in advance of approval by Executive.

Income for November 2015 is £9k (Year to date £62k). This is £36k behind target as billing expected for consultancy services budgeted in Nov-15 has been deferred to Jan-16. The cost of works supporting the income not billed for consultancy are included in budget but not charged. The unbudgeted cost of contract tendering (WHL) is offset by deferred and saved costs of professional advice for HCA Registered Provider application

(LHL). The development of Phoenix commenced in November against financial budget start in September. Fosters remains as estimate until detailed negotiations with an appointed contractor determine the cost profile for this scheme. This work will determine what reduced budget requirements for development will be required for 2015

Operating expenditure excluding depreciation is for the month was £103k and year to date is £403k. Direct costs are now separated from operating expenditure and are £3k in the month and £25k year to date.

Balance Sheet

Net assets total £632k at 30th November 2015. In total there are 1,900,000 issued and fully paid Ordinary £1 shares held by WBC (Holdings) Ltd. The share capital remains at £1.9m.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|--|---|---------------------|
| Current Financial Year (Year 1) | See other financial implications below | Yes | Revenue |
| Next Financial Year (Year 2) | See other financial implications below | Yes | Revenue |
| Following Financial Year (Year 3) | See other financial implications below | Yes | Revenue |

Other financial information relevant to the Recommendation/Decision

The Council will benefit from reduced costs in commissioning services, the interest and management charges to WBC (Holdings) Ltd and future profits paid out as dividend. These will be factored into the Medium Term Financial Plan under the appropriate service.

Cross-Council Implications

No Cross-Council Implications

List of Background Papers

None

| | |
|---------------------------------|--|
| Contact Emma Lyons | Service Resources |
| Telephone No 07769957900 | Email Emma.Lyons@wokingham.gov.uk |
| Date 18 January 2016 | Version No. 3 |

This page is intentionally left blank

WOKINGHAM HOUSING LIMITED

BUSINESS PLAN 2015

| Section | CONTENTS | PAGE |
|---------|---|------|
| 1. | Chairman's Forward | 2 |
| 2. | Executive Summary | 3 |
| 3. | Background | 4 |
| 4. | Company Structure | 4 |
| 5. | Wokingham Housing Ltd - Objectives and Corporate Values | 5 |
| 6. | Environment and Market Outlook | 7 |
| 7. | Development Strategy | 10 |
| 8. | Current Progress | 13 |
| 9. | Resourcing | 14 |
| 10. | Business Plan Forecasts | 17 |
| 11. | Capital Expenditure | 23 |
| 12. | Returns | 24 |
| 13. | Risks | 24 |
| 14. | Conclusions | 25 |

1. CHAIRMAN'S FORWARD

- 1.1. Wokingham Housing Limited (WHL) and its subsidiary Loddon Homes Limited, has made major strides forward over the past year, both in practical and policy terms. There have been substantial changes in personnel, headed by the retirement of Robin Fielder and the filling of his post by Bill Flood. We owe a major debt of gratitude to Robin for his fortitude, tact and diplomacy. Without his understanding of this complex housing development world the company would not have achieved so much.
- 1.2. This business plan is the Board's interpretation of the future for WHL and its subsidiaries. What is proposed is seen as both prudent and opportunistic by the company and is encouraging for the future. Starting with Loddon Homes, the application for Registered Provider status has been submitted. This is a complex matter and the application for a "For-profit" social housing company, owned by a Council, is a first for the Homes and Communities Agency (HCA). First responses are encouraging, but the new regulatory requirements provides a higher test for new organisations to meet, not helped by the new housing policy context of reduced affordable housing rents and the new Housing and Planning Bill.
- 1.3. The primary function of the companies is to make full use of the available commuted sums from developers, as well as investment opportunities from Wokingham Borough Council (WBC). The Board of WHL sees the company as having the dominant development role, not just in affordable and social housing, but in investment opportunities of all types, on behalf of the Council. In due course commercial schemes will be considered, as will co-operative ventures with other organisations.
- 1.4. Loddon Homes has started the separation process from WHL, to comply with the registration requirements of the HCA. The Board is headed by Gary Cowan, and there are three "independent" board members appointed including an experienced WBC tenant. Loddon Homes is seen as the management company of first choice, with WHL taking the development role as schemes are moved forward. The difference between company roles is clarified in the business plan, but is also subject to change as the rules and regulations change. Having the ability to consider all the options in a fast changing world, particularly in property development, is seen as one of the most important advantages WHL can have. This plan sets our parameters both for the comfort of our shareholder, as well as leaving the door open to explore those opportunities that will become available as the year progresses.

David Chopping
(Wokingham Housing Limited Chairman)

Gary Cowan
(Loddon Homes Limited Chairman)

2. EXECUTIVE SUMMARY

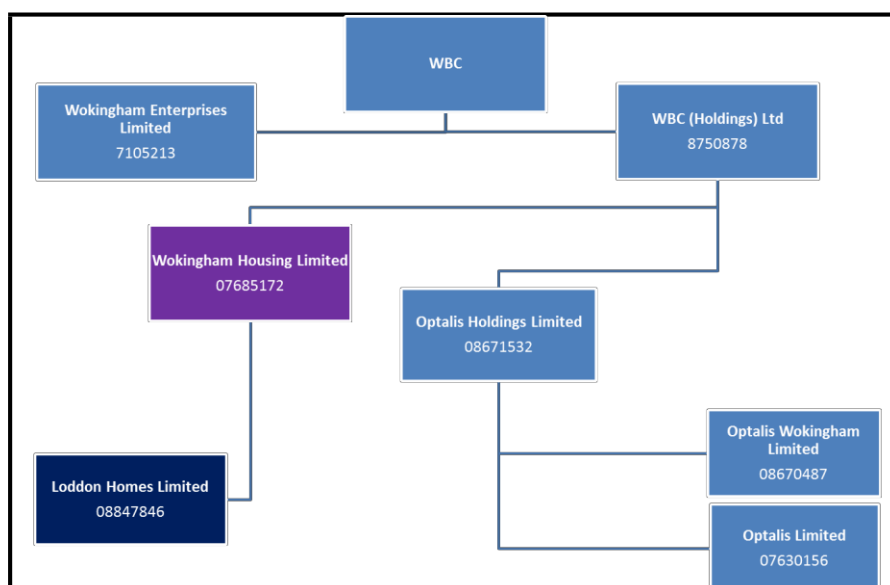
- 2.1. This document sets out Wokingham Housing Limited's (WHL) Business Plan for the immediately foreseeable future, with an emphasis on the next five years. It provides the companies vision and broad strategic objectives, as well as the financial forecasts that sit behind the Business Plan.
- 2.2. Broadly the Business Plan sets out:
- The context and background to WHL and its subsidiary Loddon Homes Limited;
 - The progress WHL has made in building organisational capacity and delivering early schemes;
 - The plan for pipeline schemes and scaling of the companies;
 - The consolidated profit and loss financial projections for WHL and Loddon Homes for the next five years based on future development activity;
 - The capital development programme; and
 - Longer term objectives of WHL's growth strategy.
- 2.3. The Business Plan demonstrates that through its current pipeline programme, WHL will become profitable by year three (2017/18) and generate profits of £210k, building to £360k per annum thereafter.
- 2.4. The plan also shows that continued development at realistic levels based on modest activity levels, generates growing profits of just under £0.5m by the end of year five, investing around £47m over the five year period and then an estimated £7.6m per annum thereafter. This business plan is approved on the basis of looking to achieve development at this level going forward.
- 2.5. As part of the business planning exercise, a more ambition level of development has been modelled. This demonstrates that as much as £0.9m profit could be generated by the end of year five, but would require nearly twice as much capital investment of around £15.5m per annum. The major factors would be both funding and developable land for WHL to be able to achieve a more ambitious development programme. What the Business Plan really shows is the ability to be able to easily flex the plan to deliver a larger programme of homes should circumstances require it, and that this would generate increasing profits.
- 2.6. Key to the business plan is certainty of funding from the Council through Commuted Sums provided from developer's contributions to fund an affordable housing programme that is developed by WHL and then purchased and owned by Loddon Homes.

3. BACKGROUND

- 3.1. Wokingham Borough Council (WBC) undertook an extensive analysis of the policy, legal and financial implications of establishing a local housing company. The research done informed the decision of the Executive to establish WHL in May 2011. WBC also identified £1.9m of WBC resources to invest in WHL via share capital to fund its initial developments.
- 3.2. Since 2011, in developing the Council's approach to using limited companies to deliver some products and services, the Council decided to set up Loddon Homes Limited (LHL) incorporated on 16th January 2014 with later an agreement for it to become a registered affordable housing provider. Initially WHL was set up to provide social and affordable housing for WBC using developer contributions provided in lieu of developers building affordable housing on their developments. Subsequently, WHL transferred some of its original responsibilities to LHL who now provide the Council with homes for those in housing need, that it has legal duties to support, and people on the Council's housing register.
- 3.3. WHL has applied for LHL to be registered with the Homes and Communities Agency (HCA) as a For-Profit Registered Provider (FPRP) to enable it to access additional potential grant funding to support its development programme to provide affordable housing.

4. COMPANY STRUCTURE

- 4.1. WHL is a wholly-owned subsidiary of Wokingham Borough Council (Holdings) Limited (Holdco). WHL and LHL sit within a wider Group of companies the Council owns to deliver products and services in a commercial way, while maintaining high standards of integrity and social purpose. WHL is effectively the Council's housing development company. LHL is a subsidiary of WHL and is a housing management company. The table below sets out the Council's Group of companies and where WHL and LHL fit within the Council Group of Companies.



- 4.2. The establishment of a trading subsidiary in 2014 in the form of Loddon Homes was designed to allow WHL to respond to market opportunities and, if required, facilitate the 'ring-fencing' and protection of affordable housing assets developed by the Council from any commercial risk. By using Loddon Homes as a regulated body of the Homes and Communities Agency (HCA) to develop affordable housing, the Council is creating a strict separation of public and private investment and supported a robust risk management approach.
- 4.3. The WHL business model is based on a small team and, as far as possible, utilises WBCs resources through an umbrella Service Level Agreement (SLA) to facilitate those services not directly supported by WHL and LHL.
- 4.4. Both WHL and LHL will be contracting out, primarily with WBC, services that are required to support day to day elements of their businesses. For WHL these will be support services such as legal, human resources and strategic assets. Other specialist services like Architects, Employers Agents and Clerk of Works will be from external providers. For LHL services will be to develop new homes (primarily through WHL) and the management and maintenance of the affordable housing taken in to its ownership. Using WBC is expected to provide significant economies of scale to WHL as it builds up its business and LHL as it builds up a stock of affordable homes, while also allowing WBC to gain savings from outsourcing its own departmental cost base.

5. VISION, OBJECTIVES AND CULTURE¹

| | |
|---------------|---|
| VISION | <ul style="list-style-type: none"> • The absolute requirement to build a commercially sustainable business which by March 2018, will offer its shareholder a worthwhile financial return on funds invested as assets mature • WHL, as a Council owned private housing company, will be at the leading edge of Council Housing Companies with a sustainable business model • WHL will make a positive contribution to the policy and commercial objectives of WBC - it will produce an on-going annual profit for Wokingham Borough Council by March 2018 to be able to invest in housing or other council services • Through its provision of specialist affordable housing, WHL will show a saving in the cost of such provision to Council departments • It will be known for developing quality homes and services which meet the needs of its customers • WHL will establish a reputation that stands for quality, commerciality, integrity and good value for money, which opens door for it to grow its business • In its chosen markets, WHL will be viewed as a partner of choice by stakeholders and partners |
|---------------|---|

¹These relates just to WHL. Loddon Homes' Vision, Mission, Goals, Targets, Values And Behaviours are contained within its Strategic Plan 2015

| | |
|------------------------------|---|
| MISSION | <ul style="list-style-type: none"> • WHLs primary business is as a housing development company that provides services to build property for LHL, Tenant Services or other partners who contract with it • To provide a range of high quality affordable and market housing for the people of Wokingham Borough and beyond; • To provide or procure quality landlord services to the tenants and residents of any rented housing; • To carry out any other activities specifically or generally designed to promote the economic, environmental or social well-being of Wokingham Borough; • To complement other trading services and council operations (including Optalis and Tenant Services) • As a housing developer, WHL will build property for sale and property to privately rent to provide a return on investment for the Council • WHL will manage assets in such a way as to maximise values and provide saleable assets for the Council to realise if required |
| GOALS | <ul style="list-style-type: none"> • Secure Commuted Sums funding from WBC for joint use by WHL and LHL, over and above the initial £34.5m commitment to over £100m, with a view to building the companies affordable housing asset base - to enable WHL and LHL to borrow against their asset base to fund additional affordable housing developments and create an income stream to provide either additional affordable homes or a return to the Council • Profit making – providing an income for re-investment in housing or a dividend to Holdco • For WHL to be a core part of the Council's approach to delivering housing products and services and part of the Council's 'business as usual' arrangements • Delivering an affordable housing programme for WHL and LHL, enabling them to build up their asset base to self-fund future affordable housing development for Wokingham Borough residents • An owner and manager of a portfolio of around 100 Private Rented Sector (PRS) properties on a strong 'ethical' basis • A WHL staff-team and Board that meets the evolving needs of the business |
| TARGETS | <ul style="list-style-type: none"> • Deliver the initial 130+ homes for LHL by end of 2017 • After year three - develop an ongoing pipeline of future affordable and market homes of between 75-100 homes per annum, investing in the region of £10-13m per annum • To secure investment funding of £20m for the development of: <ul style="list-style-type: none"> ○ homes both for outright sale and shared ownership which provide a developers margin of between 10-20%; and ○ homes to rent privately, providing both an asset worth more than the Total Scheme Costs and an on-going yield on investment of between 7-8% • Provide Holdco with an annual profit of between £600 to 750k by year 7 • Repay initial working capital loans and interest between years 5-6 |
| VALUES AND BEHAVIOURS | <ul style="list-style-type: none"> • WHL is an organisation people want to do business with, whether directly or through one of its subsidiaries • The staff and Board of WHL adopt a "can do" approach whilst analysing risks |

| | |
|--|--|
| | <p>and declining bad business</p> <ul style="list-style-type: none"> • WHL takes calculated risks consistent with the Company's values to achieve goals • WHL customers - be they commissioners, partners, tenants or purchasers - are treated with the utmost respect and integrity and provided with ethical, high quality services and products • WHL is trusted by WBC, stakeholders and partners and is offered significant opportunities of partnership working and investment • WHL is an intelligent organisation - mistakes are acknowledged and learnt from and good work recognised • WHL looks to the future and is able to see links and opportunities that achieve the Company's and/or Council's objectives • WHL will adopt innovative solutions to maximise opportunities for the Company • High performance standards are expected and the staff-team are given the resources and training to achieve WHLs goals and targets in delivering the Company's objectives • WHL champions Holdco and the Councils objectives, putting the company and shareholder's needs first and upholding goals and decisions, even when it is difficult to do so • WHL will work cross-functionally with WBC departments, and develop long-term partnerships, to enable the Company to meet its goals • WHL will support others to work together to develop solutions to Council wide problems and issues |
|--|--|

6. WHL'S ENVIRONMENT AND MARKET OUTLOOK

- 6.1. Housing is a key factor in stimulating the national economy. Our region has seen steady increases in values and Wokingham has promoted a significant volume of new house building in its Strategic Development Locations (SDLs). Housing costs in Wokingham are amongst the highest outside central London.
- 6.2. New housing starts are now increasing in the improved economic market, putting pressure on getting the best value for money on tender returns. This was seen in the tendering of the Fosters Extra Care project through the HCAs contractors framework, where too few bidders has led to WHL tendering through the Official Journal European Union (OJEU). As the housing market has improved building material prices have started to increase and a shortage of skilled labour and site managers is a feature of the market we are operating in. Therefore, as before, care is still needed in selecting firms to do business with.
- 6.3. To support our careful selection of partners and manage risks, WHL has developed an Employers Agent Framework of initially five firms to tender the management of WHLs projects and is in the process of setting up a Developers Framework for contractors, through which to tender our smaller sites. On larger sites we will continue to tender these on an OJEU basis.

6.4. Savills produce regular outlooks of the UK housing market – their July and September 2015 outlooks noted:

6.4.1. “Despite a continued benign interest rate environment, transactions in the mainstream market appear to have plateaued at around 1.2m per annum. With the mortgage regulations restricting the amount of debt prospective buyers are able to obtain and restricting their ability to trade up the market, this is still well short of pre-crunch norms.

6.4.2. Though mortgage availability has a less significant direct impact in the prime markets, it will impact on some buyers in their 30s and 40s. While restricting the amount they can borrow, this may act as a catalyst for them to move into the commuter zone as they look to stretch their debt and equity further in less expensive markets.”

6.5. Savills outlook on the demand for land notes:

6.5.1. “Development land values across the UK on average have increased more strongly in Q2 compared to the first quarter of the year. UK urban land values increased... with annual growth at 10.7%... UK greenfield land values... annual growth to 4.0%.”

6.5.2. “In the South East, the highest value development land market outside London, the continued demand for development land has resulted in above average increases in both greenfield and urban development land values in the region (2.6% and 3.3% respectively for Q2 2015).”

6.5.3. “Our survey of Savills agents shows that positive sentiment has returned to the development land market in the last quarter, linked to the continuation and strengthening of pro-housebuilding policies (by Government) that have followed the election result... Despite improvement in sentiment, pressures on profit margins, labour and build costs have dampened (some of the) development land price growth.”

6.5.4. “We expect demand for development land to be maintained as housebuilders continue at their current rate of building or expand their output. This is likely to push up development land prices where demand is highest and there is restricted supply of new sites such as parts of the South East.”

6.6. Savills research, ‘Residential Property Focus – Issue 3 2015 - Five year forecasts - what is next for UK house prices and transactions?’, the research adds to Savills previous work and shows that:

6.6.1. Although house price inflation has slowed with the introduction of Mortgage Market Review (MMR) – see table 1 below - the forecasts are that housing prices in the South East will outstrip the national average of 17%, and even London, over the next five years at just under 22% (see table 2).

Table 1 – Savills’ 3 month cycle house price movements – Sept 2005 – Sept 2015

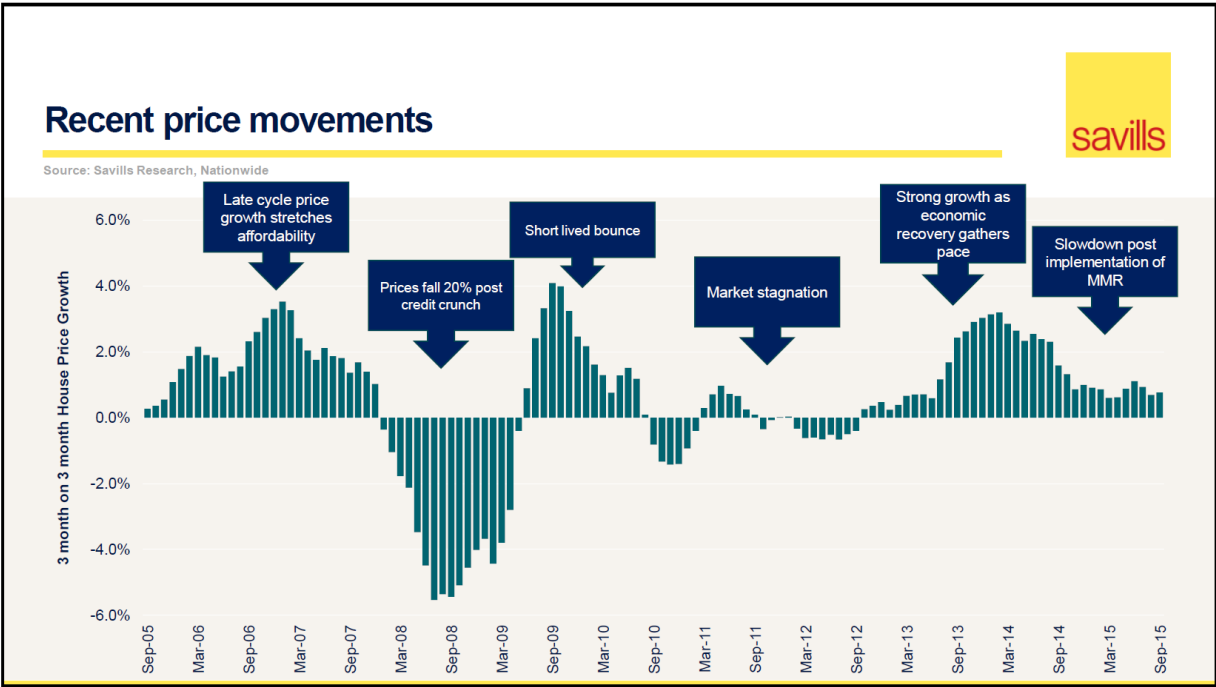
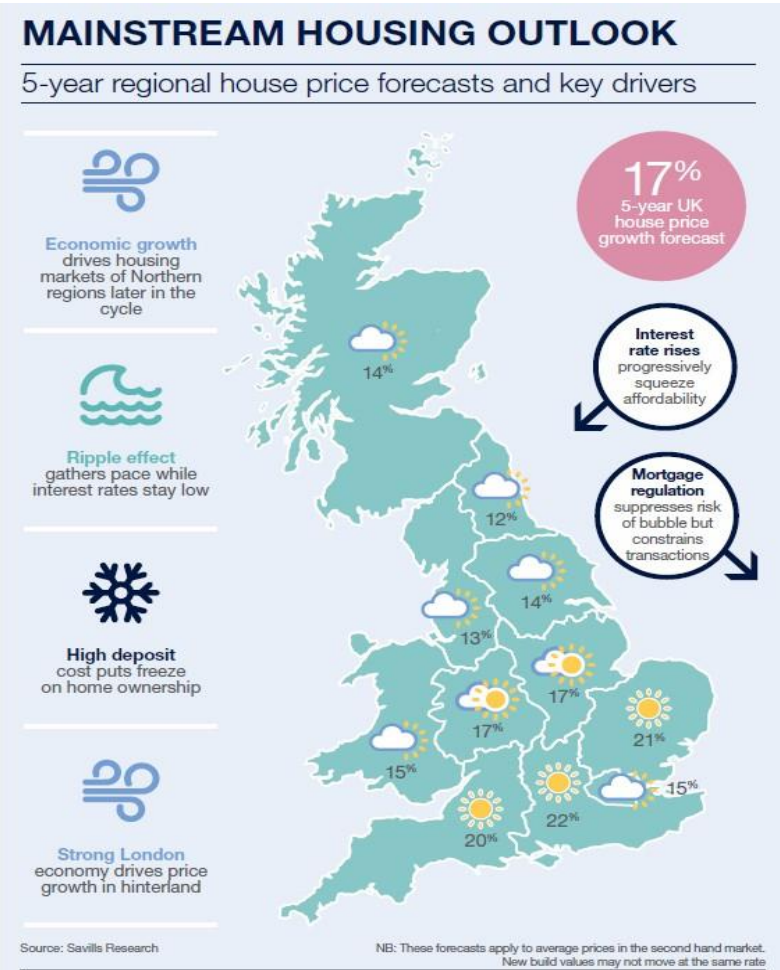


Table 2 – Savills’ House Price Forecast and key drivers to 2020



6.7. Also in Savills 'Residential Property Focus', they forecast for private rents that the traditional rental demographic will continue to grow (see table 3 below). Savills comment:

6.7.1. "Rental affordability is already very stretched for many households and so the prospects for rental growth are largely limited to underlying wage growth.

6.7.2. The traditional rental demographic of sharers and young professionals looks set to continue growing as the cost of buying limits the number able to make the move into homeownership. These groups are likely to benefit most from the forecast wage recovery and this will drive the majority of rental growth in coming years.

6.7.3. However, in some high demand/ low supply rental markets, we may see more people living in larger household groups and this could contribute to higher rental growth, albeit for properties that have the flexibility to allow for this."

Table 3 - Mainstream rental growth forecasts

| | 2016 | 2017 | 2018 | 2019 | 2020 | 5 years |
|----|------|------|------|------|------|---------|
| UK | 3.0% | 3.0% | 3.0% | 3.0% | 3.5% | 16.5% |

6.8. In Robert Grundy's (Savills) November 2015 Spending Review Briefing, he comments:

6.8.1. "The chancellor plans to spend £7 billion building 400,000 affordable homes – mainly for home ownership – by 2020 and housing associations must step up to the plate and help deliver this target. There is plenty of incentive to do so. Analysis by the Office of Budget Responsibility (OBR) suggests housing associations should expect to receive around 90% of the available funding for shared ownership. In total, the OBR expects housing associations in England will receive around £1.7 billion a year in capital grants from the government by 2020/21 - £1.5 billion of which will be for shared ownership.

6.8.2. The impact of the Government's plan for 200,000 starter homes by 2020 is less clear and will depend on the interpretation of new planning regulations by local authorities. However, the emphasis on homeownership products should assist the viability of schemes as such products generally have a higher value than affordable rented units. On the other hand homes for sale have a slower absorption rate than rental products.

6.8.3. The focus on homeownership will not help the poorest households who will rely on a dwindling pool of social rented housing that will further be depleted by the extended right to buy – despite its introduction being slowed.

6.8.4. Social landlords have been handed the opportunity to show they matter to a government determined to build more homes available to buy. Housing associations should not let this chance slip.”

6.9. As a result of the market outlook in the last 6 months and the Government's major policy announcements in housing, WHL's acquisition of development sites will have to be more aggressively, but also carefully, pursued than they have to date. WHL will also have to take full advantage of the opportunities that are presented in the new Housing and Planning Bill and Government funding to support home ownership, while also supporting LHL to provide truly affordable social housing using Commuted Sums.

7. DEVELOPMENT STRATEGY

7.1. Social and Affordable Housing

7.1.1. As a small local housing developer, WHL's primary business is helping deliver the Council's affordable housing programme, primarily on council-owned sites via Loddon Homes through the expenditure of Commuted Sums on qualifying schemes. WHL also provides viability and appraisal advice on schemes that the Council commissions.

7.1.2. WHL will look at and ensure the business case, including any subsidy to provide sub-market affordable rented housing, is understood and fully taken account of in the Council's commissioning decisions. WHL will advise on where predicted valuations of completed schemes are likely to be less than the cost of construction. This will ensure that approval to proceed is given on the basis that there is an over-riding strategic benefit that outweighs the immediate commercial considerations. In effect WHL will advise where apparent losses in the cost in the provision of affordable housing are more than outweighed by social need and cost savings in services no longer needed to be provided by departments of WBC.

7.2. Shared Ownership

7.2.1. As can be seen in the housing market outlook above, the basis for WHL supporting LHL to deliver a programme of shared ownership homes has now strengthened. The high housing costs of owner occupation in Wokingham Borough means that for economically active people with limited means, shared ownership may be an attractive route into owner occupation. In the current market it provides LHL with an attractive early capital injection in first tranche sales, immediately giving it a return to reinvest in more affordable housing, while also providing a rental income on the unsold equity.

7.2.2. This provides an upside to the Business Plan which has factored in no shared ownership development in the first five years. When taking into account House Price

Inflation (HPI) and combined rental and future staircasing² income, shared ownership can provide WHL and/ or LHL with a useful long term income stream and asset base, with which to support future business.

7.3. Private sales

7.3.1. For WHL, the current state of the housing market makes some limited private sale opportunities attractive options over the next few years to help cross subsidise affordable housing or other council services. The niche area will be small sites that are not of interest to bigger developers and house-builders, although there will be competition from smaller developers, so careful appraisal and risk assessment of private opportunities will be critical. A WHL developer margin can deliver strong returns on investment and, in the first instance, should be sought on some of the Council's general needs land assets, as an alternative to just private land sale. We propose private sales projects are developed through WHL as the For-Profit Registered Provider status of LHL limits such activity to 5 per cent of commercial activity.

7.4. Private Rented Sector (PRS)

7.4.1. High house-prices locally provide WHL with opportunities around building up a portfolio of Private Rented Sector (PRS) stock. The flexible nature of PRS for economically active people, who previously may have been able to become owner occupiers, is a significant attraction. While the Government's emphasis on shared ownership may help some of those renting to buy, the evidence is that the PRS sector will continue to be an important part of the UK housing market.

7.4.2. The benefits of WHL building up a portfolio of PRS stock are:

- Developing an asset base for the Council which is worth more than the cost of building the properties and able to take advantage of HPI in to the long term;
- Providing a regular income stream to WHL which produces a gross yield of between 7-8% on investment;
- Providing the Council with realisable assets should capital expenditure be needed for another housing project or to support a Council service;
- Giving tenants a trusted private landlord in the form of WHL who is wholly-owned by the Council and therefore has high standards of integrity in managing and maintaining tenants homes – effectively an 'ethical PRS' provider; and
- Market rental rates are not restricted by the rules governing rental levels for affordable housing.

² Staircasing is the term used to describe the process by which shared owners buy additional portions of their home until they have purchased 100%.

8. WHL's CURRENT PROGRESS

8.1. The Company has achieved a number of key milestones to date. These include:

8.1.1. WHL's delivered the Hillside Park scheme of nine new one bed apartments with a carers apartment for people with learning disabilities and two bungalows for elderly people, including winning grant funding from the Homes and Communities Agency (HCA) of £350k with WBC for Hillside Park;

8.1.2. The leasing and management of an existing development at Beverley House, Vauxhall Drive for residents with severe learning disabilities;

8.1.3. Achieved a successful planning application for Phoenix Avenue (formally Eustace Crescent) and tendered and successfully awarded the contract to Hill Partnership to develop 68 houses and apartments for completion by March 2017;

8.1.4. Achieved a successful planning application for Fosters Extra Care scheme and are tendering the contract to develop the 34 apartment scheme on the site of the former care home, due for completion by July 2017 and, in partnership with WBC, winning grant funding from the HCA of £1.452m for the Fosters Extra Care project;

8.1.5. Achieved successful planning applications on several small sites in council-ownership to deliver affordable and intermediate housing for local people;

8.1.6. Identifying a development pipe-line of 131 homes – of which 114 now have planning permission to develop affordable and intermediate housing;

8.1.7. The setting up and delivery of an Employers Agents Framework to support the delivery of new build housing developments and tendering of a Developers Framework to deliver the pipeline of WHL smaller sites;

8.1.8. The submission in early September 2015 of the Loddon Homes application for registration as a For-Profit Registered Provider to the HCA with 25 associated appendices (34 documents in total). These included the 5 year and 30 year financial business plan, Intra-Group Agreement, Board and Committee Terms of Reference, Facilities Agreement, Risk Register, Articles of Association and Service Level Agreements.

8.1.9. The recruitment of a new Managing Director and the building up of a small permanent staff team (five staff) to deliver WHLs business plan;

8.1.10. Further developing the relationship and trust of WBC through the Holding Company, with new agreements in place including the Group Operating Protocol (GOP), Intra-Group Agreement (IGA) and Facilities Agreement, as well as regular reporting to Holdco;

- 8.1.11. Strengthening the Boards of WHL and Loddon Homes with new members on both Boards, following a Board skills audit undertaken as part of the Loddon Homes registration work;
- 8.1.12. Strengthening the WHL and LHL Board house-keeping arrangements including adoptions of policies to govern the companies, including Whistleblowing, Anti-Bribery, Expenses and Gifts and Hospitality; and
- 8.1.13. Strengthening the relationship with other Council services and companies such as Tenant Services, Strategic Housing, Planning, Strategic Assets and Optalis to better co-ordinate and support the goals of WHL and the Council.

9. RESOURCING

9.1. Background

9.1.1. The Council has since 2011 funded WHL with £1.9m of share capital. This has been used to finance the construction of Hillside Park, which now sits within Loddon Homes after transfer from WHL in April 2014. Further working capital funding for WHL and capital expenditure funding has subsequently been received to progress WHLs affordable housing schemes (primarily the capital planning costs at Phoenix Avenue and Fosters). This amounts to around £613k as at March 2015. Through its housing development activities WHL expects to be profitable by year 3 of its business plan (2017-18) and to then be able to start to pay back with interest an estimated total of £1.5m of start-up, working capital, costs. The payback period will depend on a number of factors, but is likely to be 3-4 years, with the return on investment being capital plus targeted 5.5% plus base rate interest costs.

9.2. Future funding

9.2.1. The funding of WHL and LHL has now been clarified within the Facilities Agreement and in effect confirms that for the initial LHL development programme, commuted sums providing £18.6m will be provided to deliver the two main schemes of 101 homes once they are commissioned for the occupancy of tenants. The Council's Executive agreed in January 2014 a further sum of £18m (now £15.9m as £2.1m has been included in the £18.6m initial facility) for future Housing Company developments – a total potential investment in WHL and LHL of £34.5m. The £15.9m has to be signed off by the Executive following a recommendation from Holdco, should Holdco accept the business case of WHL on various projects it wants to develop for LHL. This therefore provides WHL with the ability to fund the additional 30 homes in the development pipeline for LHL and some additional unidentified developments added to the programme.

9.3. Commercial model between WHL and LHL

9.3.1. The commercial arrangements between WHL and LHL with regard to property development has been defined such that both WHL and LHL can identify new opportunities individually or together, agree preliminary design specifications, planning and costing which will in turn indicate a transfer price for sale by WHL to LHL. Once approved WHL will contract to construct this scheme for LHL within agreed time scales (having previously liaised with the Council as commissioners regarding tenure type and rent levels).

9.3.2. The transfer price will vary according to the scheme being developed, but typically will span a % on cost uplift of 5% - 10% for schemes of over 20 units and 10% - 15% for all other smaller developments. Developments could also be undertaken on a cost-plus basis on approved schemes. This income should cover WHL's costs in supporting development plus a nominal profit element, assuming WHL are successful in controlling costs to achieve the original budget.

9.3.3. The establishment of a transfer price is not only necessary to demonstrate 'arm's length transactions', but also to control the cost to LHL where a social valuation is to be applied which is ideally greater than or equal to the transfer price agreed. A transfer price that is less than the assessed social valuation is deemed an exceptional situation and will need to be ratified by Commissioners, WHL and LHLs Boards and Holdco, as a strategically important exception to the normal business model.

9.4. Commuted sums and Loddon Homes

9.4.1. The use of commuted sum to fund Loddon Homes is important in two ways. Firstly, the legal advice the Council received around its powers to use commuted sums to fund the building of affordable housing by its own housing company, was most safely achieved through a housing association registered with the HCA.

9.4.2. Secondly, commuted sums being given to Loddon Homes to fully fund affordable development, is critical to Loddon Homes being viable in its early years. The strategy is to initially fund LHL through the use of commuted sums provided from developers' contributions for the provision of affordable housing. In total the Council is expecting £40.5m in commuted sums up until March 2020 and at present around a further £50m from 2020 onwards. As LHL builds up an asset base of affordable housing it will generate the capacity to borrow against the value of its stock and generate profits to plough back in to the provision of affordable housing for local people. LHL has been set up to provide future borrowing potential and an income stream in the future, which can be used to develop further affordable housing and an income stream for the Council.

9.4.3. In broad terms the use of commuted sums to fund LHL is similar to early 19th century housing philanthropists or 100% grant provision programmes by the Housing

Corporation in the 1980s. By building up a successful affordable housing business by pump priming the initial investments, LHL will provide the Council with a self-financing business that can continue to deliver affordable housing and services into the long term without grant. LHL business model is to act highly commercially in managing and running its affordable housing business to maximise profit and to re-invest in affordable housing over the long term, while providing a return to the Council.

9.4.4. However, to support the approach in using commuted sums, the capital funding mechanism of WHL and LHL needs further refinement by the Council. Table 4 shows the current estimates for commuted sums. At the end of 2016/17 the Council expects around £13.3m in commuted sums to have been paid from developers. Presently the Council has approved a total of £7.7m in commuted sums (to support Phoenix and Fosters projects) to WHL (Loddon Homes). Just over £1m is still to be allocated in 2015/16, but could be allocated to one of the small schemes that has received planning consent.

Table 4: Affordable Housing Commuted Sums³ – Predicted Income by Year

| Affordable Housing Commuted Sums (off-site) | | | | | | | Sep 2015 |
|---|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Estimated Year of Income | | | | | | |
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020 Onwards | Total |
| Signed S106, Not Received | £3,665,167 | £8,487,822 | £7,338,819 | £8,980,166 | £10,823,373 | £45,486,582 | £84,781,928 |
| S106 Not Signed, Under Negotiation | £0 | £0 | £0 | £0 | £0 | £5,341,140 | £5,341,140 |
| S106 Received | £1,155,182 | £0 | £0 | £0 | £0 | £0 | £1,155,182 |
| Totals | £4,820,349 | £8,487,822 | £7,338,819 | £8,980,166 | £10,823,373 | £50,827,722 | £91,278,250 |
| <i>Cumulative</i> | <i>£4,820,349</i> | <i>£13,308,170</i> | <i>£20,646,989</i> | <i>£29,627,155</i> | <i>£40,450,528</i> | <i>£91,278,250</i> | |
| Notes | | | | | | | |
| - Any agreements not signed by 6th April will fall under CIL. Affordable Housing will still be collected via S106 from 6th April however as CIL is mandatory, high risk Affordable Housing is where the viability will be negotiated. | | | | | | | |
| - High risk timing of payments will change depending on Housing Market fluctuations over the years. | | | | | | | |

9.4.5. Hillside Park was funded by share capital, and in the previous business plan it was suggested that future WBC funding for development would continue to be by way of issued share capital rather than debt finance. However, Loddon Homes presently has just a single £1 shared invested in it by WHL, and as set out above the use of commuted sums makes the most sense in funding LHL. The need to formally agree sufficient commuted sums to deliver Phoenix and Fosters is now required to clarify the funding mechanism for growing LHL, which WHL is reliant on, in the early years of its own business.

9.4.6. The basis on which the Council has proposed funding of £15.9m to its Housing Companies, also needs to be clarified. If this money is to be for social housing projects in Loddon Homes, then this will need to be commuted sums (or another mechanism) where Loddon Homes can grow without the initial burden of debt finance with interest

³ Note - timing of payments are based on prudent estimates and may change depending on housing market fluctuations over the years

charges. Sufficient working capital must also be made available to the Board of WHL to guarantee adequate cash flow.

9.4.7. In a similar vein, a further complication, is that within the capital programme there are a number of proposed small WHL sites due to be developed on council owned land as affordable housing within Loddon Homes. Table 5 needs to be updated with the latest build cost estimates, but shows the current position of WHL schemes within the capital programme - £1.85m in total; which again it is argued needs to be supported from commuted sums for the reasons set out above.

Table 5 - Allocated funding from Capital Programme for WHL Projects

| Development | Number of Units | Projected Cost | Allocated funding from Capital Programme |
|------------------|-----------------------------------|--------------------|--|
| Phoenix Avenue | 68 | £12,093,000 | |
| Fosters | 34 | £6,470,000 | |
| Barrett Crescent | 2 x 2 bed flats | £445,000 | |
| Grovelands | 6 x 2 bed flats | £1,200,000 | £293,000 |
| Norton Road | 3 x 2 bed houses, 6 x 2 bed flats | £570,000 | £328,000 |
| Elizabeth Road | 3 x 2 bed terrace | | £389,000 |
| Middlefields | 2 x 2 bed houses | | £264,000 |
| Emmbrook | 4 x 2 bed flats | | £367,000 |
| Orchard Estate | 2 x 4 bed houses | | £211,000 |
| TOTAL | 130 | £20,778,000 | £1,852,000 |

9.4.8. Based on the current funding commitments to WHL/ LHL, and potential future commitments supported by the Executive approved £15.9m of Housing Company funding, there must be clarity about future funding. Commuted sums (or other funds) need to be provided to Loddon Homes to be able to grow without the initial burden of interest bearing debt finance, to at least the value of £18.6m and arguably £34.5m to Loddon Homes to develop affordable housing.

10. WHL FINANCIAL FORECASTS

10.1. Base case position - current pipeline programme only

10.1.1. Table 6 below shows the financial forecast for the Wokingham Housing Group – the consolidated position of WHL and LHL – as a base case for WHLs Business Plan going forward. It shows that the Group will be profitable from year 3 onwards (2017/18), generating around £210k. This forecast is based only on the current proposed pipeline of 130 homes plus the existing schemes at Hillside and Vauxhall Drive. It shows that if the Wokingham Housing Group decided to develop no further stock beyond the current pipeline, with operational expenditure reductions, the ongoing profit would be in the region of £360-370k per annum.

Table 6 – Wokingham Housing Group Profit and Loss summary – current pipeline only

| WOKINGHAM HOUSING GROUP | | | | | | | |
|--------------------------------|--------|-------------------|--------------------|--------------------|--------------------|--------------------|--|
| | Units | 2015 / 2016 16 | 2016 / 2017 109 | 2017 / 2018 154 | 2018 / 2019 154 | 2019 / 2020 154 | |
| INCOME | | | | | | | |
| TOTAL INCOME | | 138,724.03 | 293,497.78 | 1,481,912.51 | 1,388,794.33 | 1,416,318.22 | |
| DIRECT PROPERTY COSTS | | | | | | | |
| Rent and Rates | | 25,478.00 | 33,003.56 | 72,317.68 | 77,008.96 | 79,591.00 | |
| Heat, Light & Power | | 16,800.00 | 17,840.00 | 29,152.00 | 32,709.60 | 34,345.08 | |
| Maintenance | | 16,800.00 | 22,910.00 | 48,760.00 | 54,180.00 | 56,889.00 | |
| Tenant Services | | 5,760.00 | 14,364.00 | 58,079.70 | 62,511.75 | 65,637.34 | |
| Property Sale | | 39,000.00 | 12,000.00 | 12,000.00 | 12,000.00 | 12,000.00 | |
| TOTAL DIRECT COSTS | | 103,838.00 | 100,117.56 | 220,309.38 | 238,410.31 | 248,462.42 | |
| GROSS PROFIT | | 34,886.03 | 193,380.22 | 1,261,603.13 | 1,150,384.03 | 1,167,855.81 | |
| | 25.15% | | 65.89% | 85.13% | 82.83% | 82.46% | |
| OVERHEADS EXPENDITURE | | | | | | | |
| Marketing Expenses | | 21,200.00 | 11,200.00 | 11,200.00 | 2,600.00 | 2,600.00 | |
| Gross Wages | | 307,125.10 | 308,899.88 | 321,497.87 | 134,430.90 | 139,860.28 | |
| Rent and Rates | | 9,600.00 | 10,080.00 | 10,584.00 | - | - | |
| Travelling and Entertainment | | 9,000.00 | 10,500.00 | 12,000.00 | 3,000.00 | 3,000.00 | |
| Printing and Stationery | | 600.00 | 1,200.00 | 1,200.00 | 600.00 | 600.00 | |
| Telephone and Computer Charges | | 6,300.00 | 5,320.00 | 5,320.00 | 1,330.00 | 1,330.00 | |
| Professional Fees | | 184,760.00 | 156,602.00 | 156,272.10 | 80,531.96 | 81,408.55 | |
| Bank Charges and Interest | | 36,588.95 | 61,294.41 | 57,414.38 | 73,481.66 | 90,631.49 | |
| Depreciation | | 25,540.39 | 92,960.69 | 426,742.30 | 445,177.23 | 445,177.23 | |
| General Expenses | | 23,680.00 | 26,260.00 | 26,659.92 | 16,459.92 | 16,459.92 | |
| Management Recharge | | 15,900.26 | 15,956.49 | 23,253.95 | 24,141.72 | 25,048.61 | |
| TOTAL EXPENDITURE | | 640,294.70 | 700,273.47 | 1,052,144.52 | 781,753.38 | 806,116.08 | |
| NET PROFIT / (LOSS) | | (605,408.67) | (506,893.25) | 209,458.61 | 368,630.65 | 361,739.73 | |

10.1.2. Note that within the profit and loss summaries, a significant amount for **depreciation** is included. This is because although from a financial reporting standpoint rental property is generally viewed as *Investment Property* based on being leased at market rates; under affordable social housing rental agreements, the treatment is different. Within affordable social housing the return offered is not deemed at a level that offers enough reward to constitute *investment income* and is therefore ranked as *housing stock* rather than *investment property*. The Housing Association sector regards the carrying value of such properties as intrinsically linked to the affordable rental level applicable, thereby further determining that such housing stock is *property, plant and equipment* rather than investment properties for accounting treatment purposes. Therefore the accounting treatment requires that items of property, plant and equipment are *depreciated over the useful life of that asset*, hence why Loddon Homes has to carry property assets on this basis. This is supported by the Housing SORP 2014: Statement of Recommended Practice for social housing providers⁴.

⁴ The Housing SORP 2014 is issued by the National Housing Federation. The provisions of SORP are applicable for accounting periods commencing on or after 1 January 2015. The 'Accounting Direction for private registered providers of social housing from April 2015', from the HCA includes reference to the SORP as part of the expectations around the preparation and presentation of Private Registered Provider's accounts.

10.2. Future Development Plan Forecasts - *Level one aspiration programme*

10.2.1. Beyond year three, WHL has looked at the likely shape of its future development programme. Taking the base case as our starting point, we are forecasting that WHL's likely returns based on a conservative level of development activity, similar to the current pipeline, would generate increasing profitability as rental incomes increase, but all other company running costs rise by inflationary factors only.

10.2.2. Table 7 below shows the forecasted returns for a conservative programme based on:

- No large sites (forecast based on current activity and pipeline of just small site (7 units) and projects);
- Average capital expenditure of around £1m per project;
- 3 small projects launched every 6 months in years three and four; and
- By year five, 3 small projects being launched every 4 months.

10.2.3. On this basis WHLs would generate nearly £500k of profit by the end of year five for the development of a programme of an additional 126 units.

Table 7 – Wokingham Housing Group Profit and Loss summary – level one aspiration

| WOKINGHAM HOUSING GROUP | | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 |
|--------------------------------|--|--------------|--------------|--------------|--------------|--------------|
| Units | | 16 | 109 | 196 | 238 | 280 |
| INCOME | | | | | | |
| TOTAL INCOME | | 138,724.03 | 293,497.78 | 1,648,390.01 | 1,949,657.40 | 2,364,378.09 |
| DIRECT PROPERTY COSTS | | | | | | |
| Rent and Rates | | 25,478.00 | 33,003.56 | 82,467.68 | 111,923.56 | 139,849.82 |
| Heat, Light & Power | | 16,800.00 | 17,840.00 | 34,489.50 | 51,129.31 | 66,238.27 |
| Maintenance | | 16,800.00 | 22,910.00 | 61,010.00 | 96,514.25 | 129,520.37 |
| Tenant Services | | 5,760.00 | 14,364.00 | 64,379.70 | 86,073.75 | 105,831.34 |
| Property Sale | | 39,000.00 | 12,000.00 | 12,000.00 | 12,000.00 | 12,000.00 |
| TOTAL DIRECT COSTS | | 103,838.00 | 100,117.56 | 254,346.88 | 357,640.87 | 453,439.80 |
| GROSS PROFIT | | 34,886.03 | 193,380.22 | 1,394,043.13 | 1,592,016.53 | 1,910,938.29 |
| | | 25.15% | 65.89% | 84.57% | 81.66% | 80.82% |
| OVERHEADS EXPENDITURE | | | | | | |
| Marketing Expenses | | 21,200.00 | 11,200.00 | 11,200.00 | 11,200.00 | 11,200.00 |
| Gross Wages | | 307,125.10 | 308,899.88 | 321,497.87 | 335,470.19 | 349,780.19 |
| Rent and Rates | | 9,600.00 | 10,080.00 | 10,584.00 | 11,113.20 | 11,668.86 |
| Travelling and Entertainment | | 9,000.00 | 10,500.00 | 12,000.00 | 12,000.00 | 12,000.00 |
| Printing and Stationery | | 600.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 |
| Telephone and Computer Charges | | 6,300.00 | 5,320.00 | 5,320.00 | 5,320.00 | 5,320.00 |
| Professional Fees | | 184,760.00 | 156,602.00 | 156,272.10 | 159,075.71 | 162,019.49 |
| Bank Charges and Interest | | 36,588.95 | 61,294.41 | 57,414.38 | 73,481.66 | 90,631.49 |
| Depreciation | | 25,540.39 | 92,960.69 | 474,658.96 | 608,093.89 | 723,093.89 |
| General Expenses | | 23,680.00 | 26,260.00 | 26,659.92 | 26,659.92 | 26,659.92 |
| Management Recharge | | 15,900.26 | 15,956.49 | 23,253.95 | 24,141.72 | 25,048.61 |
| TOTAL EXPENDITURE | | 640,294.70 | 700,273.47 | 1,100,061.19 | 1,267,756.28 | 1,418,622.45 |
| NET PROFIT / (LOSS) | | (605,408.67) | (506,893.25) | 293,981.94 | 324,260.25 | 492,315.83 |

10.2.4. The modelling of level one aspirational development shows the BP improves returns from a static circa £360k per annum position to a growing £492k position –an increase of nearly 27%.

10.2.5. Following discussions around draft business plans with Holdco, it has been agreed that WHL's future development pipeline will aim to deliver the proposed level one aspirational programme.

10.3. Future Potential Development Programme Forecasts - *Level two aspiration programme*

10.3.1. As part of the development of the Business Plan, WHL was also asked to model a more ambitious programme, building on the low level aspirational development programme by overlaying a medium to high level of development aspiration. This shows that profitability within Wokingham Housing Group increases further. Table 8 below shows the forecasted returns for a programme adding in both small level one aspiration sites and larger schemes similar to Phoenix and Fosters, based on:

- 2 medium sites (25 units) and starting 1 large site (50 units) in year three;
- 3 small projects launched every 6 months in years three and four;
- 1 large scheme (50 units) started every six months in years four and five; and
- 3 small projects launched every 4 months in year five.

Table 8 – Wokingham Housing Group Profit and Loss summary – level two aspiration

| WOKINGHAM HOUSING GROUP | | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 |
|--------------------------------|--------|--------------|--------------|--------------|--------------|--------------|
| Units | | 16 | 109 | 221 | 338 | 430 |
| INCOME | | | | | | |
| TOTAL INCOME | | 138,724.03 | 293,497.78 | 1,668,208.76 | 2,346,032.40 | 3,423,888.46 |
| DIRECT PROPERTY COSTS | | | | | | |
| Rent and Rates | | 25,478.00 | 33,003.56 | 83,676.02 | 136,090.22 | 205,752.32 |
| Heat, Light & Power | | 16,800.00 | 17,840.00 | 35,124.92 | 63,837.65 | 100,893.90 |
| Maintenance | | 16,800.00 | 22,910.00 | 62,468.33 | 125,680.92 | 209,057.87 |
| Tenant Services | | 5,760.00 | 14,364.00 | 65,129.70 | 101,073.75 | 146,736.34 |
| Property Sale | | 39,000.00 | 12,000.00 | 12,000.00 | 12,000.00 | 12,000.00 |
| TOTAL DIRECT COSTS | | 103,838.00 | 100,117.56 | 258,398.97 | 438,682.54 | 674,440.43 |
| GROSS PROFIT | | 34,886.03 | 193,380.22 | 1,409,809.79 | 1,907,349.86 | 2,749,448.04 |
| | 25.15% | | 65.89% | 84.51% | 81.30% | 80.30% |
| OVERHEADS EXPENDITURE | | | | | | |
| Marketing Expenses | | 21,200.00 | 11,200.00 | 11,200.00 | 11,200.00 | 11,200.00 |
| Gross Wages | | 307,125.10 | 308,899.88 | 321,497.87 | 395,408.39 | 460,633.95 |
| Rent and Rates | | 9,600.00 | 10,080.00 | 10,584.00 | 11,113.20 | 11,668.86 |
| Travelling and Entertainment | | 9,000.00 | 10,500.00 | 12,000.00 | 12,350.00 | 12,600.00 |
| Printing and Stationery | | 600.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 |
| Telephone and Computer Charges | | 6,300.00 | 5,320.00 | 5,320.00 | 5,775.00 | 6,100.00 |
| Professional Fees | | 184,760.00 | 156,602.00 | 156,272.10 | 159,075.71 | 162,019.49 |
| Bank Charges and Interest | | 36,588.95 | 61,294.41 | 57,414.38 | 73,481.66 | 90,631.49 |
| Depreciation | | 25,540.39 | 92,960.69 | 480,770.07 | 730,316.12 | 1,053,093.89 |
| General Expenses | | 23,680.00 | 26,260.00 | 26,659.92 | 26,659.92 | 26,659.92 |
| Management Recharge | | 15,900.26 | 15,956.49 | 23,253.95 | 24,141.72 | 25,048.61 |
| TOTAL EXPENDITURE | | 640,294.70 | 700,273.47 | 1,106,172.30 | 1,450,721.71 | 1,860,856.21 |
| NET PROFIT / (LOSS) | | (605,408.67) | (506,893.25) | 303,637.49 | 456,628.16 | 888,591.82 |

10.3.2. On this basis WHLs would generate nearly £100k of additional profit in year three (£304k), more than £130k additional profit in year 4 (£457k) and profit by the end of year five of £890k (nearly £400k more/ around a 45% increase). This would be for developing an additional programme beyond the level one aspirational programme of 150 more units by the end of year five.

10.3.3. While this is a more ambitious programme than the agreed level one proposed programme, it is not unrealistic. In the modelling we have taken account of the additional staffing needs to be able to deliver a larger development programme, with one additional development officer in year four and another development officer in year five, so any increase in overhead is covered.

10.3.4. Should a more ambitious programme be needed, we believe this would be achievable, and certainly something between the two is highly feasible, realising something between £600-750k annual profits by year five.

10.4. Future Development Plan Forecasts – *Other factors*

10.4.1. In undertaking WHL's Business Planning we have also considered the impact of Right to Buy (RTB) on Loddon Homes and modelled what impact this might have on profits. RTB, as currently understood, would only kick in after tenants had lived in a Loddon general needs home for at least three years (so late in year five of our Business Plan). We modelled the sale of just two units at the end of year five of the Business Plan, using current WBC RTB rates. The impact of this creates some additional income for WHL as shown in table 9 below, providing an additional profit of around £145k.

Table 9 – Wokingham Housing Group Profit and Loss summary – impact of HA Right to Buy

| WOKINGHAM HOUSING GROUP | | | | | | |
|----------------------------|-------|--------------|--------------|--------------|--------------|--------------|
| | Units | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 |
| | | 16 | 109 | 221 | 338 | 430 |
| INCOME | | | | | | |
| TOTAL INCOME | | 138,724.03 | 293,497.78 | 1,668,208.76 | 2,346,032.40 | 3,927,595.38 |
| TOTAL EXPENDITURE | | | | | | |
| TOTAL EXPENDITURE | | 640,294.70 | 700,273.47 | 1,106,172.30 | 1,450,721.71 | 1,860,856.21 |
| NET PROFIT / (LOSS) | | | | | | |
| NET PROFIT / (LOSS) | | (605,408.67) | (506,893.25) | 303,637.49 | 456,628.16 | 1,032,145.27 |

10.4.2. While there is continued uncertainty around the impact of the future RTB arrangements for Registered Providers, our view is that the impact will be broadly positive for the Wokingham Housing Group in terms of profit, although this will need to be re-invested to replace lost units.

10.4.3. Within WHL we are beginning to include Shared Ownership as one of the tenures of affordable housing that will make up the asset base within Loddon Homes. However, any modelling is dependent on the percentage earmarked for sale, the level of unsold equity that generates rental income and forecasting of future sales of unsold equity. This needs to be carefully modelled as affordable rent can sometimes be more

financially viable and we propose to do this as part of the 2016/17 WHL Business Plan update.

10.4.4. Private Rented Sector (PRS) assets are another model to be incorporated in to the WHL Business Plan. However, WHL is currently focussing on the delivery of the affordable housing programme for Loddon Homes, and so detailed modelling on the impact of PRS asset within WHL, will be undertaken as part of the 2016/17 WHL Business Plan update. Our PRS modelling will need to demonstrate that PRS projects are viable and provide an asset worth more than the total project costs and an on-going income stream for the Council at an acceptable gross yield for the investment made. The PRS model would potentially need a third legal entity to cover PRS to be set up, but is seen by WHL as an important future source of revenue generation for WHL to meet one of its two primary objectives.

10.5. Financial Assumptions for the Business Plan

10.5.1. The financial model supporting the WHL Business Plan is based upon a detailed assessment of both known previous financial transaction extrapolation for existing business and an assessment of the income and costs pertaining to the planned growth of both WHL and LHL in the next 5 years. Adjustment has been made for known external influences and moderate inflationary adjustment for relevant costs.

10.5.2. Income is based upon the contractual terms for existing business adjusted for known influences to year on year chargeable amounts. New income streams are based on the delivery of existing new business and housing according to the rental rates applicable to that period. The direct costs supporting this income are based upon estimates of the costs per property (inflation adjusted) in servicing those properties once commissioned.

10.5.3. All other overheads have been based on a monthly analysis of costs already encountered and commensurate with supporting the business as is being planned in that period. This cost profile is also inflation adjusted each year based on assumptions consistent with the financial plan submitted to the HCA to seek Registered Provider status for LHL. Assumptions on increasing support activity have also been made on a monthly assessment of the start date for such costs and estimate of any step increases necessary over the plan period.

10.5.4. To reflect a true and accurate view of this plan, in financial terms, transactions (whether income or cost based) have been eliminated in the presentation of the financial forecast. Transactions between both Holdco and between WBC and WHL/ LHL are included to reflect both funding costs and the cost of support functions outsourced from WBC to WHL/ LHL.

11. CAPITAL EXPENDITURE

- 11.1. Table 10 shows the capital spend profile over the next 5 years showing the base case, level one and level two aspirational development programmes. Level one is deemed to be well within the capacity of the current WHL team, with an additional housing development officer only required to achieve the level two aspirational development programme.

Table 10 – Capital expenditure and funding over the next 5 years

| WOKINGHAM HOUSING GROUP | | | | | |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 |
| Base Units | 16 | 16 | 16 | 16 | 16 |
| Wokingham Housing Group Capital Investment Summary | | | | | |
| Current base case pipeline only (Table 6 Equivalent) | | | | | |
| Units Added to base | - | 93 | 138 | 138 | 138 |
| CAPITAL EXPENDITURE | 5,417,439.63 | 16,328,904.53 | 448,727.84 | - | - |
| Approved proposed programme (Table 7 Equivalent) | | | | | |
| Units Added to base | - | 93 | 180 | 222 | 264 |
| CAPITAL EXPENDITURE | 5,417,439.63 | 17,968,904.53 | 6,448,727.84 | 6,000,000.00 | 7,590,000.00 |
| Potential level two aspiration (Table 8 Equivalent) | | | | | |
| Units Added to base | - | 93 | 205 | 322 | 414 |
| CAPITAL EXPENDITURE | 5,417,439.63 | 17,968,904.53 | 14,248,727.84 | 17,640,000.00 | 15,590,000.00 |
| Wokingham Housing Group Working Capital Investment Summary | | | | | |
| Other Funding (Base Case) | | | | | |
| Operational Drawdown | 600,000.00 | 600,000.00 | 250,000.00 | - | - |
| Repayment | - | - | - | (200,000.00) | (300,000.00) |
| Grant Contribution | (700,000.00) | - | (700,000.00) | - | - |
| TOTAL | (100,000.00) | 600,000.00 | (450,000.00) | (200,000.00) | (300,000.00) |
| | 34,886.03 | 193,380.22 | 1,261,603.13 | 1,150,384.03 | 1,167,855.81 |
| | 614,754.31 | 607,312.78 | 625,402.23 | 659,662.39 | 695,528.56 |
| | | (413,932.57) | 636,200.90 | 490,721.64 | 472,327.25 |

- 11.2. This forecasts shows that once the initial development programme is delivered, including the two major projects of Phoenix and Fosters; the agreed proposed pipeline of three new small projects every six months in 2018/19, building to three new small projects every four months from 2019/20, can be handled by WHL at an estimated annual capital cost of initially £6m and thereafter £7.6m. The more ambitious programme requires greater capital input from Commuted Sums and/ or borrowings at a total of £14.2m, £17.6m and £15.6m and would utilise more than the currently predicted Commuted Sums income profile.
- 11.3. Over the medium to long term a clear policy and approach has to be confirmed that the funding needs for future approved schemes for WHL and LHL will be made available from Commuted Sums or other non-interest bearing loans for affordable housing

development and on a commercial basis for non-affordable housing activity, as new opportunities are identified.

12. RETURNS

12.1. As stated in the previous business plan, WHL's shareholder, Holdco seek a commercial as well as social return for its investment for the Council in setting up the Company. The WHL Board have considered the balance between adequately financing the running of the company and offering a satisfactory return to the shareholder. The Board have adopted the following strategy;

- 15% gross profit target
- 10% profit before tax
- 50% dividend paid to shareholder
- 2% tax paid⁵
- 3% earnings

13. RISKS

13.1. WHL's Risk Register shows the risks that might affect WHL to develop its business. The risk register identifies a number of risks, with the key risk being Government's recent announcement on planning changes for affordable Section 106 housing, which might significantly reduce Commuted Sums in the future.

13.2. The next key risk is Loddon Homes being unable to register as a For-Profit Registered Provider and therefore WHL not having its initial main client around which to build its business.

13.3. For both the top two risks the ongoing monitoring of the political environment to assess the potential impact of policy changes, combined with active mitigation of the risks through building up alternative income streams such as PRS and private sale development through alternative funding sources, would reduce the impact of these risks. Under such circumstances we would also be looking at a revision of rent levels, as well as changing our development emphasis on alternative tenure models.

13.4. The risks and their impacts on WHL's business plan are set out in summary below. All have actions which monitor and minimise the chances of these risks occurring within the risk register.

- Government's announcement on planning changes for affordable Section 106 housing significantly reduces Commuted Sums
- LHL fails to be able to register and is wound up - WHL's core *initial* business dries up

⁵ Amendments to WBC's structure for managing its shareholding in all trading companies may mitigate tax liability - independent tax and legal advice has been taken on structure and taxation matters.

- Rent controls limit income growth in future years - Less profit created by LHL to invest in new homes/ fewer properties for WHL to build
- LHL management and maintenance costs higher than expected - Less profit created by WHL or LHL to invest in new homes and fewer properties for WHL to build
- WHL is not seen as positive partner by key stakeholders especially WBC - LHL cannot proceed without the support of WBC
- Development ambitions and process not sufficiently clear and robust leading to poor financial planning and cash flow estimates, and lax cost control - WHL fails to deliver projects reasonably to time and to budget and does not achieve objectives or profit expectations
- Skills and experience of the WHL Board fails to match the requirements of WHL strategic plan - Risk of failure to control and manage the business effectively
- Funding is not secured to fund LHLs development programme/ WBC will not fund for sale or PRS developments and operating cash flow of WHL - Project delays or project failures
- Interest rates higher than expected for borrowing - Difficulty in servicing debt and reduced profitability to invest
- WBC using all dividends/ profit to support non-housing development products and services - No profit to re-invest in WHL building its business or for LHL to build additional affordable housing through WHL
- Insufficient staff resources available/ weak staff skill set - Project delays or project failures
- Build cost greater than planned - Higher financing requirements and costs - fewer properties built

14. CONCLUSIONS

- 14.1. This Business Plan shows that WHL can achieve its two primary objectives of delivering affordable homes for the Wokingham Borough as well as a reasonable income on investment to support the Council's future affordable housing ambitions and wider service cross subsidy.
- 14.2. There are questions still to determine around commitment to the use of Commuted Sums for affordable housing development to provide an asset base against which Loddon Homes can borrow and deliver additional affordable housing and an ongoing self-supporting profit. Some clear policy statements around the use of Commuted Sums and the support for WHL to achieve its primary objectives would provide certainty for the business moving forward and confidence from partners in working with WHL.
- 14.3. In summary, the environment for WHL to operate within in the current housing market is very strong. In context, WHL is effectively a small local development company with significant advantages in having (a) council-owned land opportunities to develop, with financial support from the Council to undertake affordable housing development at zero interest costs, as well as (b) an opportunity for Council financial support to develop more

commercial opportunities on commercial terms and conditions delivering a good return on investment. This is an enviable position to be in, and the opportunities to support the Council's twin aims of delivering affordable housing and creating an income stream should be grasped by supporting and growing WHL, and its subsidiary LHL, with both hands.

| | |
|-----------------------------|--|
| TITLE | Revenue Monitoring 2015/16 – December 2015 |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None specific |
| DIRECTOR | Graham Ebers, Director Finance and Resources |
| LEAD MEMBER | Anthony Pollock, Executive Member for Economic Development and Finance |

OUTCOME / BENEFITS TO THE COMMUNITY

Effective management of the Council's finances to ensure Value for Money for council tax payers, tenants and schools.

RECOMMENDATION

The Executive is asked to note the forecast outturn position of the revenue budget and the level of forecast balances in respect of the General Fund, Housing Revenue Account, Schools Block and the Authority's investment portfolio.

SUMMARY OF REPORT

To consider the Revenue Monitoring, General fund, Housing Revenue Account, Schools Block and Treasury Management Reports. The Executive agreed to consider Revenue Monitoring Reports on a quarterly basis.

The General fund is forecasting a net overspend of £377,000, Housing Revenue Account a net in-year surplus of £437,000 and Schools Block a breakeven position.

The current and previous forecast variances reported to Executive 29th October 2015 are shown below:

Reported Variance to Budget

| | Current Reported Variance Deficit / (Surplus) £k | Previous Reported Variance Deficit / (Surplus) £k | Movement Deficit / (Surplus) £k |
|--------------------------------|---|--|--|
| General Fund | 377 | 644 | (267) |
| Housing Revenue Account | (437) | (253) | (184) |
| Schools Block | 0 | (171) | 171 |

Background

General Fund

The table below shows the expected forecast outturn for 2015/16 by Service. An explanation of the major budget variances are shown in Appendix A.

| Service | End of Year Position | |
|------------------------|-------------------------|------------------------|
| | Current Approved Budget | Net over/(under) spend |
| | £,000 | £,000 |
| Chief Executive | 6,170 | 46 |
| Children's Services | 33,009 | 598 |
| Health & Wellbeing | 43,599 | 163 |
| Environment | 35,102 | (143) |
| Finance & Resources | 10,478 | (287) |
| Net Expenditure | 128,358 | 377 |

The forecast represents a General Fund net overspend of £377,000.

General Fund balances as at 31 March 2016 are projected to be £10.116m. The Statement of General Fund balance is shown in Appendix B.

Other Funds

The Housing Revenue Account forecast is a net in-year surplus of £437,000.

The indicative Housing Revenue Account (HRA) balance as at the 31st March 2016 is £3,630,000. Shown in Appendix C.

The Schools Block forecast is a net breakeven position.

The indicative Dedicated Schools Grant (DSG) reserve balance as at 31st March 2016 is £808,000. Shown in Appendix D.

The authority's investment portfolio shows current investments of £67.5m being invested by the Council's External Fund Managers. Shown in Appendix E.

Analysis of Issues

Effective monitoring of budgets is an essential element of providing cost effective services and enables any corrective action to be undertaken, if required. Many of the budgets are activity driven and can be volatile in nature.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | General Fund £128m | Yes | Revenue |
| Next Financial Year (Year 2) | To be determined | Yes | Revenue |
| Following Financial Year (Year 3) | To be determined | Yes | Revenue |

Other financial information relevant to the Recommendation/Decision

The Council will continue to review cost reduction measures to contain expenditure with the overall budget.

Cross-Council Implications

None

List of Background Papers

None

| | |
|------------------------------------|--|
| Contact James Norris | Service Finance & Resources |
| Telephone No 0782 44 06 992 | Email james.norris@wokingham.gov.uk |
| Date 15 January 2016 | Version No. v3 |

This page is intentionally left blank

REVENUE MONITORING REPORT December 2015

GENERAL FUND SUMMARY

49

| Service | Current Position | | | End of Year Position | | Comment on major areas of estimated over/underspend |
|------------------------|------------------|---------------|-----------|-------------------------|------------------------|---|
| | Planned | Actual | Variance | Current Approved Budget | Net over/(under) spend | |
| | £,000 | £,000 | £,000 | £,000 | £,000 | |
| Chief Executive | 4,675 | 4,617 | (58) | 6,170 | 46 | Salary savings due to vacancies (£105k), Procurement unachievement of savings target £100k & Specialist Services charges £51k. |
| Children's Services | 23,923 | 25,033 | 1,109 | 33,009 | 598 | DoE Adoption Reform Grant notification of grant ending received February 2015. Up to that stage indication from Department was funding would continue; funding supports cross Service activities £198k. Grant reduction will form new growth bid for 16/17. Net increase in Placements £449k. Reduction in Continuing Health Care contributions towards joint funded placements £67k. |
| Health & Wellbeing | 31,978 | 31,939 | (39) | 43,599 | 163 | High pressures in Homelessness due to increasing volumes, offset by some significant Housing Benefit overpayments. The in year reduction to the Public Health grant of £319k being absorbed within the service, Increasing service and assessment costs relating to the requirement to meet wider eligibility criteria following the implementation of the Care Act, individual packages of care are now costing more due to a greater level of need being met. |
| Environment | 26,173 | 25,409 | (764) | 35,102 | (143) | Released Recycling Invest to Save (£100k), overachieved car park income (£75k), Employee savings (£59k), unachievable School Crossing Patroller Income generation Saving £85k. £400k Disposal of Tarbound materials- service working to contain. £558k Carry Forwards identified. |
| Finance & Resources | 3,671 | 3,441 | (230) | 10,478 | (287) | Interest on Balances (£77k), reduction in Audit Fees (£40k) & receipt of Icelandic Bank funds (£124k), rental income (£50k) Interest on balances. |
| Net Expenditure | 90,421 | 90,439 | 18 | 128,358 | 377 | |

STATEMENT OF GENERAL FUND BALANCE

£,000 £,000

G.F. Balance (as at 31/3/2015)

Supplementary Estimates

| | | |
|---------------------|-----|-----|
| Children's Services | 50 | |
| Health & Wellbeing | 300 | 350 |

Carry Forwards from 2014/15

| | | |
|---------------------|-----|-----|
| Chief Executive | 5 | |
| Children's Services | 0 | |
| Health & Wellbeing | 0 | |
| Environment | 292 | |
| Finance & Resources | 0 | 297 |

Projected Service Unit Variance

| | | |
|---------------------|-------|-----|
| Chief Executive | 46 | |
| Children's Services | 598 | |
| Health & Wellbeing | 163 | |
| Environment | (143) | |
| Finance & Resources | (287) | 377 |

Forecast General Fund Balance 31/3/2015

(10,116)

REVENUE MONITORING REPORT 2015/16
Report Date: December 2015

| Service | Current position | | | End of year position | | Comment on major areas of estimated over/underspend |
|--|------------------|----------|----------|-------------------------|----------------------|--|
| | Planned | Actuals | Variance | Current Approved Budget | Provisional Variance | |
| | £,000 | £,000 | £,000 | £,000 | £,000 | |
| Housing Revenue Account | | | | | | |
| Capital Finance | 5,404 | 5,391 | (13) | 7,205 | - | No material forecast variances. |
| Fees & Charges / Capital Finance Charges | (307) | (288) | 19 | (399) | 5 | Streamline charges for processing bank card transactions. |
| General Management | 1,130 | 1,182 | 52 | 1,481 | 54 | Contribution to Rents Team to increase capacity for rent collections for 2015-16 and redesigned plans for Service Delivery Reviews (£60k). |
| House Sales | - | (1) | (1) | - | - | No material forecast variances. |
| Housing Repairs | 2,220 | 1,784 | (436) | 2,960 | (431) | Reduction in the number of responsive maintenance jobs (£120k); reduction in spend on heating repairs & maintenance due to continued Capital investment (£225k) and staffing vacancies (£84k). |
| Other Special Expenses | 132 | 115 | (17) | 168 | (17) | Contribution to Rents Team to increase capacity for rent collections for 2015-16 |
| Rents | (11,407) | (11,222) | 184 | (15,209) | - | No material forecast variances. |
| Sheltered Accommodation | 490 | 332 | (158) | 626 | (49) | Receipts of Welfare payments and staff vacancies (£18k). |
| Subtotal Excluding Internal Recharges | (2,337) | (2,707) | (185) | (3,168) | (437) | |
| Internal and Capital Charges | 3,064 | 3,064 | 0 | 4,086 | 0 | |
| | 727 | 357 | (185) | 918 | (437) | |

HRA Reserves brought forward 1st April 2015
Service Improvement Carry Forward
HRA Reserves as at 31st March 2015
Net in-year planned deficit
Estimated HRA balance as at 31st March 2016

(4,110)
0
(4,110)
480
(3,630)

SCHOOLS BLOCK MONITORING REPORT December 2015

| | End of year position | | Comment on major areas of estimated over/underspend |
|--|-------------------------|------------------------|---|
| | Current Approved Budget | Net over/(under) spend | |
| | £,000 | £,000 | |
| Total Individual Schools Budgets & Early Years Allocations | 111,471 | (865) | Distribution of revised funding received + £57k underspend in Early Years |
| Total Central Expenditure | 13,993 | (623) | Savings made in OOB and reduction of Growth Fund + £10k increase in NNDR revaluations |
| TOTAL SCHOOLS BUDGET EXPENDITURE | 125,464 | (1,488) | |
| TOTAL SCHOOLS BLOCK FUNDING INCOME | 124,805 | (1,004) | Revised funding received distributed above |
| NET TOTAL SCHOOLS BUDGET in-year (surplus) / deficit | 659 | (484) | |
| Brought Forward (surplus) / deficit balance | (1,466) | 484 | |
| TOTAL YEAR-END (SURPLUS) / DEFICIT | (807) | (0) | |

52

| | |
|--|----------------------------|
| Schools Block Reserves brought forward 1st April 2015 | 982 |
| Service Improvement Carry Forward | 0 |
| Schools Block Reserves as at 31st March 2015 | 982 |
| Net in-year planned deficit | 175 |
| Estimated Schools Block balance as at 31st March 2016 | <u><u>(808)</u></u> |

| INVESTMENT PORTFOLIO | | | | | | | | | |
|--|--------------------------|---------------------|---------------------|-------|--------------------------|----------------------|----------------------|---------------------------|----------------|
| | Fitch Long Term Rating * | In House Limit £000 | Max Duration Months | Rate | In House Investment £000 | RLAM Investment £000 | SWIP Investment £000 | WBC Total Investment £000 | % of Portfolio |
| Others | | | | | | | | | |
| Local Authorities: | | | | | | | | | |
| Woking Borough Council | AAA | 5,000 | 12 | 0.48% | 5,000 | | | 0 | 0% |
| Blackpool BC | AAA | 5,000 | 12 | 0.43% | 3,000 | | | 5,000 | 7% |
| Barnsley Borough Council (15/09/14) | AAA | 5,000 | 12 | 0.45% | | | | 3,000 | 4% |
| London Borough of Enfield (18/09/14) | AAA | 5,000 | 12 | 0.45% | 5,000 | | | 0 | 0% |
| Eastleigh Borough Council (15/04/15) | AAA | 5,000 | 12 | 0.45% | 3,000 | | | 5,000 | 7% |
| Salford City Council (31/01/15) | AAA | 5,000 | 12 | 0.45% | 1,000 | | | 3,000 | 4% |
| Birmingham City Council (16/06/2014, 14/08/14) | AAA | 5,000 | 12 | 0.40% | 3,000 | | | 1,000 | 1% |
| Lancashire County Council (28/08/14, | AAA | 5,000 | 12 | 0.50% | 5,000 | | | 3,000 | 4% |
| Dudley Cpcouncil | AAA | 5,000 | 12 | 0.49% | 3,000 | | | 5,000 | 7% |
| Mormouthshire Council | AAA | 5,000 | 12 | 0.45% | 3,000 | | | 3,000 | 4% |
| Lincolnshire CC | AAA | 5,000 | 12 | 0.40% | 3,000 | | | 3,000 | 4% |
| Fife Council | AAA | 5,000 | 12 | 0.49% | 5,000 | | | 5,000 | 7% |
| West Lothian | AAA | 5,000 | 12 | 0.50% | 3,000 | | | 3,000 | 4% |
| Debt Management Office (DMO) | AAA | 20,000 | 12 | | | | 2 | 0 | 0% |
| Cash | AAA | | | | | | | 2 | 0% |
| Money Market Funds | | | | | | | | | |
| Invesco Global Cash management (formerly AIM MMF) | AAA | 5,000 | 36 | 0.54% | 0 | | | 0 | 0% |
| Deutsche Bank Sterling Fund (formerly Henderson MMF) | AAA | 5,000 | 36 | 0.62% | 0 | | | 0 | 0% |
| Goldman Sachs | AAA | 5,000 | 36 | 0.31% | 0 | | | 0 | 0% |
| Goldman Sachs - govt backed | AAA | 5,000 | 36 | 0.19% | 0 | | 9,577 | 9,577 | 14% |
| SWIP Global Liquidity Fund | AAA | | | | | | | 0 | 0% |
| SWIP Investment CA | AAA | | | | | | | 0 | 0% |
| RLAM Investment CA | AAA | | | | | | | 0 | 0% |
| BANKING GROUPS | | | | | | | | | |
| Nordea Group | | | | | | | | | |
| Nordea Bank Finland (27/06/15) | AA- | 3,000 | 12 | 0.54% | 0 | 2,251 | | 2,251 | 3% |
| Credit Agricole Group | | | | | | | | | |
| Credit Agricole CIB (22/07/14) | AA- | 3,000 | 12 | 0.53% | 0 | | | 0 | 0% |
| Bank of New York Co. Inc Group | | | | | | | | | |
| Bank of New York | AA- | 3,000 | 12 | | 0 | | | 0 | 0% |
| Baranco Santander Hispano Group | | | | | | | | | |
| Baranco Santander UK plc(On Call) | A+ | 3,000 | 6 | 0.35% | 0 | 0 | | 0 | 0% |
| HSBC Group | | | | | | | | | |
| HSBC Bank | AA | 3,000 | 6 | | | | | 0 | 0% |
| Lloyds Banking Group | | | | | | | | | |
| Bank of Scotland Plc | AA- | 3,000 | 6 | | | | | 0 | 0% |
| Lloyds Bank (On call) | AA- | 3,000 | 6 | 0.42% | | 1,628 | | 1,628 | 2% |
| Group Limit | | 5,000 | | | | | | | |
| Royal Bank of Scotland Group | | | | | | | | | |
| Royal Bank of Scotland Group (On Call) | A | 3,000 | 6 | 1.28% | | | | 0 | 0% |
| Royal Bank of Scotland plc(25/10/12) | A | 3,000 | 6 | 1.32% | 0 | | | 0 | 0% |
| Natwest | AA- | 3,000 | 6 | | | | | 0 | 0% |
| Group Limit | | 3,000 | | | | | | | |
| INDIVIDUAL BANKS | | | | | | | | | |
| Deutsche Bank | AA- | 3,000 | 12 | | 0 | 0 | | 0 | 0% |
| Societe General | AA- | 3,000 | 12 | | | 0 | | 0 | 0% |
| Toronto Dominion Bank | AA | 3,000 | 12 | 0.65% | | 999 | | 999 | 1% |
| Close Brothers | A | 3,000 | 6 | 0.90% | 0 | | | 0 | 0% |
| Barclays Bank | AA- | 3,000 | 12 | 0.45% | 0 | | | 0 | 0% |
| ING Bank | A+ | 3,000 | 12 | 0.52% | 0 | 0 | | 0 | 0% |
| Svenska Handelsbanken | AA | 3,000 | 12 | 0.47% | | 0 | | 0 | 0% |
| BNP Paribas | AA | 3,000 | 12 | 0.51% | | 0 | | 0 | 0% |
| Rabobank | AA | 3,000 | 12 | 0.75% | 0 | 1,504 | | 1,504 | 2% |
| National Australia Bank | AA | 3,000 | 12 | 0.78% | | 2,500 | | 2,500 | 4% |
| Commonwealth Bank of Australia | AA | 3,000 | 12 | 0.80% | | 1,002 | | 1,002 | 1% |
| Building Societies | | | | | | | | | |
| Nationwide Building Society (13/08/14) | A+ | 2,000 | 6 | 0.48% | 0 | 2,002 | | 2,002 | 3% |
| Coventry Building Society (19/08/14) | A- | 2,000 | 6 | 0.45% | | | | 2,000 | 3% |
| Leeds Building Society (15/10/13) | | 2,000 | 6 | 0.40% | | | | 2,000 | 3% |
| TOTAL EXTERNAL INVESTMENTS | | | | | 46,000 | 11,886 | 9,579 | 67,465 | 1 |
| | | | | | 46,000 | 11,886 | 9,579 | 67,465 | |

This page is intentionally left blank

| | |
|-----------------------------|--|
| TITLE | Capital Monitoring 2015/16 – End of December 2015 |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None specific |
| DIRECTOR | Graham Ebers, Director Finance and Resources |
| LEAD MEMBER | Anthony Pollock, Executive Member for Economic Development and Finance |

OUTCOME / BENEFITS TO THE COMMUNITY

Effective use of our capital resources to meet service investment priorities, offering excellent value for resident's council tax.

RECOMMENDATION

The Executive is asked to:

- 1) note the Capital Monitoring report for 3rd quarter of 2015/16 as set out in Appendix A to the report;
- 2) approve the allocation of s106 to projects as listed in Appendix B to the report.

SUMMARY OF REPORT

To consider the 2015/16 Capital Monitoring Report to the end of December 2015. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 3rd quarter forecast, and shows an underspend of (£2,006k).

Background

The capital monitoring report to the end of December (Appendix A) shows an underspend of (£2,006k). The forecast variance has been arrived at by analysing the actual commitments to date and assessing how expenditure may continue to the end of the year based on the latest information available.

The current approved Capital Budget is £107,381k. However, it has been estimated £47,954k will be spent this financial year. The remaining budget will be carried forward into 2016/17. The Carry forward is estimated at £57,421k.

Analysis of Issues

Effective monitoring of budgets is an essential element of providing cost effective services and enables any corrective action to be undertaken, if required. There is a (£2,006k) forecast underspend variance on the Capital Programme for the current financial year, compared with a (£14k) underspend in the previous quarters report. However it is likely these schemes will be re-presented in future years.

Uncommitted Capital balances are currently estimated to be £2,036k as at 31st December 2015 (prior to any announcement about funding cuts and on the assumption that the level of capital receipts will be achieved). The estimated capital receipts for 2015-16 as at the 31st December 2015 are expected to be £250k.

Release of S106 (Appendix B)

The executive are asked to approve the use of S106 contributions secured, towards the funding of the following schemes :

- The Executive had previously approved forward funding of Wheatfield Primary School New Build (for New School Places - Primary Strategy) up to the value of the 2015-16 budget - £300k.
- The Executive is asked to approve a new budget for the Wokingham Medical Centre, for a capital contribution towards the building of the new surgery on the basis it serves both existing and new residence from the Wokingham SDLs, up to the value of £150k. (please see Appendix B for detailed explanation)

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|---------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £49 million | Yes | Capital |
| Next Financial Year (Year 2) | £58 million | Yes | Capital |

| | | | |
|-----------------------------------|------------------|-----|---------|
| Following Financial Year (Year 3) | To be determined | Yes | Capital |
|-----------------------------------|------------------|-----|---------|

| |
|--|
| Other financial information relevant to the Recommendation/Decision |
| None |

| |
|--|
| Cross-Council Implications |
| Budgets are clearly monitored and do not impact on other Council services and priorities |

| |
|----------------------------------|
| List of Background Papers |
| None |

| | |
|-----------------------------------|---|
| Contact James Sandford | Service Resources |
| Telephone No 0118 974 6577 | Email James.Sandford@wokingham.gov.uk |
| Date 14 January 2016 | Version No.1 |

This page is intentionally left blank

Capital Expenditure Monitoring as at 31st December 2015

Appendix A

| Service Unit | Full Year Budget 2015/16 £000 | Profile Year 1 £000 | Profile Year 2 £000 | Forecast Outturn 2015/16 £000 | Proposed Carry Forward 2016/17 £000 | Estimated (Under)/ Overspend £000 | Total Works Complete £000 | Comments |
|---------------------|-------------------------------|---------------------|---------------------|-------------------------------|-------------------------------------|-----------------------------------|---------------------------|---|
| Chief Executive | 18,399 | 3,556 | 14,843 | 3,444 | 112 | 0 | 2,840 | Explanations of Carry Forward - Previous month's total was £(260)k. Current month material adjustments are - £372k Balfour Beatty appointed to carry out enabling works with revised delivery programme on the construction of the multi storey car park. |
| Children's Services | 30,520 | 25,500 | 5,020 | 17,115 | 8,371 | (13) | 8,295 | Explanations of Carry Forward - Previous month's total was £7,857k. Current month material adjustments are - £494k Shinfield Infant & Nursery (Phase 3 Expansion) due to start on site being later than planned and project profiling re-programmed. |
| Environment | 19,871 | 14,121 | 5,749 | 12,570 | 1,551 | 0 | 7,207 | Explanations of variances - Budget issues to be covered within Service: £67k Coppid Beach Roundabout due to unforeseen issues arising on site during construction, £237k Station Link Road (SLR) due to initial budget setting being premature and unforeseen utility issues. Funded by £(304)k Structural Maintenance budget savings. Final position of SLR being investigated and confirmed. Explanations of Carry Forward - Previous month's total was £915k. Current month material adjustments - £570k Strategic development bypass & distribution roads (x3), schemes moving from feasibility into design stages, programme of works to be confirmed. |
| Finance & Resources | 5,272 | 3,723 | 1,549 | 3,410 | 326 | 12 | 1,378 | Explanations of Carry Forward - Previous month's total was £249k. No current month material adjustments. |
| Health & Wellbeing | 33,319 | 18,844 | 14,475 | 11,415 | 5,424 | (2,005) | 4,456 | Explanations of variances - £(1)M Replacement Adult Day Centre, £(1)m Extra Care / Enhanced Sheltered Housing, after review schemes stopped in year and savings offered, both projects have been taken back to the design stage and profiling of a new budget is being requested via the capital bid process. Explanations of Carry Forward - Previous month's total was £7,619k. Current month material adjustments are - £(794)k Replacement Adult Day Centre, £(1)m Extra Care / Enhanced Sheltered Housing, after review schemes stopped in year and savings offered, both projects have been taken back to the design stage and profiling of a new budget is being requested via the capital bid process, £(259)k council dwellings enhancements - works re-programmed. |
| TOTAL | 107,381 | 65,744 | 41,637 | 47,954 | 15,784 | (2,006) | 24,175 | |

Please note when a negative number is shown in the Proposed Carry Forward this shows that the schemes expenditure has accelerated from the original profile of spend

This page is intentionally left blank

Release of S106 Developer Contributions

Wheatfield Primary

The Executive are asked to approve the release of S106 developer contributions towards the current project building the new school, Wheatfield Primary (part of the new school places required in the Primary Strategy and opened in September 2014 – budget relates to ground works, fixtures fitting and equipment), which is currently £300k.

The budget for the project has been approved earlier in the year as part of the carry forward approval; this additional Executive approval will not change the budget for the project only how it is funded.

Wokingham Medical Centre

The Executive are asked to approve the release of S106 developer contributions towards a new budget.

The Former Rectory Road and Tudor House Medical Practices based in Wokingham town centre have merged and have planned, built and now occupied a brand new state of the art primary healthcare facility in Rose Street, Wokingham. The expected growth of the population of Wokingham town wards, which form the catchment area of the practice due to the new housing of the North and South Wokingham SDL's, was one of the drivers for the expansion of the facilities contained within the new building.

The WBC Adopted Core Strategy 2006 records the PCT's views about GP provision in the SDLs as follows: -

“Berkshire West Primary Care Trust

2.57 Local healthcare services within the Borough are the responsibility of Berkshire West Primary Care Trust (PCT). A key element in the delivery of primary healthcare is the network of general practitioner surgeries and community health facilities, together with dentists, nursing services and opticians. The PCT is also responsible for Wokingham Community Hospital.

2.58 Both nationally and locally the healthcare strategy is to devolve an increasing number of services and treatments from hospitals to local facilities. This, in turn, means that primary healthcare is becoming more than simply GPs' surgeries, and there is an increasing need for larger premises.

2.59 An indication of the future requirements for healthcare is illustrated in the Strategic Service Development Plan produced by the PCT in April 2006³². Currently only five of the 15 GP practices within the Borough have any spare patient capacity. In addition, a number of the GP premises in the Borough are already smaller than the recommended size and cannot meet the needs of a growing population as they are in need of refurbishment or replacement. Thus there will be a requirement for

increased premise size so that more GP's and associated staff can be employed. The housing growth planned will require about 15 additional GP's.

2.60 The most likely response of the PCT to this population growth will be to relocate existing local practices on to new facilities and expand on current sites where that is feasible. They also anticipate that a new GP practice may be required in Arborfield to meet the demand for general medical services.

2.61 The PCT intend to redevelop the Wokingham Hospital site during the plan period with the primary use of the site being for healthcare facilities and services."

Subsequently the Council adopted Infrastructure Delivery SPD and in the context of South Wokingham (p81) the advice says: -

| Scheme | Provider | Phasing | Funding/Cost |
|--|-------------------|---|---|
| GP Surgery Policy Link CP1 CP4 CP21 Appendix 7 Para A7.49e A7.53dv | Developer /PCT | Possible provision of GP surgery as part of new multi use centre or contribution to upgrading existing GP surgeries Provision to be in line with advice from the PCT | Berkshire West PCT indicates that a contribution of £225 per person based on average 2.4 dwelling size should be sought. This will be subject to negotiation and will need to be justified. |

In response to the planning application (See committee report attached) for Montague Park (O/2010/1712) the following was recorded as the PCT's comment: -

| | |
|-----------------------------------|--|
| West Berkshire Primary Care Trust | No objection subject to a contribution towards primary care facilities, in line with the Infrastructure SPD (officer note: this would be secured by the S106 agreement). |
|-----------------------------------|--|

Based on these discussions, Wokingham Borough Council made an offer of £150,000 capital contributions (from S106 receipts) towards the building of the new surgery on the basis that it serves both existing and new residence in and around Wokingham Town Centre. S106 contributions for primary care infrastructure are entirely normal with regard to the scale of SDL development. Now that the requisite number of new home occupations has been reached, the Practice should be paid and the Council Executive is being asked to approve the payment once S106 receipts are received.

| | |
|-----------------------------|--|
| TITLE | Chief Finance Officer's (CFO) Report |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None specific |
| STRATEGIC DIRECTOR | Graham Ebers, Director of Finance and Resources |
| LEAD MEMBER | Anthony Pollock, Executive Member for Economic Development and Finance |

OUTCOME/BENEFITS TO THE COMMUNITY

To ensure sound finances and value for money through setting a safe budget for the community in accordance with the Council's priorities.

RECOMMENDATION

That the Executive note the Chief Finance Officer (CFO) report and the issues contained within, including the local government finance settlement and the sections on key risks, when setting the council tax for 2016/17 and agreeing the Council's Medium Term Financial Plan (MTFP).

SUMMARY OF REPORT

The Local Government Act 2003 requires the Chief Financial Officer (Director of Finance and Resources) to report to Members as part of the budget setting process.

A major influence on the budget is the local government finance settlement 2016/17, the main features of which are summarised below:

- a) The settlement is a four year settlement from 2016/17 to 2019/20 and is the worst which the Council has received in its entire history, and the impact on Wokingham, which is already the poorest funded unitary authority per head of population, is extremely severe.
- b) The new Funding Settlement imposes a triple taxation effect on Wokingham's council tax payers; firstly they have been required to pay the largest contribution to local services as a result of previous poor settlements, then their significant contribution is used as a basis on which to calculate their penalty (grant reduction) and lastly, the highest possible local taxation levy is assumed each of the 4 years (2% Council Tax plus 2% Adult Social Care precept) in order to maximise the penalty calculation. Although this punitive approach has been applied to all Local Authorities, it has a significantly disproportional effect on Wokingham's Council taxpayers who have, through previous poor Settlements, been required to make the highest percentage contribution to their local services.
- c) New Homes Bonus (NHB) grant will increase in 2016/17, however, at least 1/3rd of this is expected to be diverted to alternative funding streams by 2018/18 (a consultation is currently underway). Furthermore, NHB has been included in the Government's 'Core Spending Power' calculation. Both these factors appear to undermine the initial intention of the scheme; to incentivize housing supply.

- d) The Council's main grant, Revenue Support Grant is forecast to reduce from £12.5m in 2015-16 to £6.1m in 2016/17, £0.2m in 2017/18, and to a negative grant of £7m in 2018/19, due to a special increase to the business rates tariff payments which the Council must make. This is the largest reduction of any of the 55 unitary local authorities.
- e) The Settlement Funding Assessment (SFA) will reduce from £25.2m in 2015/16 to £19.1m in 2016/17, a reduction of £7.1m, a 28% reduction, and a 50% reduction expressed as a percentage of Revenue Support Grant.
- f) Wokingham will again have the lowest SFA per head of all unitary authorities in the country, at less than half the national average.
- g) Cumulative savings and efficiencies of over £33m will have been achieved over the five years from 2012/13 to 2016/17.
- h) Wokingham's council tax payers will pay for a higher percentage of council expenditure than council tax payers in any other unitary authority, at approximately 78% of estimated net expenditure in 2016/17, an increase from 72% in 2015/16 due to the assumed council tax increase of 4% and the grant cuts. This trend will continue each year to 2019/20.

The report identifies some of the most significant financial risks faced by the Council in addition to the Funding Settlement. These include the potential increases in clients as a result of the Care Act, and forward funding of the Council's investment ambitions (particularly the Strategic Development Locations, SDLs, and Town Centre Regeneration), the business rate retention scheme, plus the changes included in the Autumn Statement November 2015.

Background

The Local Government Act 2003 requires the Chief Finance Officer (CFO) to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The report (attached at Appendix A) outlines the major financial issues facing the Council.

Analysis of Issues

The Chief Financial Officers report contains issues, risks and strategic considerations in respect of Revenue and Capital.

Key issues are highlighted in

- a) Revenue Resources outlook
- b) Capital Resources and Borrowing outlook
- c) Key Risks – Services and Financial

Corporate Implications

The report is in respect of both the revenue and capital budgets required to deliver the priorities of the Council over the next three years.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | See MTFP | Yes | Revenue and capital |
| Next Financial Year (Year 2) | See MTFP | Yes | Revenue and capital |
| Following Financial Year (Year 3) | See MTFP | Yes | Revenue and capital |

Other financial information relevant to the Recommendation/Decision

Included in MTFP

Cross-Council Implications

The budget affects all services

List of Background Papers

Medium Term Financial Plan 2016/19.

| | |
|-----------------------------------|--|
| Contact Graham Ebers | Service Resources Directorate |
| Telephone No 0118 974 6557 | Email Graham.ebers@wokingham.gov.uk |
| Date 8 January 2016 | Version No. 3 |

This page is intentionally left blank

CHIEF FINANCE OFFICER'S STATUTORY REPORT

1 Introduction

The Local Government Act 2003 requires the Chief Finance Officer (CFO) to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The report below provides a strategic overview of the Council's financial position as a context before making specific considerations on the 2016/17 budget.

2 Strategic Overview

Government's Autumn Statement November 2015

The Government was able to confirm that public finances had improved faster than expected, and that over the next four years the deficit would be eliminated and replaced with a surplus. These changes would mean that departmental spending would fall at less than half the rate of the previous five years, and that planned changes to tax credits would no longer be made.

There are a significant number of new initiatives and other measures included in the proposed overall Government spending estimated at £4 trillion over the next five years. The precise impact on Wokingham of all these measures is being assessed. The various education changes and proposals are identified in the following paragraph, while many other proposals will affect local government and other public services, in particular NHS England will receive an extra £10bn a year in real terms by 2020, compared to 2014/15. Public Health grant will remain ring fenced until 2017/18, but be cut by 3.9% each year to 2020/21, leading to reduced expenditure; it is also proposed that councils will fund public health from retained business rates as part of the move towards 100% business rate retention. Other key projects include a new Help to Buy equity loan scheme for London to give buyers 40% of the home value from early 2016, as opposed to 20% under the current scheme, plus other schemes including Shared Ownership to help people onto the housing ladder, and these schemes will be funded by extra taxes on buy to let properties and second homes. The police budget will also be inflation proofed, reversing a planned reduction set out in last year's Autumn Statement, and funding provided for the National Crime Agency, and more firearms officers, while the defence budget will be increased to meet the 2% NATO target by 2020-21. The cost of green energy will be reduced by £30 a year for on average 24 million households from 2017, while 300,000 homes will be better protected from flooding at a cost of £2.3bn. Regional investment will include £400m for the Northern Powerhouse investment fund to help small businesses to grow, while Scotland, Wales and Northern Ireland will all receive more money for infrastructure projects.

The Government also announced a number of funding changes, those affecting local government include the proposal to allow councils to keep 100% of business rates by 2020 in place of formula grant, but the current "tariff/top up" system will stay to protect those councils with insufficient business rates to replace their formula grant. Councils will be able to cut business rates in part or all of their area, in order to make their area more attractive to businesses. An Apprenticeship Levy will come into place in April 2017, at 0.5% of employers' pay bills, while councils would be able to raise up to 2% on council tax towards social care costs as highlighted above, and police forces will also be raise council tax by 2%. A change previously flagged is the 1% cumulative annual reduction in council tax rent for four years from April 2016, the effects of which are addressed in more detail in the section on the HRA. Changes are proposed on the New Homes Bonus, subject to consultation, which will reduce

the length of payments from six years to four, generating savings of £800m to be used for social care. Councils will be incentivised to dispose of capital assets to provide land for house building and regeneration by allowing 100% of the receipts to be used (excluding right to buy), subject to spending the extra funds on qualifying “reform projects”

This announcement provides a high level context for the Local Government Funding Settlement and illustrates that the financial climate is expected to be extremely challenging for a number of years.

Local Government Funding Settlement

Due to years of Local Government funding driven by a formula biased toward deprivation factors (as opposed to recognising the basic cost of providing services) and grant increases calculated on the amount received in previous years, Wokingham Borough Council went into the 2016/17 Settlement as the lowest funded Unitary Authority (per head of population) in the country. This also meant that, because of such poor funding settlements in the past, more of Wokingham’s local services are funded by its’ Council Taxpayers than any other Unitary Authority. It is important to emphasise that while some Unitary Authorities benefit from almost 70% of their service costs funded by Government, the corresponding figure is just over 20% in the case of Wokingham, and is set out in the graph on SFA.

Wokingham has been hit the hardest because Wokingham’s Council Taxpayers already pay for most of its’ Local Authority services (as previously illustrated). The new Funding Settlement proposal seeks to impose a triple taxation effect on them; firstly they have been required to pay the largest contribution to local services as a result of previous poor settlements, then their significant contribution is used as a basis on which to calculate their penalty (grant reduction) and lastly, the highest possible local taxation levy is assumed each of the 4 years (2% Council Tax plus 2% Adult Social Care precept) in order to maximise the penalty calculation. Although this punitive approach has been applied to all Local Authorities, it has a significantly disproportional effect on Wokingham’s Council taxpayers who have, through previous poor Settlements, been required to make the highest percentage contribution to their local services.

Wokingham’s situation is further compounded by the way New Homes Bonus has been introduced into the grant cut calculation. We have endeavored to embrace the intention of the NHB since its introduction and play our part in both regeneration and taking a responsible approach in meeting housing demand. This means that our NHB has been used primarily in the past on regeneration related activities, and to deliver effectively on our future plans we need to use NHB on regeneration activities going forward. Now that our housing supply projects are underway and delivering on their intention, our NHB is also increasing. Previously such an increase provided the Council with more resources to plough back into services and regeneration, as was the stated intention of the scheme on its inception. Under the new Settlement, NHB funding is assumed to fall by at least 1/3rd by 18/19 and a consultation is underway to consider its’ future. Furthermore the NHB has been introduced into the Council’s ‘Core Spending Power’ calculation, which indicates it should be used on core Council services and therefore not available specifically for Regeneration activity.

Over the next 4 years, the indicative grant cuts assume the Council increases Council Tax by 2% and Adult Social Care (ASC) precept by 2% each year. If the Council does not apply both these levies, it compounds what already looks like an unmanageable savings target created by such severe reductions on an already meagre grant allocation. As a result, our residents will inevitably be charged more and more each year, whilst experiencing the service cuts needed to ‘balance the books’.

The impact in 2016/17 is that the Council is approximately £3m worse off (when taking into account the 'rolled in' Care Act funding) from an already pessimistic estimate. Almost £2m of this will have to be funded from balances in 2016/17, with the problem effectively 'passported' into 2017/18 (to provide some time for a considered response). The ASC precept, although initially seen as a helpful introduction, becomes problematic for Wokingham. The Precept is assumed to be taken at 2% every year in the Settlement calculation and as such, contributes to the size of the Grant cut (as previously explained). Having contributed to the size of the Grant cut it must then 'step away' from helping meet the Council savings challenge, or it may be in danger of not being able to demonstrate net growth of £1.6m (needed to justify the Precept).

There is more of the same in 2017/18 with a Grant cut of £5.8m which is a reduction of almost 100% (again the worst hit Unitary Authority in the country) and takes almost all of the remaining RSG. By 2019/20 we are in negative grant by over £7m. Although the Council's financial plans entertained the notion of losing all of the RSG over the period of time, negative grant was unimaginable and raises the question of the future financial viability of the Council. It is hard to understand how the new Local Authority Business Rates retention scheme will work when introduced in 2020; at a time when we are not permitted to retain any, or little, of our own.

More immediately, the Council's approach to the use of NHB will need to be reviewed. The size of re-investment in regeneration no longer looks sustainable and we are effectively being forced to use NHB to fund core service budgets. This will of course have a detrimental impact on the Council's regeneration ambitions and with it, its pursuit of financial self-sufficiency.

Recommended Representations

In the interests of its council tax payers, the Council should fundamentally disagree with the new approach to using their income in calculating grant cuts. It is simply unfair on the residents of Wokingham to be hit by this 'triple taxation' impact. The logical conclusion to this new approach is that all costs of our local services are paid for by our Council Taxpayers, a contribution which is used to create a penalty (theoretical grant cut), meaning their money simply transfers to other Local Authorities. This is effectively what is happening under the new settlement and we would seriously question the morality of this.

If the fundamental flaw cannot be addressed in time for the 2016/17 final settlement the Council would suggest that the following 'tinkering' could be made to the proposed new methodology;

- (i) Retain the original New Homes Bonus scheme and remove it from the general income calculation (Core Spending Power).
- (ii) Do not inflate future Council Tax levels by 4%. This gives a very unfortunate message to Local Authorities and the public, in that it is seen as an expectation. Also, by doing this you maximise the penalty on our Council Taxpayers

Dispense with the notion of negative RSG which has the effect of distributing Council Taxpayers money out of the Borough and creates an unviable financial platform for 2020 when Business Rates are 'returned' to Local Authorities. Wokingham would start off this new regime without any Revenue Support Grant and less than £7m of its £60m+ business rates.

Adult Social Care (ASC) Reforms

The Government's aim set out in the Autumn Statement 2015 is that by 2020 health and social care will be integrated across England, with joined up services between social care providers and hospitals, and that it should feel like a single service for patients.

The Care Act 2014 set out a new framework for local authority duties in relation to the funding of social care, along with a number of changes to the regulation of social care providers. The grant anticipated, to address the consequences of this act, has been 'rolled into' the RSG and therefore the cut in RSG would have been even more if it were not 'topped up' by this grant. The potential service implications, and the number of additional clients, are still being quantified as the system has only been operational since April 2015, however the extra costs are likely to be in the millions of pounds annually and will need to be met within an overall council budget suffering severe reductions in its funding. Councils will be able to add up to 2% on council tax, by way of a precept, to pay towards social care from April 2016 onwards. This precept puts the Council at a perverse financial disadvantage. It is assumed to be levied at the maximum amount by the Government as a way of justifying the highest possible grant cut. The resulting grant and subsequent budget shortfall can only be addressed by cuts to non ASC services (or it will lose its ability to levy the precept). This significantly compounds the pressure on the Council's environmental and children's services.

Regeneration and Strategic Developments

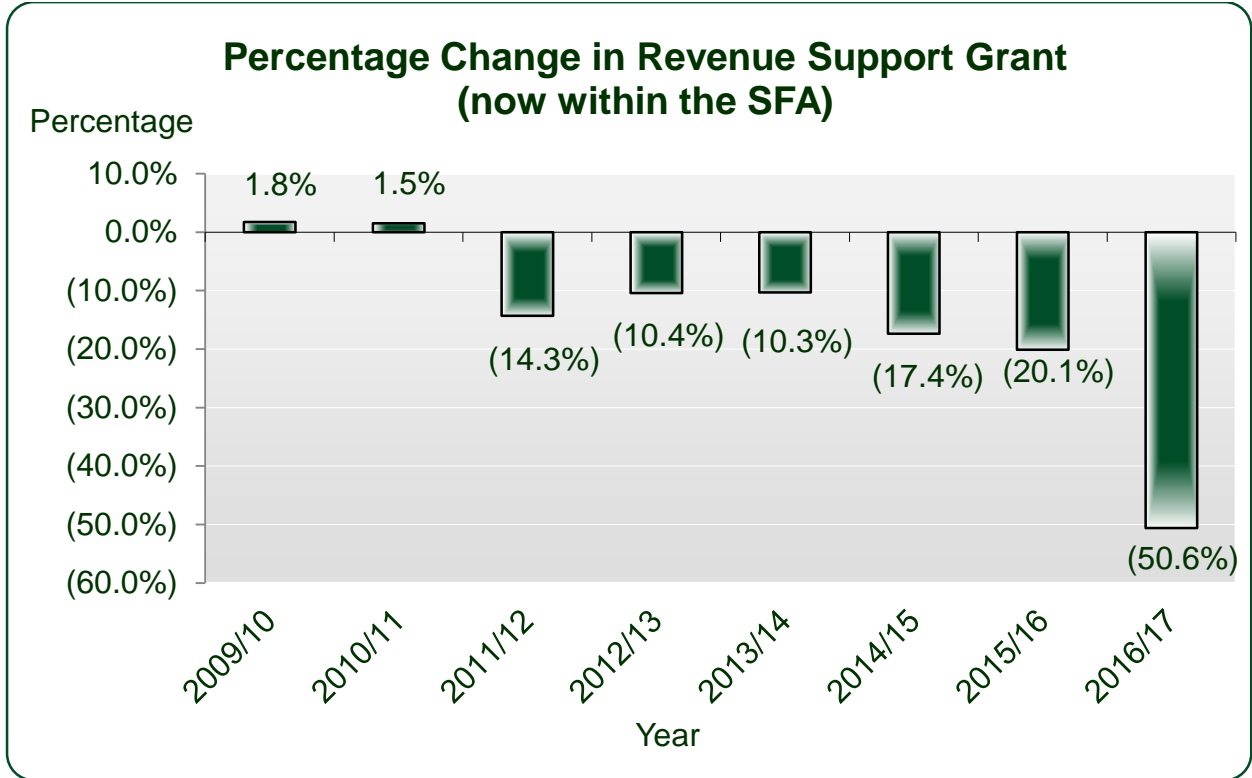
The Council is continuing the development of Wokingham Town Centre to ensure that it remains an attractive location for businesses, and for people to visit for shopping and recreation. In addition, the four Strategic Development Locations (SDLs) which the Council has identified are starting the process of generating new housing and employment opportunities. The budget submission, contained in the Medium Term Financial Plan (MTFP), will again identify considerable investment in these areas.

3 Analysis of Reductions in Government Funding

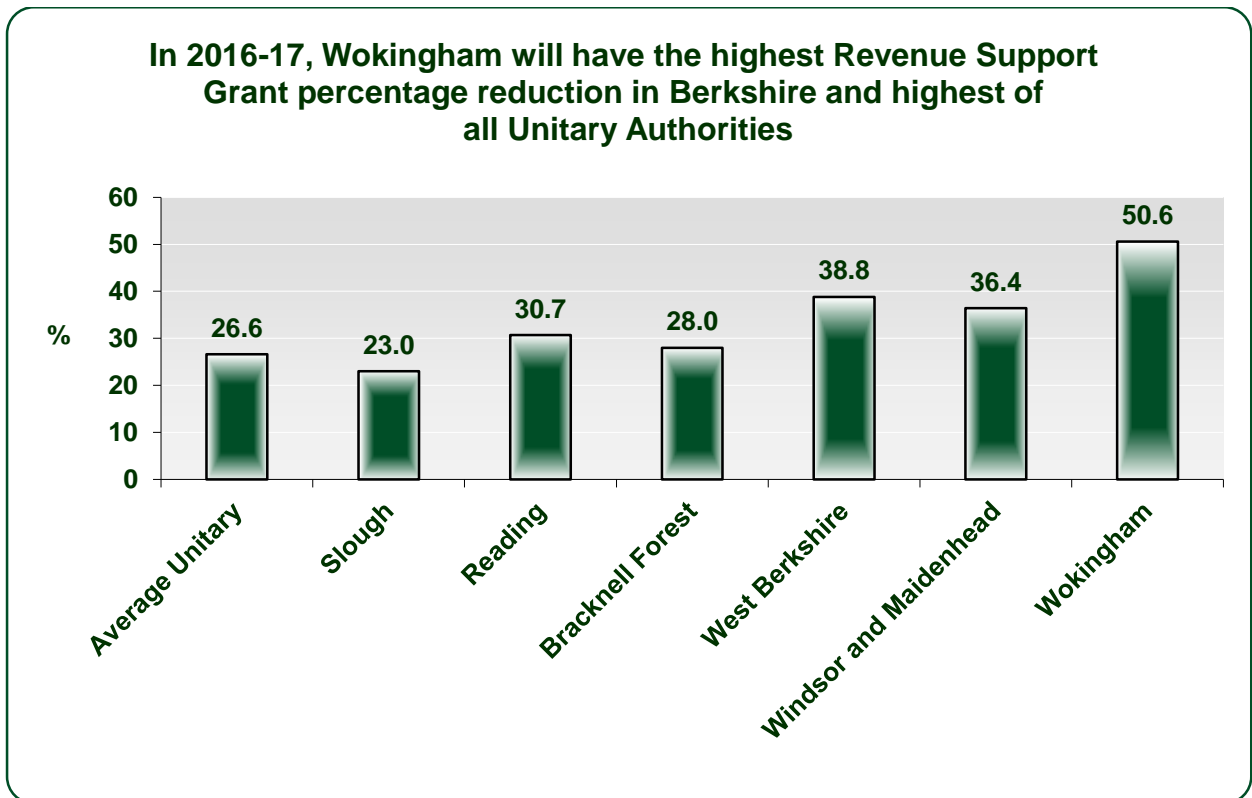
The percentage changes in Government Funding since 2009/10 are shown below. Following the December 2010 Local Government Finance Settlement, Wokingham suffered a reduction in Revenue Support grant (Previously called Formula Grant) for the first time in 2011/12 (of 14.3%), followed by reductions of 10.4% in 2012/13, 10.3% in 2013/14, 17.4% in 2014/15, 20.1% in 2015/16 and 50.6% in 2016/17.

Revenue Support Grant was previously the significant unringfenced grant that supported the council's ongoing revenue expenditure. From 2013/14 it has been incorporated within the Settlement Funding Assessment (SFA). The graph below reconstructs the revenue support grant to enable a year on year and like for like comparison. The 50.6% reduction for Wokingham is significantly higher than the Berkshire average reduction of 34.6%, and the average for all unitary authorities of 26.6%.

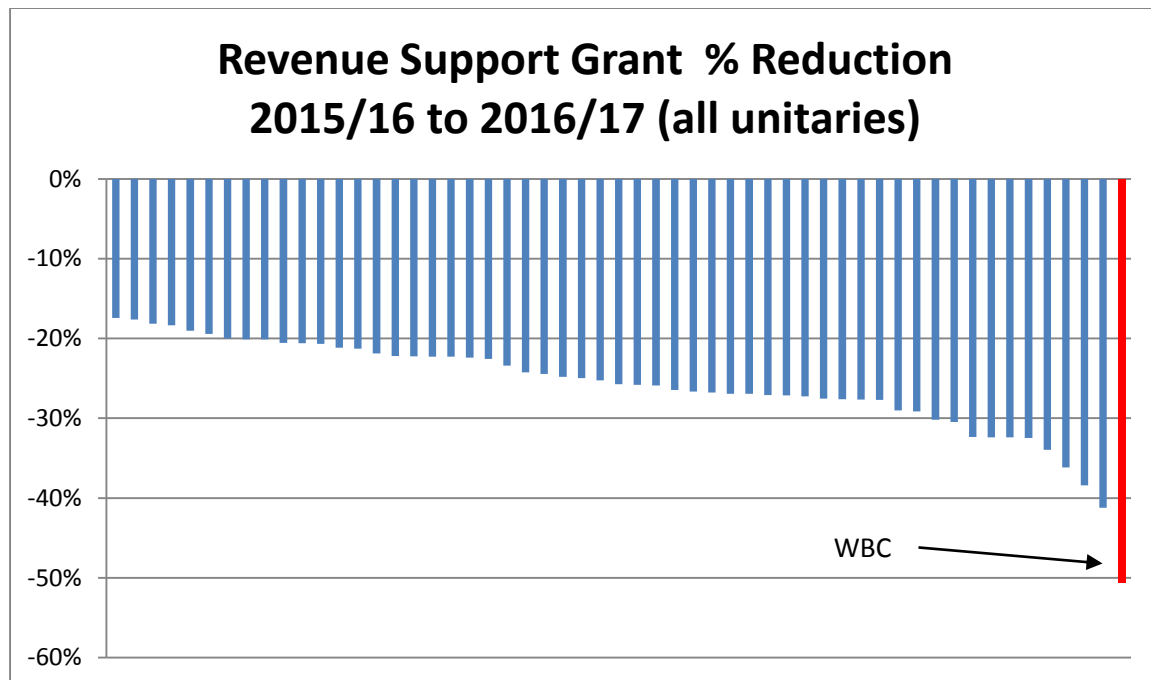
The graph below shows the year upon year reductions in grant for Wokingham, followed by a further graph which compares the 2016/17 RSG reductions across Berkshire Councils, and the average for all Unitaries. Despite already being the lowest funded Unitary Authority prior to the 2016/17 settlement, incredibly Wokingham managed to suffer the highest percentage reduction in RSG of all Unitary Authorities in the country, at over 50%.



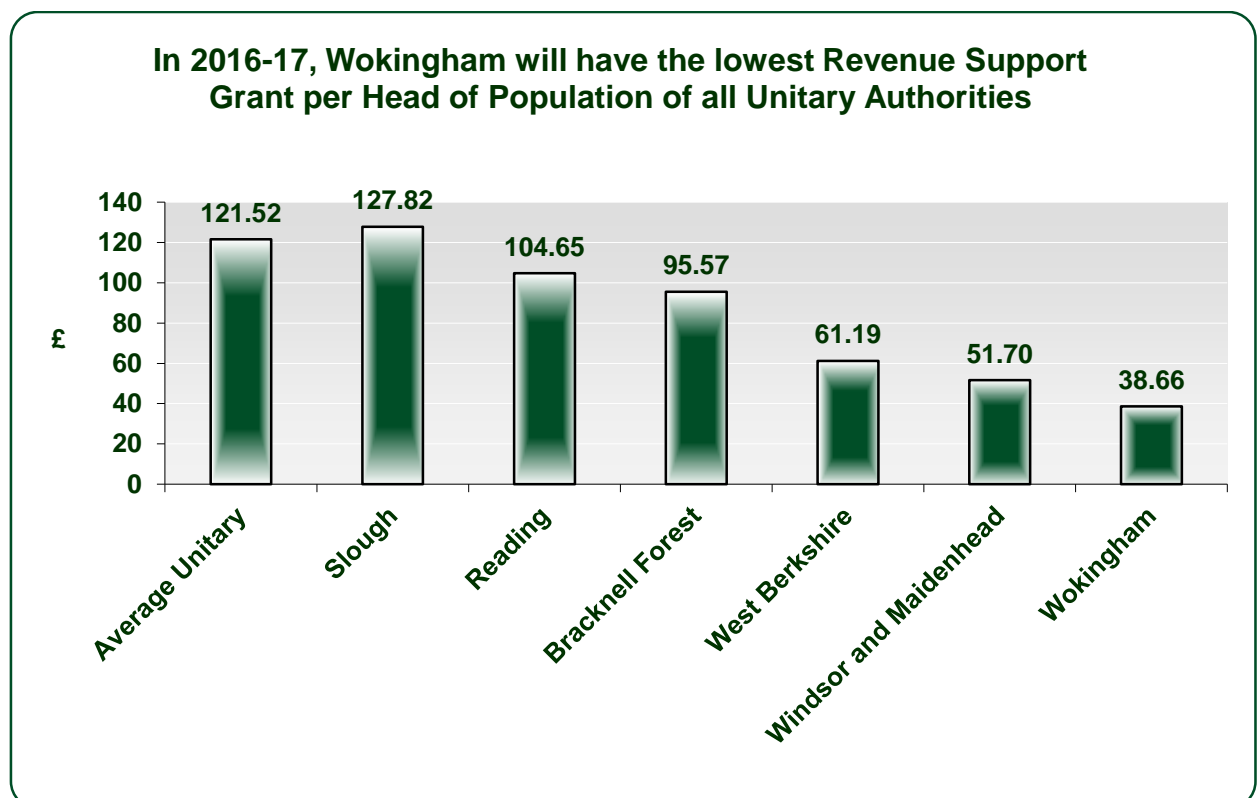
The Revenue Support Grant loss for Wokingham in 2016-17 is the highest at 50.6% in percentage terms of all Berkshire councils, and also of all 55 unitary authorities as shown in the following two graphs.



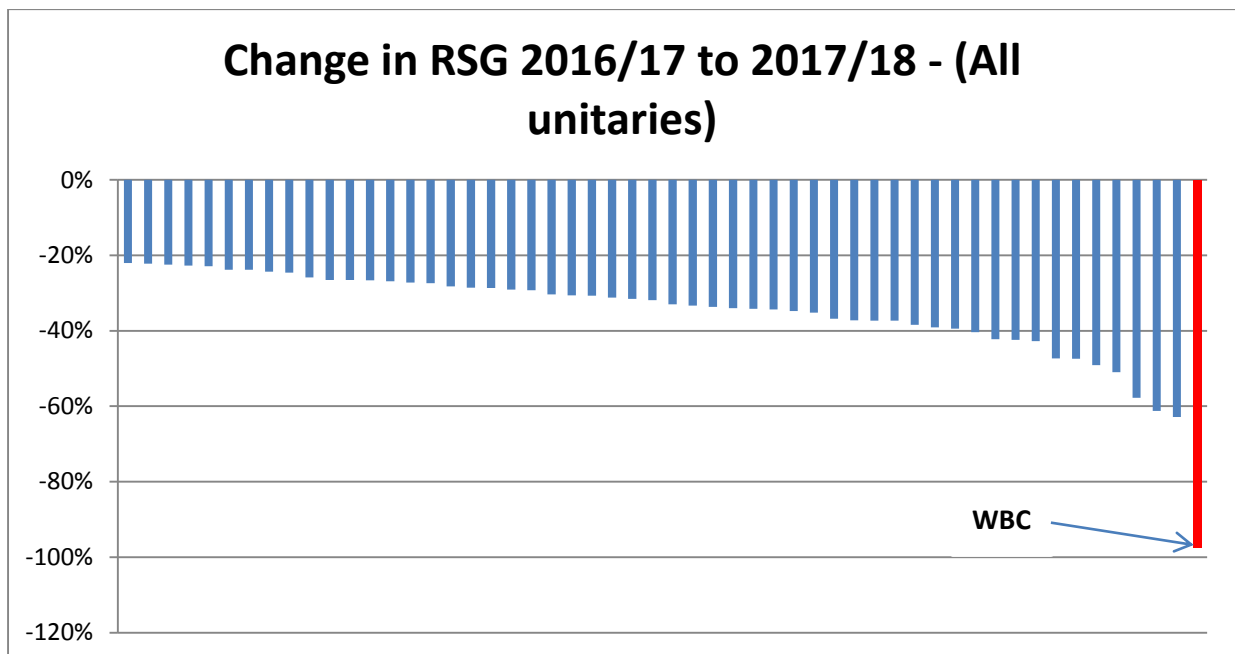
However, when taking into account that Council Tax Freeze grant and Care Act grant were 'rolled into' the 16/17 RSG, the real reduction is 56%, much higher than the 50.6% figure shown in the RSG reduction below.



The graph below reconstructs the formula grant for 2016/17 on a per head basis to enable a year on year and like for like comparison. The Wokingham figure of £38.66 per head is again the lowest in Berkshire as well as the lowest of any unitary authority. It is only 32% of the average for all unitary authorities of £121.52.

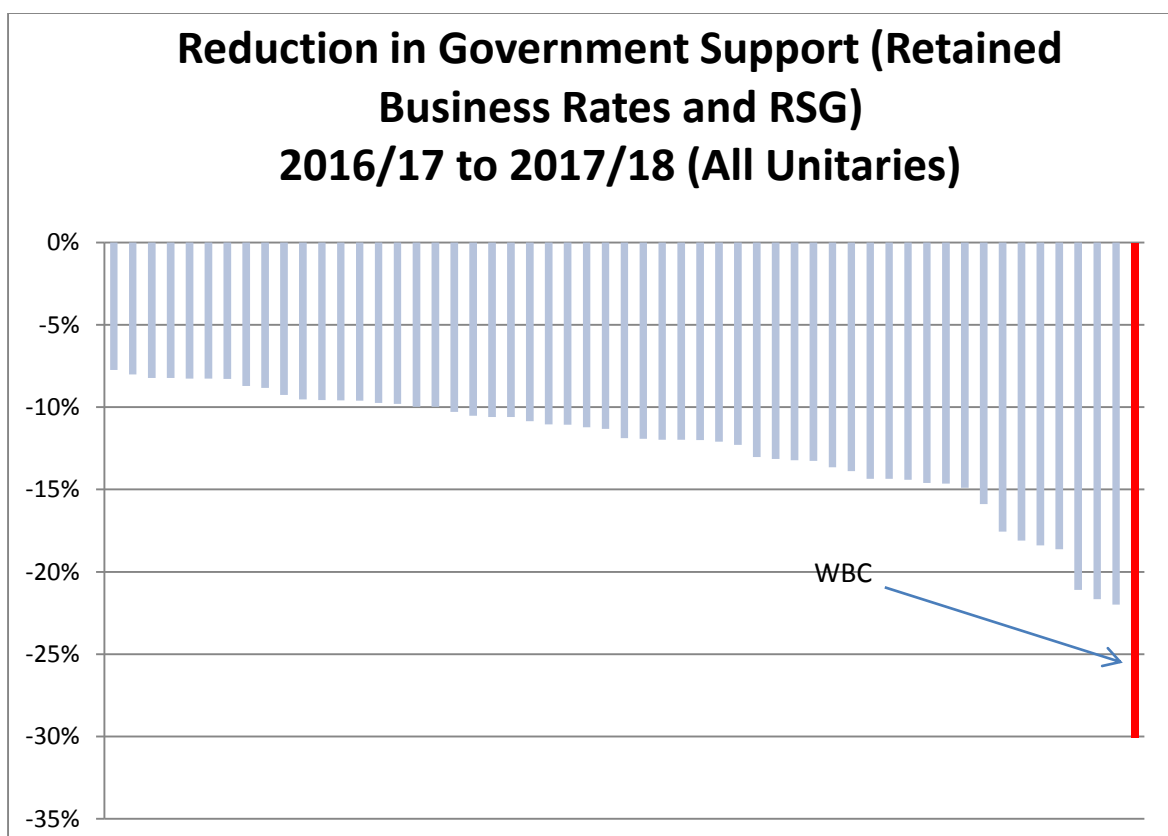


The graph below shows the change in Revenue Support Grant from 2016/17 to 2017/18 and again shows that Wokingham has the largest reduction of all Unitaries.

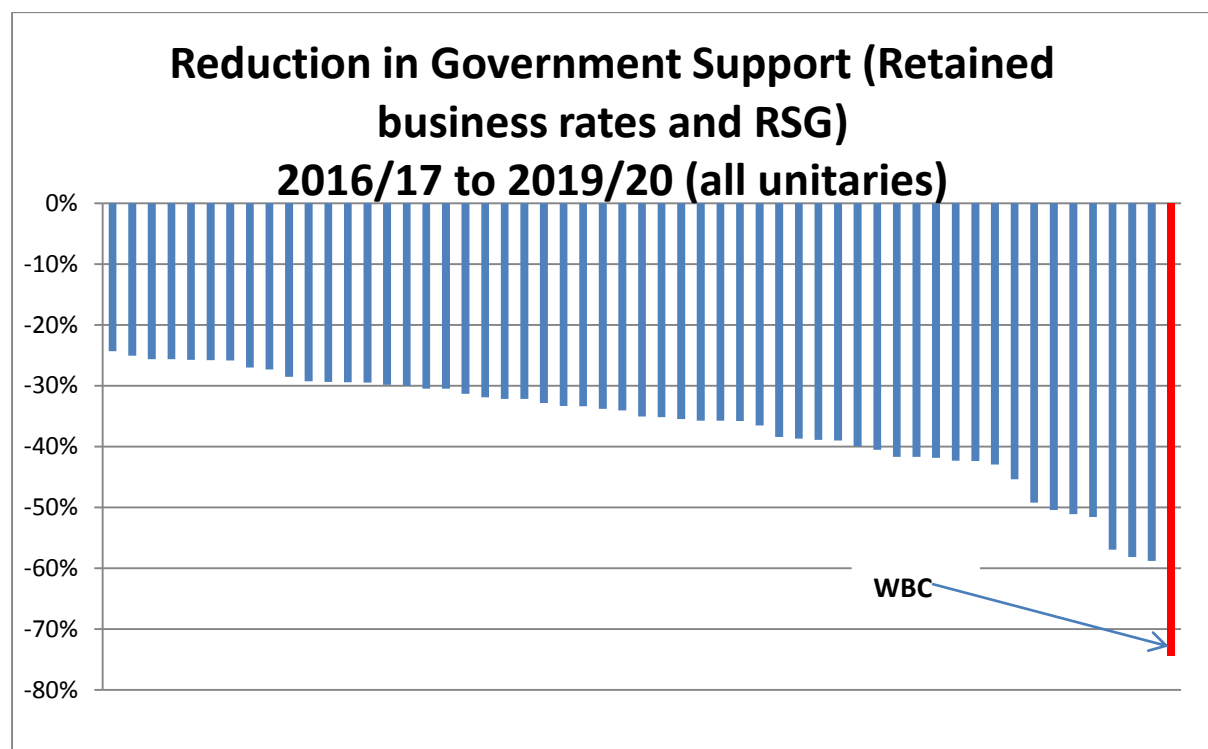


WBC 1

The above reductions are also reflected in respect of overall Government support which comprises retained business rates and RSG. Wokingham will also have the largest reduction, at 30%, of all unitaries from 2016/17 to 2017/18 as shown in the graph below :

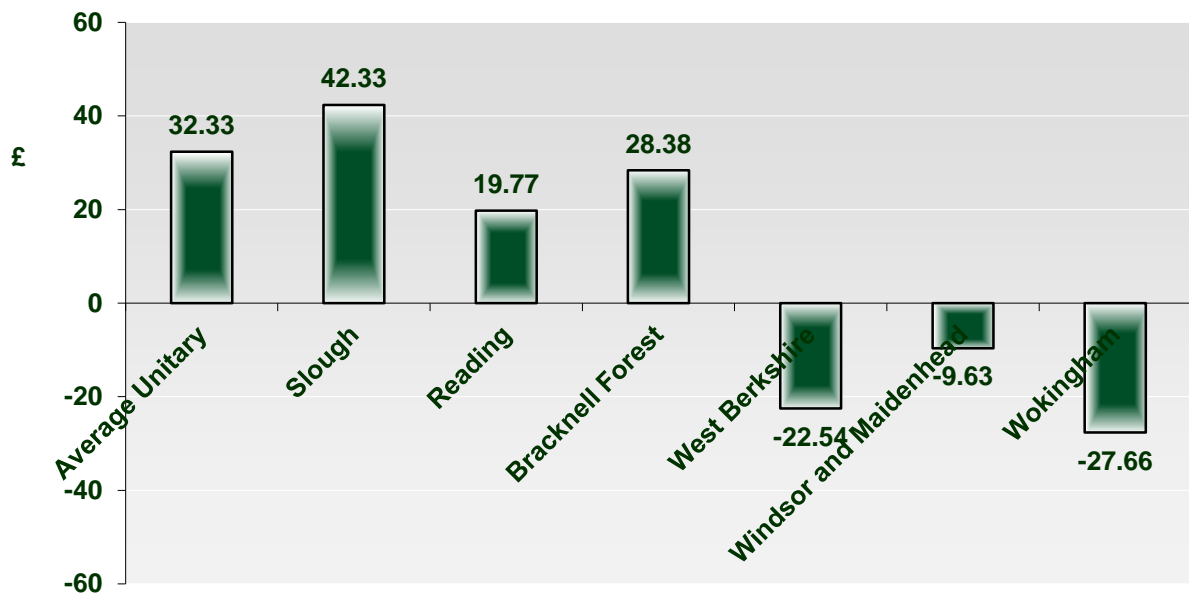


When looking at the 4 year horizon of the Settlement, the picture becomes even bleaker for Wokingham. Our remaining RSG is reduced by almost 100% in 17/18, down to £0.2m. A negative RSG is introduced when all of its' RSG has been removed. This negative RSG is enacted through a 'special' increase to its' Business Rates Tariff, which increases by £7.1m in 2019/20. As a result, by 2019/20 Wokingham retain less than £10m of the £60m Business Rates we collect. The four year Settlement Funding Assessment (made up of both RSG and retained Business Rates) also shows Wokingham suffer greater than any other Unitary Authority in the country. So, when looking at Wokingham's Settlement from a RSG or SFA perspective we fare worst over the both the short term (2016/17) and the longer term (2020). Remember, these cuts are on top of our position going into this Settlement; already the lowest funded Authority per head of population. The graph below confirms that Wokingham will suffer the biggest reduction in Government support from 2016/17 to 2019/20 of all unitaries :



The graph below shows the specific impact by 2019-20 on a per head basis of the reductions in Formula grant.

In 2019-20, Wokingham will again have the lowest RSG per Head of Population of all Unitary Authorities (negative due to tariff adjustment)

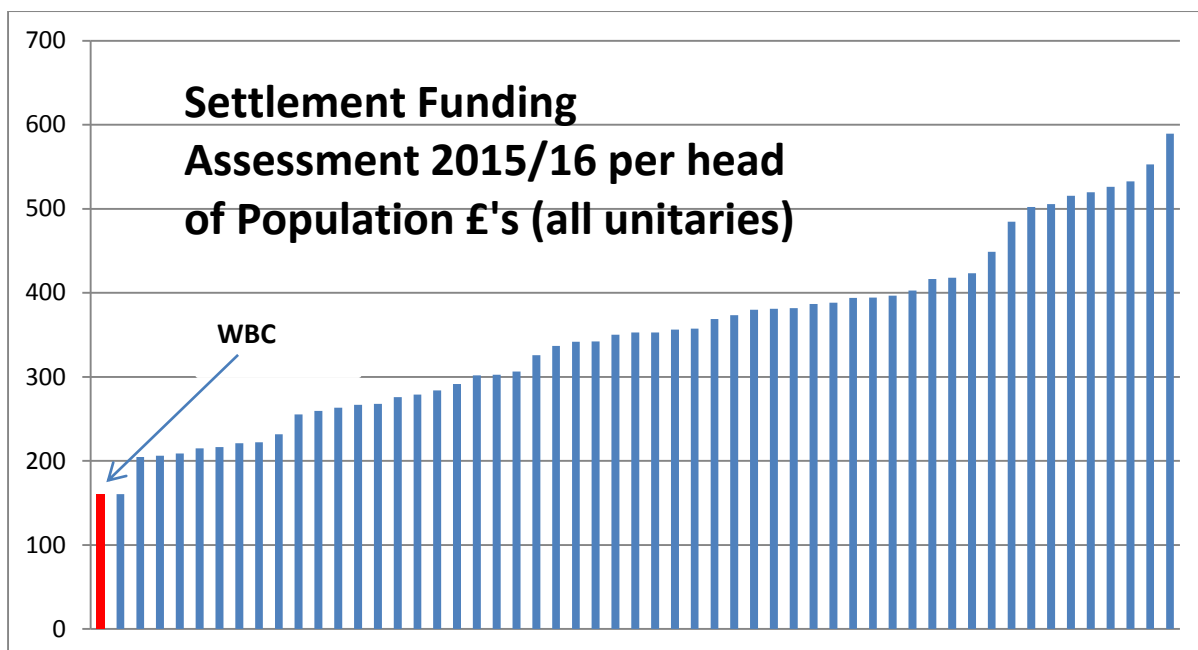


Wokingham Borough Council is the lowest funded unitary authority per head of population. Source: Communities and Local Government website.

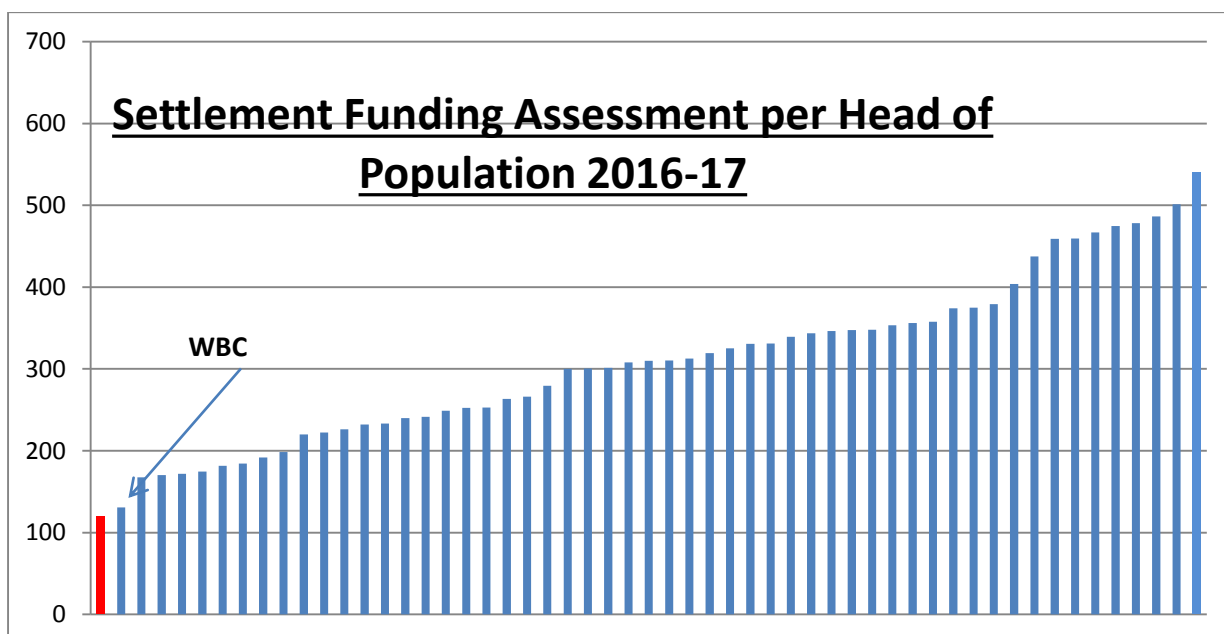
Settlement Funding Assessment (SFA)

In 2014/15 the Government introduced the new terminology of 'Settlement Funding Assessment' which has continued in 2015-16. This comprises the Revenue Support Grant (former Formula Grant), plus grants previously provided for specific activities (ring-fenced), and for new responsibilities, as explained in the table below. Wokingham's total SFA will be £19.07m in 2016-17, compared to an adjusted £26.72m in 2015-16, a reduction of 28.6%. The ongoing reduction is £7.65m year on year.

The graph below confirms that Wokingham was starting from the position of being the lowest funded unitary authority in SFA terms in 2015-16, while the other graphs confirm that this position of being lowest funded is continued into later years.

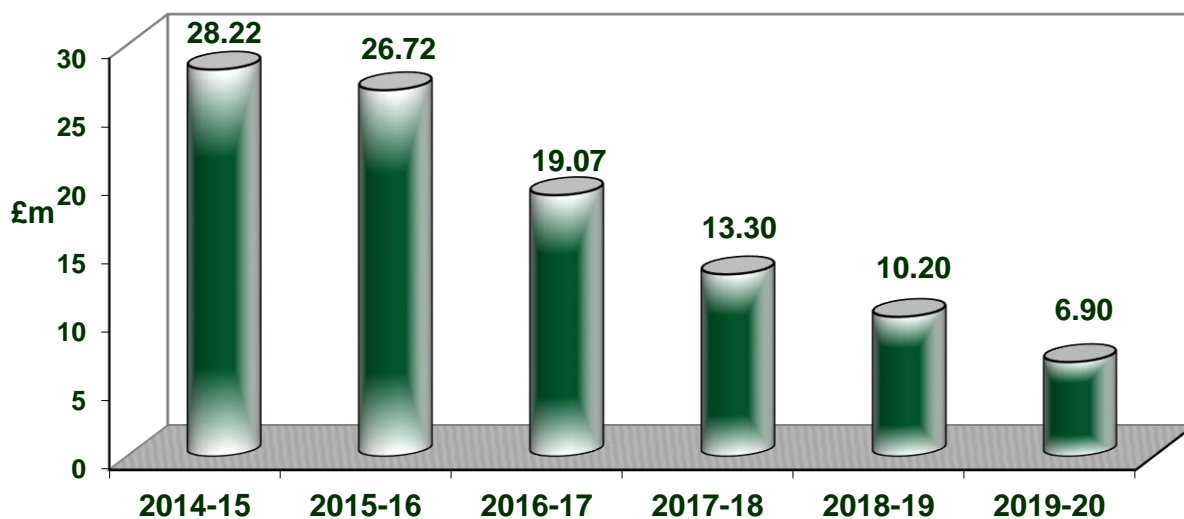


The graph below shows the position for 2016/17 and confirms that Wokingham remains the lowest funded, well below the unitaries average, and less than 25% of the highest funded authority :



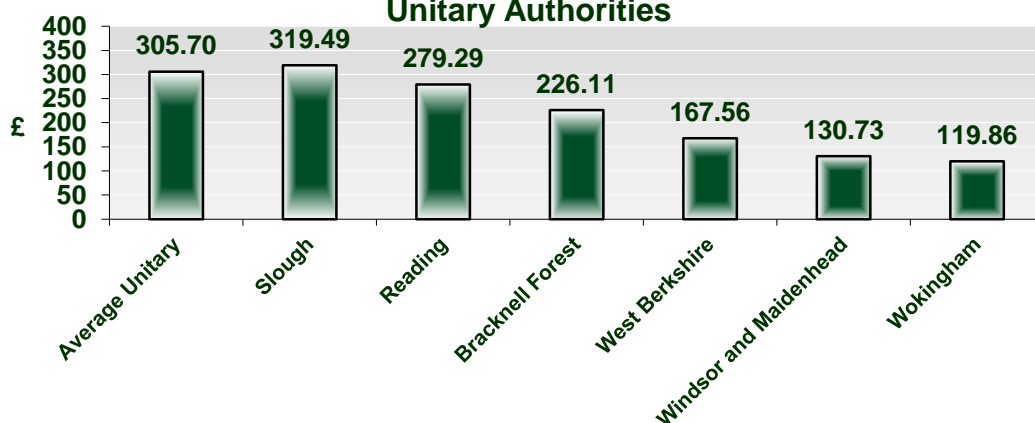
The graph below shows the Settlement Funding Assessment for Wokingham and the significant reduction in 2016-17 (28.6%) and further significant reductions planned for later years in the December 2015 settlement including a tariff adjustment in 2018-19 and 2019-20. The cumulative changes from £26.72m in 2015-16 to £6.9m in 2019-20 represent a 74% reduction.

Settlement Funding Assessment for Wokingham



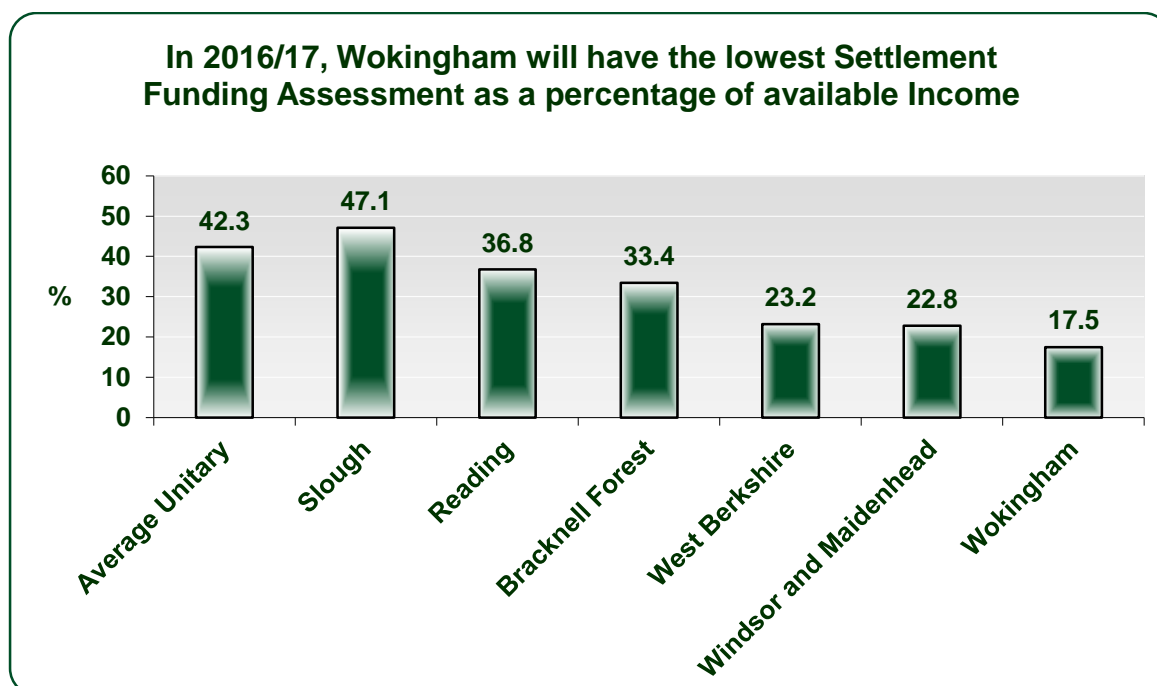
The graph below shows the Settlement Funding Assessment on a per head of population basis for each Berkshire council as well as an average for all unitary authorities. Wokingham will receive the lowest grant per head of £119.86, which is less than half (39%) of the unitary authorities average of £305.70. It is also less than half the two highest Berkshire authorities.

In 2016/17, Wokingham will have the lowest Settlement Funding Assessment (SFA) per Head of Population of all Unitary Authorities



Wokingham's Settlement Funding Assessment Grant is only 17.5% of its 2016-17 total available income (known as Spending Power). This is less than half the highest funded Berkshire council (47.1%), and approximately half the average for all 55 unitary councils of 42.3%. The practical implication for Wokingham is that it must fund a higher proportion of the council's expenditure through its council tax than any other Unitary Authority, and therefore increases/decreases in council tax have a greater proportional impact on services.

The following graph shows the SFA per head of population for 2016-17 for each unitary authority, with Wokingham at the foot of the graph with the lowest SFA per head (£119.86), and Blackpool at the top with the highest SFA (£539.82).



In 2016/17, Wokingham will receive the lowest percentage of SFA grant as a share of its total income, of any unitary authority. Wokingham will receive 17.5%, compared to some unitary council's for whom government grants will fund over 60%, and an average of 42.5%. As a result, the percentage of expenditure met by Wokingham council tax payers is the highest of any unitary authority.

Analysis of Spending Power Changes

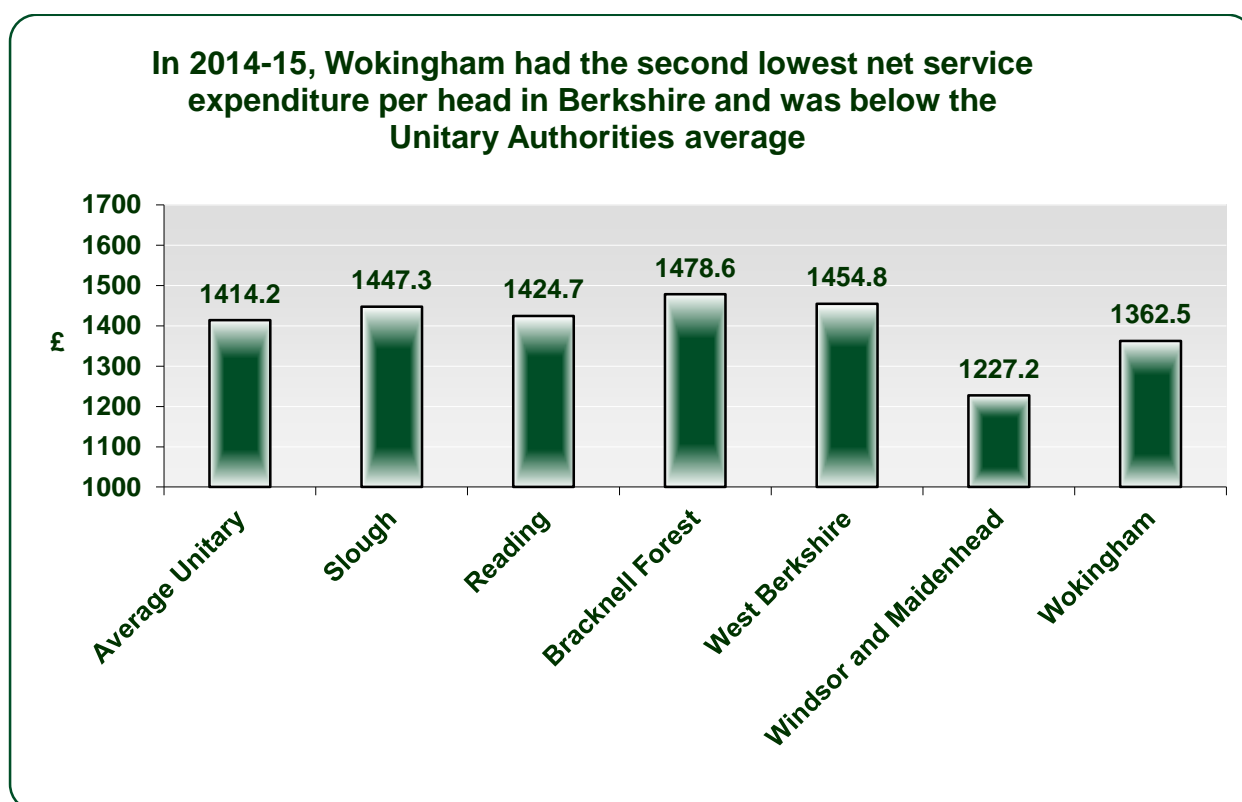
A 'headline' that follows the Local Government Finance Settlement is the change in an authorities spending power. This can be misleading as it masks the real ongoing income position for the council that it must consider in its budget setting process. The table below shows that a £2.5m reduction increase in spending power assumes it will be funded by a 2% increase in council tax, plus a further 2% increase in council tax for the ASC precept, and a £1.3m increase in New Homes Bonus. These assumed increases are required to offset the reductions in Government funding, and without the assumed total increases in council tax of £3.8m, the spending power would have fallen by £6.3m, not £2.5m. The change in spending power therefore substantially transfers the burden of funding council services to the council tax payer in 2016-17, since council tax as a percentage of SFA increases from 72.9% in 2015-16 to 78% in 2016-17.

| Spending Power | 2015-16 Adjusted | 2016-17 | Change | Analysis |
|-------------------------------------|---------------------|---------|--------|--|
| | £m | £m | £m | |
| Settlement Funding Assessment (SFA) | 26.7 | 19.1 | -7.6 | £6.3m RSG reduction and £1.2m miscellaneous changes |
| Assumed Council Tax | 81.2 | 83.4 | 2.2 | 2% increase plus increase in council tax base of 0.75% |

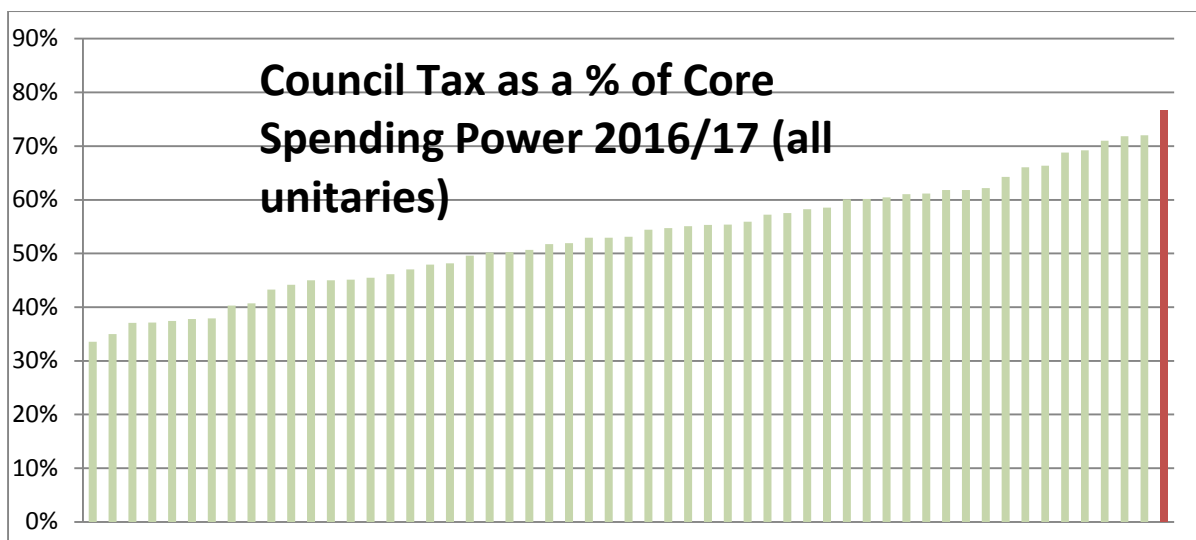
| | | | | |
|--|--------------|--------------|-------------|-----------------------|
| New Adult Social Care (ASC) Precept | 0 | 1.6 | 1.6 | 2% increase assumed |
| New Homes Bonus | 3.5 | 4.8 | 1.3 | |
| Total Spending Power | 111.4 | 108.9 | -2.5 | 2.2% reduction |
| | | | | |
| % of spending power funded by assumed levels of Council tax | 72.9% | 78.0% | 5.1% | |

Net Revenue Expenditure per Head and Council Tax per head

The Government statistics for local authority expenditure in 2014-15 confirm that while Wokingham spent below average on services per head, the council tax levied per head was considerably above average. The graph below shows expenditure head, while the following graph confirms the high level of council tax which Wokingham tax payers had to pay in 2014-15. This diversion between expenditure and council tax will significantly increase from 2016-17 onwards due to Wokingham's high council tax base.



The graph below shows that for Wokingham, council tax a percentage of core spending is forecast to be the highest of all unitary authorities in 2016-17.



Education Services Grant (ESG, formerly LACSEG)

The Government introduced the Education Services Grant in 2013/14 to replace the LACSEG grant (Local Authority Central Spend Equivalent Grant). It is a method of providing funding for the transfer of local authority central education budget to academies and free schools. The grant is payable on a per pupil weighted basis, and whenever a school becomes an academy or free school, the council loses grant in the region of £250,000-£300,000 per year for each secondary school. Although the Council works hard to reduce its education support costs when responsibilities move to academies, it is very difficult to achieve reductions anywhere near the level of lost income because of the fixed cost involved and the assumed element of Education Services Grant being far greater than actual costs.

The Government confirmed in the Autumn Statement 2015 that ESG would reduce in 2016/17 and cease entirely over the spending review period. The implications for Wokingham are a loss in grant income of over £1.5m over the next 4 years, which is an additional cut to those previously set out under the Settlement Funding Assessment section of this report.

The Dedicated Schools Grant (DSG)

DSG was introduced in 2006/07 and had the effect of turning a significant part of the Council's Revenue Support Grant into a ring fenced specific grant. The Council receives DSG annually and it must be used in support of the Schools Budget as defined in the Early Years and Schools Finance (England) Regulations 2013. The purpose of the Schools Budget is defined in legislation as the provision of primary and secondary education.

The amount of DSG the Council has received in previous years for maintained schools and academies is shown below. An amount of £116.8m for 2016/17 was notified by the DfE in December 2015, however approximately £2m of this amount is in respect of free schools and must be paid to them. The allocation available to the Council is therefore approximately £114.8m, compared to £113.9m for 2015/16. The increase from 2015/16 is accounted for by changes in the age ranges of pupils, as pupil numbers have not changed from 2015/16 to 2016/17 numbers, and there is no allowance for inflation. The actual DSG available to the Council in 2016-17 is estimated to fall by £5.2m representing a transfer of funding of £5m in respect of Waingels College which became an academy school in 2015-16, and a small amount for other pupils transferring from maintained schools to academies. Due to the funding reforms introduced from April 2013 schools will continue to have more direct control

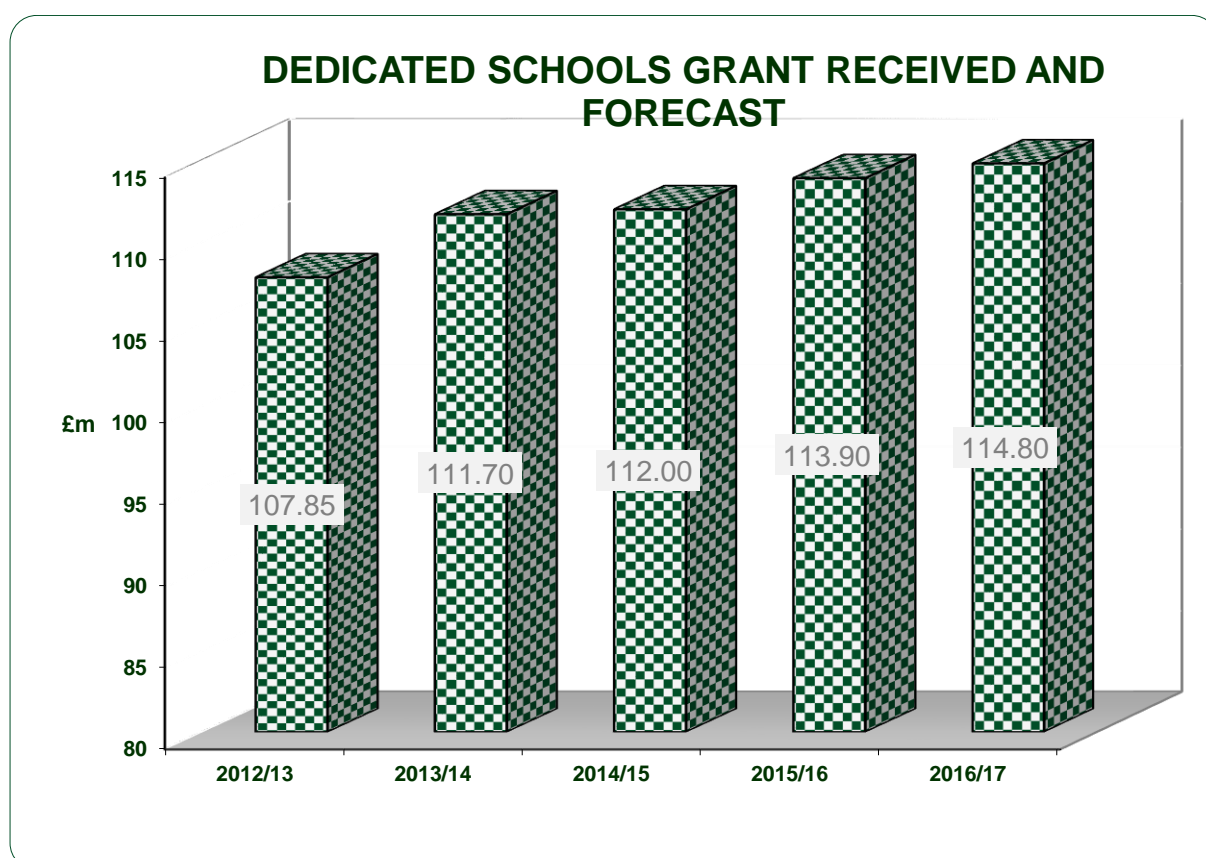
over how money is spent. This is particularly relevant when looking at the support services the Council provides to the Schools and the reduction in Education Services Grant.

Effect of DSG 2012/13 Reforms from 2014/15 onwards

The Government's funding reforms of 2013/14 were intended to move into the second phase of a longer term plan for a National Funding Formula by 2015/16. The over-arching objective is to have a simpler, transparent and more equitable approach to funding pupils irrespective of where they live in the country. The implications for Wokingham schools is that a number of them may lose out, as there is less ability for the Council to target funding to the most vulnerable schools and pupils. This will have the effect of compounding the financial challenge already being faced schools across the borough resulting in an increased need for 'licensed deficits' to help them manage their finances.

In summary, the DSG changes mean that schools block money is much more aligned to pupil numbers, but there is no growth mechanism in the High Needs Block (HNB), and schools have less ability to incorporate fixed budget allocations. Schools with falling pupil numbers will therefore be more affected than others. Furthermore there are growing SEN pressures on the overall budget which may reduce the money available for allocation.

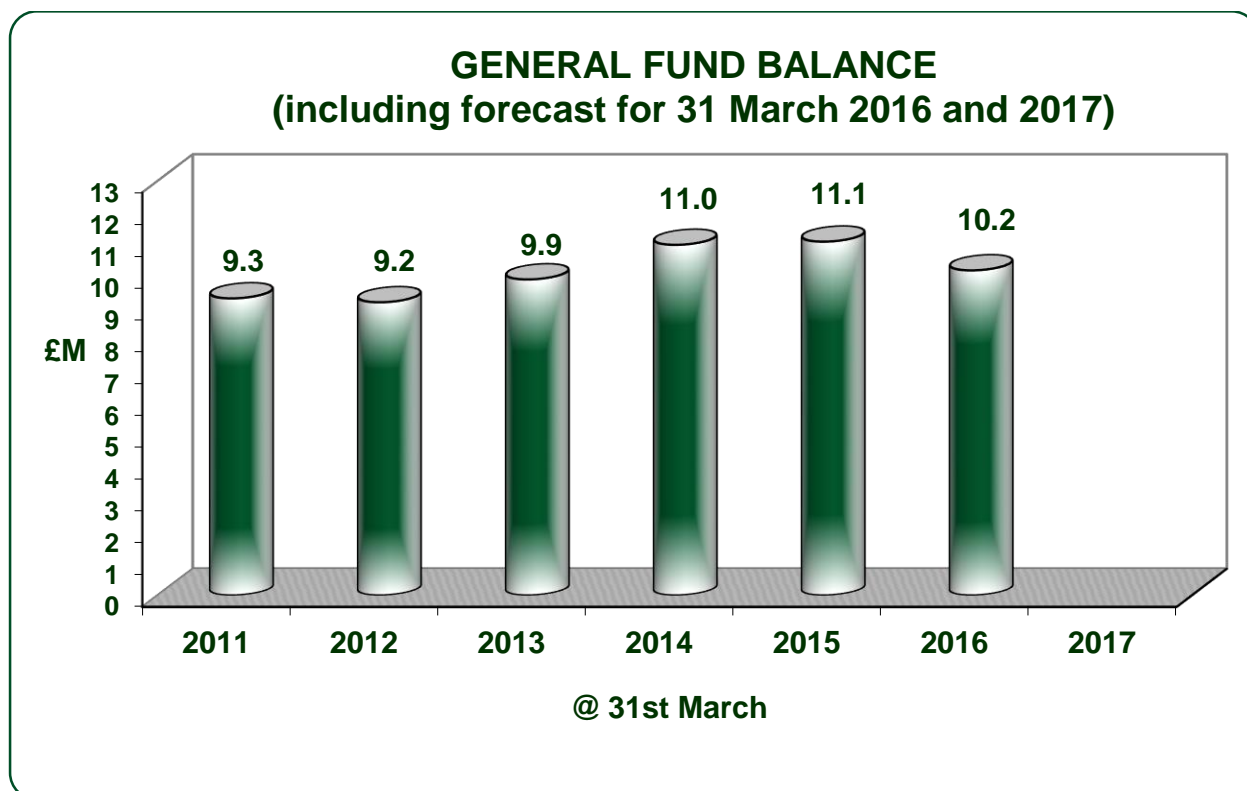
The Government confirmed in the Autumn Statement 2015 that the National Funding Formula would be introduced in 2017/18, subject to consultation on the content.



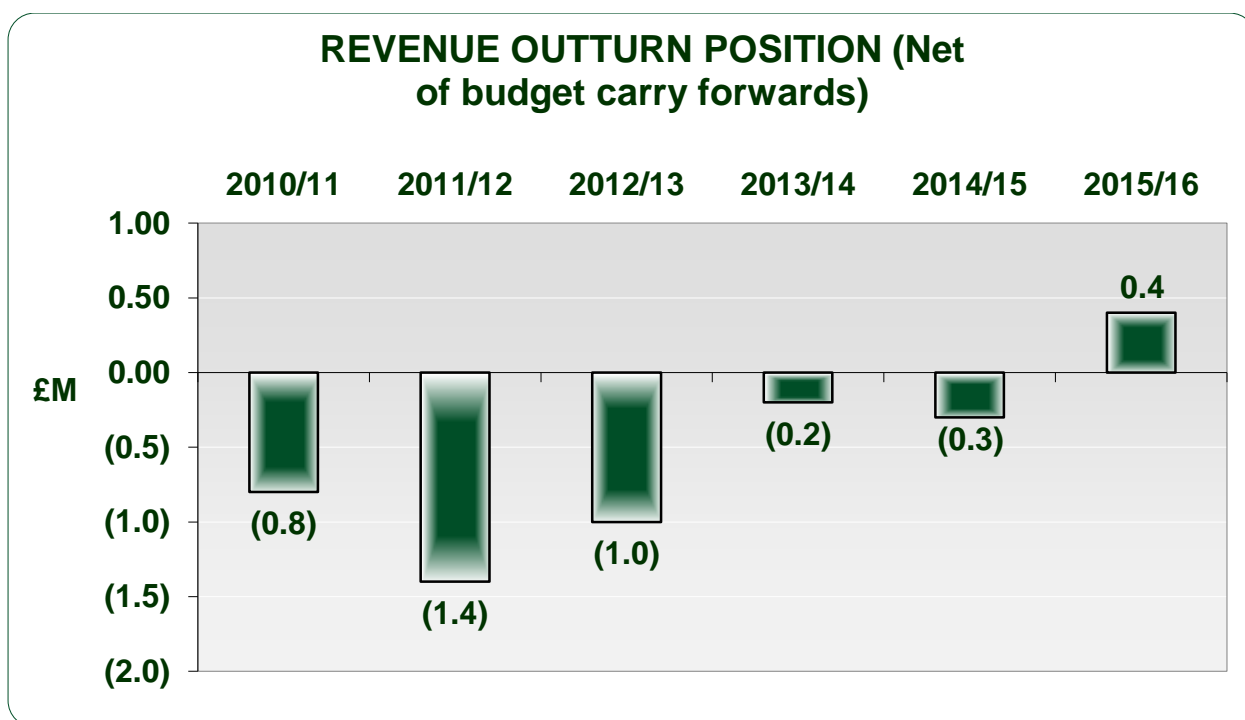
4 General Fund Balances (GFB)

The GFB is required as a contingency to meet unforeseen spending requirements and to provide stability in Medium Term Financial Planning (e.g. by using balances to contain growth in future years). The level of balances is informed by a budget risk analysis. This approach was introduced in 2003/04 when the Council agreed the policy on General Fund Balances. The budget risk analysis for 2016/17 is included in the Medium Term Financial Plan. The table below shows actual general fund balances at 31 March 2015 and a forecast for 31 March 2016. The figure for 31 March 2017 will be updated for February 2016.

General Fund balances need to remain in the region of £10m going forward as the number and level of risks facing the Council's finances have increased significantly. They include the implication of future years of austerity and further grant reductions, additional service pressures, substantial regeneration programmes requiring forward funding of interest costs on SDL schemes, risks around NDR receipts and the level of retained business rates, and significant risks around the Care Act potentially in the millions of pounds.



A further consideration in setting a prudent level of General Fund balances and setting a safe budget, is the underlying trend of under/over spending against the budget set at the beginning of the year (see below):-



It is important that the Council ensures that sufficient budget is approved to deliver the agreed levels of service to avoid base budget deficiencies (inadequate budgets).

The forecast budget variance in 2015/16 currently shows an overspend of £0.4m compared to the budget approved in February 2015, and in addition there has been a supplementary estimate of £0.35m. It should be recognised that within the overall position there are significant underlying cost pressures within the 2015/16 budget including, for example, pressures on child placements above expectations; this will need to be considered within the 2016/17 budget submission.

5 Other Balances

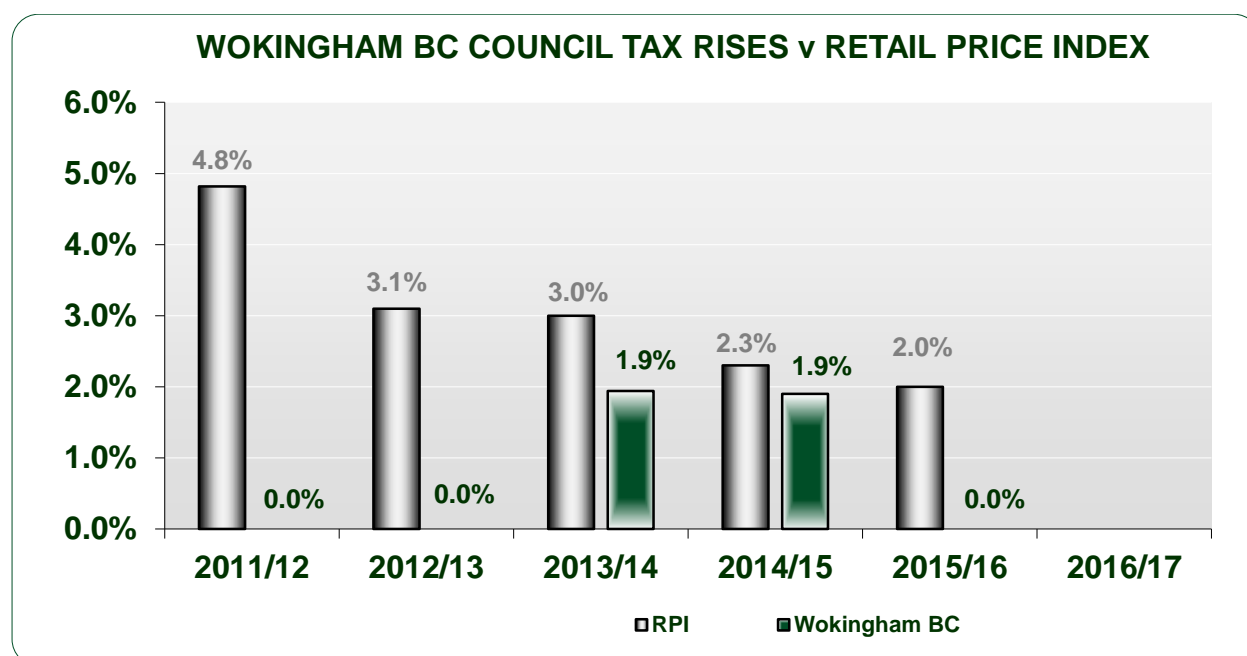
The Council holds other balances in addition to the General Fund balance. These should be reviewed as part of the budget submission and in the context of their benefit and opportunity cost.

6 Council Tax

Funding is fixed by the Government and therefore, increases in service funding impacts on the level of Council Tax that must be levied. This is a major area of tension in every budget setting year; the increase in Council Tax versus the quality and level of service delivery. This is a particularly difficult tension in the context of public affordability (e.g. those on a fixed income) and also because a high proportion of the Council's services are statutory with escalating costs driven by increasing client needs and numbers.

The expenditure pressures for Council Tax increases above inflation are similar each year: client increases (particularly in social care); increase in statutory requirements (e.g. recycling, standards of care); unavoidable expenditure increases above inflation (e.g. maintenance contracts, social care contracts and land fill tax) and pressures to improve services from both the public and the Government. In recent years Wokingham has

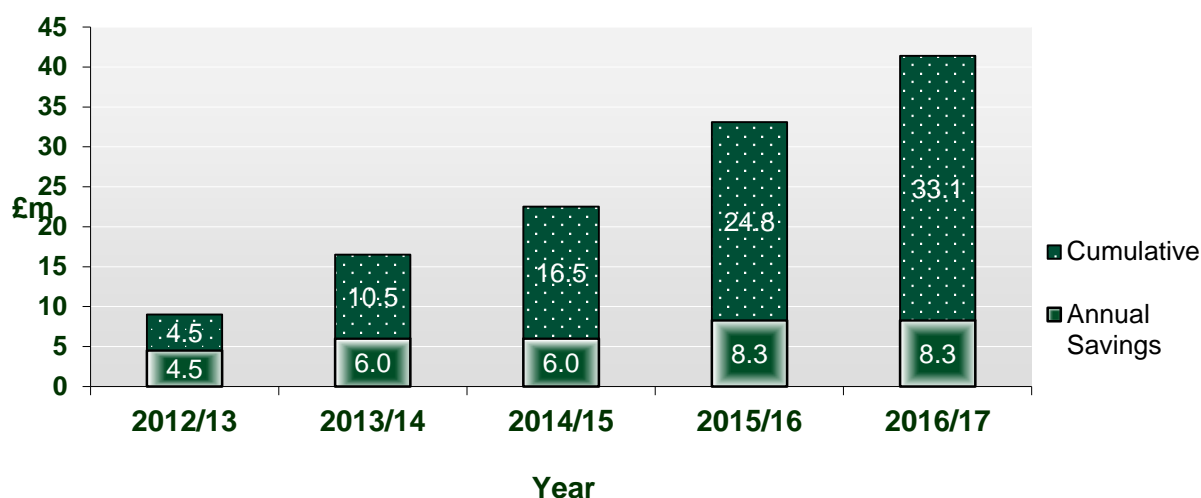
succeeded in keeping Council Tax increases in line with or below inflation (achieving a freeze in 2011/12, 2012/13 and 2015/16) as shown in the graph. This is a reflection of the Council's continuing pursuit of efficiencies and value for money, particularly relevant in the context of it being the lowest grant funded Unitary Authority per head of population. The figure for 2016/17 will be updated in February 2016.



Savings

The total savings and efficiencies that have been identified in setting the council tax in previous years are shown below. It equates to over £33m over the 5 years below. Savings are used to fund growth, inflation and reductions in Government grants.

SAVINGS AND EFFICIENCIES

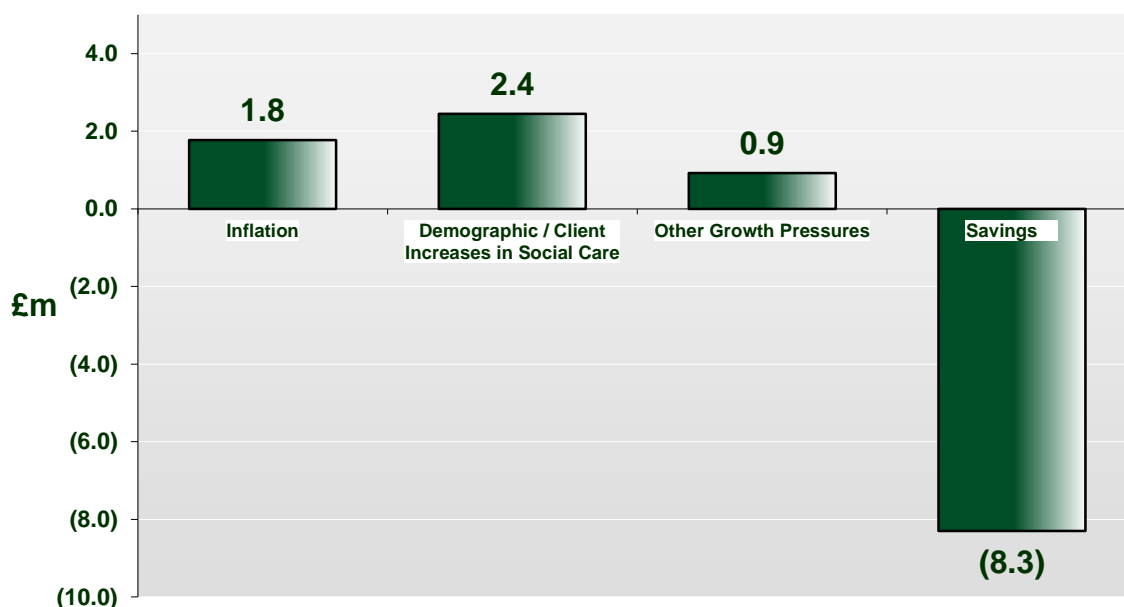


The savings shown for 2016/17 of £8.3m are those included in the 2015/16 MTFP as part of the budget setting process; they will be updated in February 2016.

7 Budget Pressures

An overview of the 2016/17 budget pressures is shown below. The detail of the full and updated set of budget movements will be contained in the Summary of Budget Movements (SoBM) section of the Medium Term Financial Plan (MTFP).

BUDGET PRESSURES 2015/16



The demographic growth relates to pressures in adults services and home to school transport. The other growth includes pressures such as: investment in adult care preventative services, highways maintenance and drainage, and home to school transport. The above represents the figures reported in the MTFP in February 2015 and they will be updated in February 2016.

8 Revenue Resources Outlook and Risks 2017/18 and beyond

The financial future remains very challenging and the Council will experience pressure on its resources in a way it has not had to endure previously. Under the Council's budget management protocol, Members are required to agree budgets based on the best estimate for the agreed level of service.

A budget risk analysis will be undertaken for 2017/18 (annually updated) and is detailed in the MTFP. This identifies budgets where there remains a risk of overspending, given the best estimate is included in the budget submission. The budget risk analysis will be used as a guide to determine the level of General Fund balance required. Many of the risks are largely those that featured in the budget submission February 2015, updated where appropriate, and some such as the economic downturn, include capital as well as revenue risks.

Given the growing unavoidable expenditure pressures to meet the Council's statutory responsibilities, coupled with significant reductions in overall Government Grants, the budget will inevitably contain a degree of risk. A reasonable measure of caution is included to mitigate some of the risks. However, there are considerable unknowns at this stage and the Council will need to keep a close watching brief on developments.

The Capital Resources Outlook and Risks are covered in paragraph 9 below.

The major issues that may impact on future revenue resources are;

Statutory Costs of Care

The Care Act has introduced a new national threshold and the potential demand from extending eligibility to certain adult services from the Critical threshold to the Substantial threshold is expected to be significant, with a potential cost in the millions of pounds each year to the Council. In addition, budget pressures in Children's Services in 2015/16 are approximately £1.4m and include £1.1m for additional children's residential placements. These pressures will need to be considered along with other budget pressures in the 2016-17 budget and beyond.

Funding the Council's Ambitions for Regeneration

The Council is at the stage of significant investment in its Strategic Development Locations (SDL's) and Town Centre Regeneration (TCR) ambitions. This requires significant up front funding pending the receipt of developer contributions of income from commercial assets. As such the Council must meet the initial capital costs of investment which generates a sizeable funding pressure on the Council's revenue account.

New Homes Bonus (NHB)

The Autumn Statement 2015 has proposed changes to the New Homes Bonus which make the scheme less attractive for Wokingham by reducing the length of payments from six years to four. The council is due to receive £4.8m for New Homes Bonus in 2016/17. This is expected to be a similar amount in 2017/18, but the grant in later years is expected to be at least a 1/3rd less than, and a consultation is currently underway on its' future. Furthermore the NHB has been included in the Council's 'Core Spending Power' calculation. These developments appear to fundamentally undermine the initial intention behind the NHB scheme; to incentivize housing growth and reinvest in regeneration. Although the Council's previous approach has been to use NHB to fund special items, most notably for regeneration, the sustainability of such an approach has been brought into question due to its impact on the funding of essential council services.

Impact of the Economic Downturn

Although the impact of the economic downturn has significantly reduced, and economic growth has been considerable in certain areas of the economy, it is still having an impact in certain areas of the Council's budget as set out below. Particular consideration as ever will need to be given to the following in the budget proposals:

- Loss of interest from investments arising from the low bank base rates;
- Loss of income including business rates and rent related to development, and developer contributions for infrastructure;
- Increase in benefit claimants and bad debts;
- Reduced capital receipts realised on planned asset disposals;
- Reduction in income from Fees and Charges

Services directly related to meeting the needs of those suffering from the impacts of the economic downturn will need to continue to meet the increased level of demand.

Demand Led Budgets (including increasing responsibilities from the Government)

Further to the pressures identified under the Care Act there are additional statutory services pressures, which are notoriously difficult to control. Although best efforts have been made to

accurately forecast budget requirements and contain escalating demand through prevention, there will always be a considerable degree of uncertainty. This uncertainty is compounded in the current economic climate and increasing service needs. Significant increases in statutory responsibilities also arose from the transfer of Public Health services and from meeting the cost of Council Tax Support (Benefits). Both of these became the Council's direct responsibility from April 2013.

Sustainability

The Council faces potential new and increasing penalties or taxes from the Government if it does not meet certain targets in the future. Most notable areas are around waste landfill, with landfill tax increasing year on year and more waste generated through an increased number of dwellings.

The Carbon Reduction Commitment which commenced in April 2010 (largely involving collecting and reporting data) went live in 2013 with the payment of "carbon emission allowances". The 'credit' recycling element of the scheme was removed in the Comprehensive Spending Review 2011, thereby increasing the potential net costs to the Council. The 'league table' rewards/penalties element has also been removed.

A further concern arises from the potential risk of fines from the European Union relating to issues such as air quality. The power for the Government to pass on these fines to local authorities is contained in the Localism Act. Although this is being strongly resisted by bodies such as the Local Government Association, it is an area that needs to be kept under close review.

Localisation of Business Rates and Council Tax

All local authorities are facing significant extra financial risks from 2013/14 onwards due to Government legislation on localisation of business rates and council tax. From 2013/14 onwards local authorities have been able to share part of any growth in business rates, which is an incentive to encourage growth. However, councils will also have to bear a share of any shortfall on business rates, due to closures of premises, successful appeals against valuations of which many are still outstanding from the 2010 revaluation, bad debts and other factors. These factors significantly add to the council's financial risk profile. In addition the Council now directly meets the cost of Council Tax Benefits and will bear the risk of economic conditions giving rise to an increase in claims.

More recent Government announcements make clear an intention to return all business rates to local authority control in 2020. Given that is the year they intend to increase our tariff payment back to them by a further £7m, it is hard to know what this means. At this stage we will be able to keep a mere £6m of our £65m business rates.

Economic Outlook

The UK has experienced the strongest rate of growth on average of the G7 countries (the former G8 major world economies, less Russia, suspended in March 2014) since 2010, and for 2015 growth is currently estimated by the OBR (Office of Budget Responsibility) at 2.4%. Growth of 2.4% and 2.5% respectively is forecast for 2016 and 2017 as forward surveys show business investment is also strongly recovering. The manufacturing sector has also been encouraging though recent figures indicate a weakening in the future trend rate of growth. However, for this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance.

In the Autumn Statement in November 2015, the Chancellor stated that inflation would fall below 1% to near zero in 2015, and is forecast to remain below the 2% target level until at least 2019. The first increase in Bank Rate is now expected in the second quarter of 2016 and increases after that are expected to be at a slow rate.

Employment hit a record 31.2 million in work in the three months to September 2015, 2.1 million more than the same quarter in 2010. A record 73.7% of adults are now employed, and the female employment rate has also hit a record. The unemployment has fallen to 5.3%, the lowest since 2008, while real wages have increased by 2.9% in the last year. The National Living Wage will increase pay for many people by 40% in five years.

The return to strong growth has also helped lower forecasts for the increase in Government debt over the next five years, and a budget surplus is forecast for 2019-20. Government borrowing as a percentage of GDP is forecast to reduce to 71.3% in 2020/21.

9 Capital

Capital Strategy

A 10 year capital strategy has been developed with the aims of realising the Council's vision, raising the quality of life of residents and improving medium to long term planning.

To finance the capital strategy, an approach to funding has been taken that: optimises assets; seeks flexible use of future Section 106 contributions, Community Infrastructure Levy and attracts new funding sources where available (particularly through the bidding for Government grants).

Under the Prudential Code, all authorities are able to borrow as much as they require to fund their capital programme provided it is affordable, prudent and sustainable. As Wokingham is on the 'floor' the financing costs of any new borrowing falls more directly upon the council tax payer. The annual revenue cost of new borrowing is approximately 7.5% of the sum borrowed (4% principal, 3.5% interest).

Capital Programme

The first three years of the capital vision is effectively the capital programme. This has been developed following an assessment against key Council priorities, including a value for money and risk analysis.

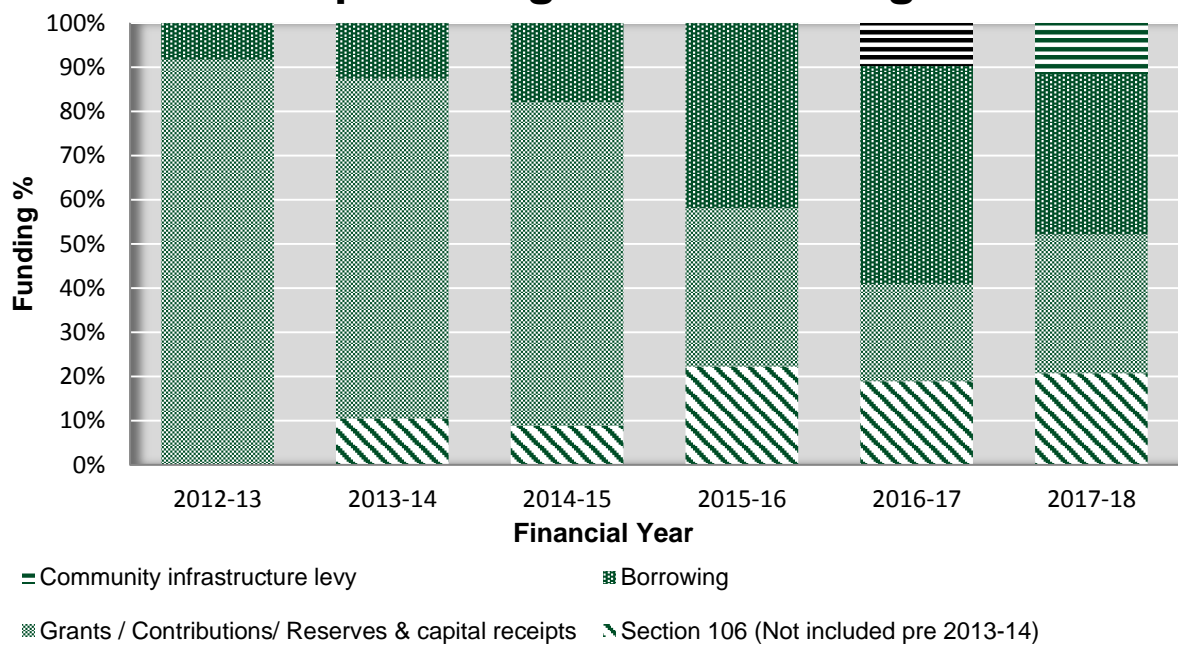
The capital programme over the next 3 years will include existing asset investment (predominantly school buildings and infrastructure assets) and schemes that seek to deliver the Council's vision.

The capital programme is funded from a variety of sources; capital receipts, borrowing, grants and other contributions. The relative reliance on each funding source is set out below and shows a greater dependency on developer contributions as the Council embarks on its ambition to develop its four Strategic Development Locations.

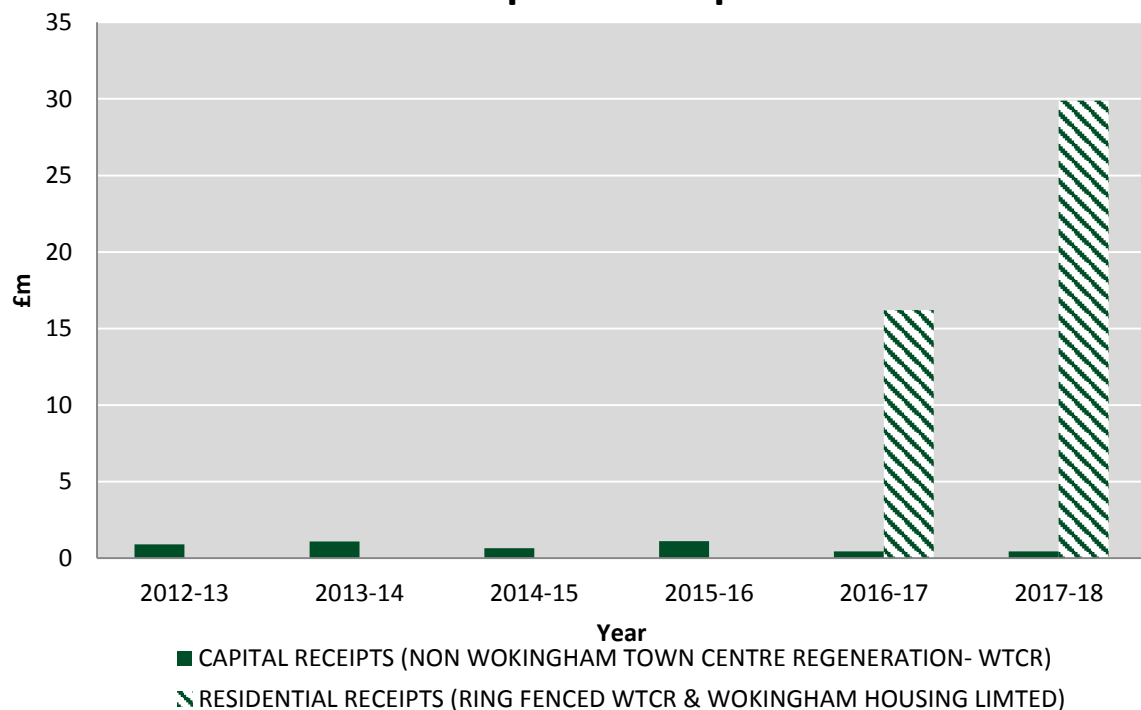
The two tables below show the funding for the standard capital programme and include the resourcing for the Wokingham town centre regeneration, Strategic Development Locations (SDL's) and Wokingham Housing Ltd investments. They are from the MTFP approved in February 2015 and will be updated for February 2016. The capital programme funding is

expected to increase considerably over the period of the MTFP in order to fund the council's investment ambitions.

Capital Programme Funding



Capital Receipts



Note: Receipts from 2014-15 to 2017/18 are estimates

The significant amount of capital receipts forecast from 2016-17 onwards is due to forecast receipts from sale of houses arising from the Wokingham town centre regeneration.

Capital Resources and Borrowing Outlook

There are some significant developments in the Council's capital programme.

Town Centre Regeneration

The first phase of Wokingham Town Centre Regeneration, which is one of the Council's key investment priorities, has now finished with the refurbishment of Peach Place. The Peach Place planning application for the Redevelopment of Peach Place has now been submitted. Subject to planning consent, Peach Place Redevelopment works are expected to commence late 2016. Scoping works for Elms Field and Carnival Pool are progressing for the final stages of Wokingham Town Centre Regeneration. It is essential that anticipated build costs and forecast capital receipts are closely monitored as small variations could have a significant impact on capital resources.

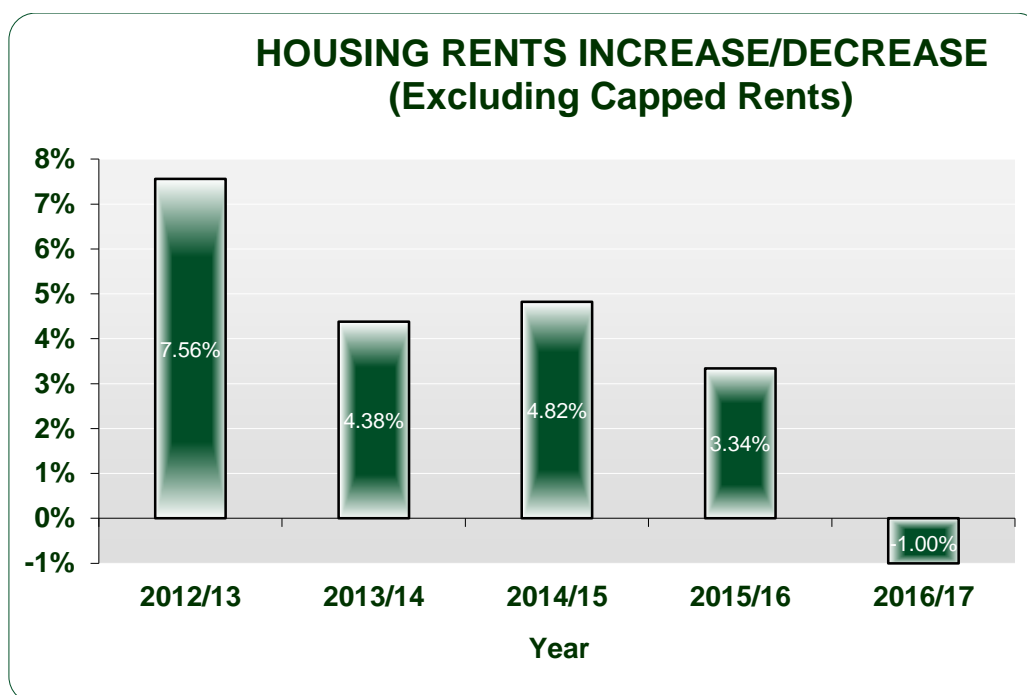
Capital Receipts/Contributions

Significant costs relating to the development of SDL's are in respect of building major roads and schools. Developer contributions through S106 contributions or Community Infrastructure Levy are key to funding these and minimizing the burden on general council capital resources. Given the size of the investment required the timing of the capital receipts becomes important as the capital financing costs of any timing lag falls on the general fund. Years two and three in the capital programme show a rising deficit in investment ambition verses funding available. This will be bridged by through a combination of maximising resources, prioritising and modifying schemes.

10 Housing Revenue Account (HRA)

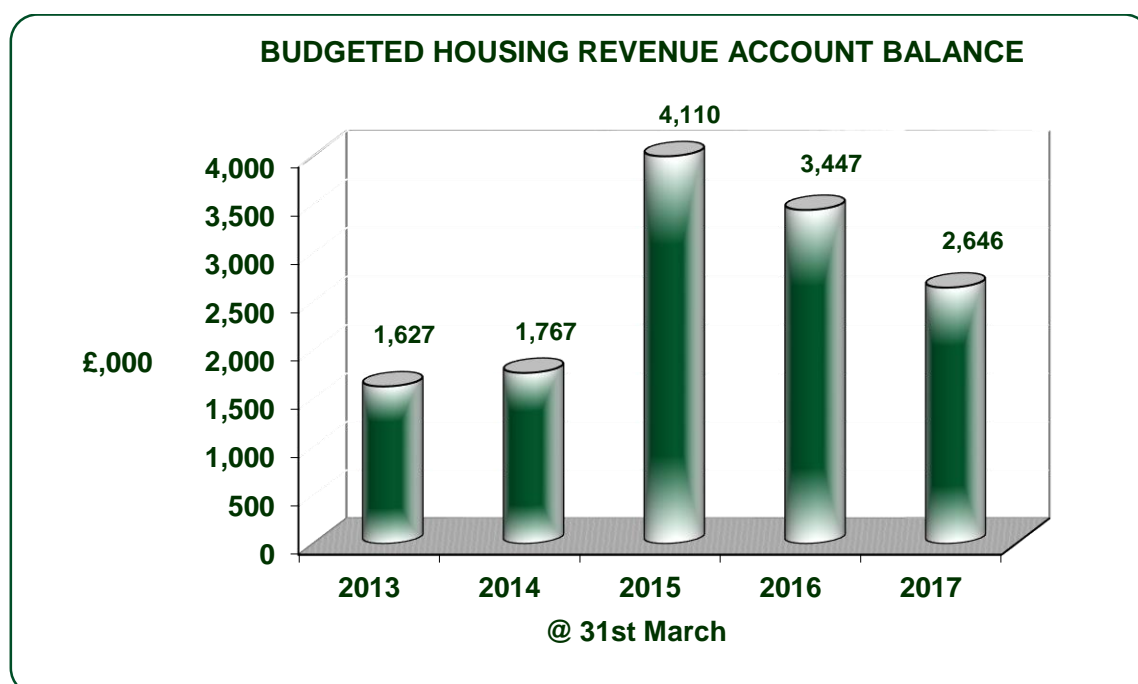
The HRA is a ring-fenced account and as such has no impact on the level of Council Tax. The money spent maintaining the Council's housing stock (valued at approximately £150m) and providing a service to council tenants is mainly funded by housing rents paid by council tenants. Gross expenditure on the HRA is in the region of £16.6m and is predominately in the areas of repairs and maintenance, capital financing, investment in capital works, and management. Housing rents are required to be increased annually in accordance with Government guidelines.

Under the Localism Act the Council took control of its housing rental income thus enabling more effective planning for the long term management of these key assets. In return Wokingham took on its share of the £28bn national housing debt as part of the self-financing settlement. Although the Council took on significant debt to do this, the scheme should be beneficial to the Council and its tenants in the longer term both with regard to retaining income and generating capacity to invest in the housing stock.



In line with the Government's 2016 budget, housing rents must be reduced by 1% each year on a cumulative basis for the four years from 2016/17 to 2019/20. The real terms reduction in the HRA forecast rental income will be greater than 1% annually as HRA rents were based on increasing them as part of the convergence policy whenever new tenancies were commenced; the Government policy no longer permits a convergence policy of increasing rents when tenancies are relet.

The HRA requires a balance in the same way as the General Fund. A risk analysis is also undertaken on HRA budgets to inform a prudent level of balance.



The table above shows actual HRA balances at 31 March 2015, and a forecast for 31 March 2016 and 31 March 2017. The estimated balance at 31 March 2016 will be used to fund

capital expenditure in 2016/17 and later years, and fund the loss of rental income due to the 1% reduction. .

11 Local Authority Trading Companies

Optalis Ltd

Optalis provides care and support services to older people and adults with a disability. The objective of Optalis is to provide a sustainable social care service that is known for its quality and commitment to service delivery. There are plans in place to grow the business over the next few years and this growth will be reflected in the MTFP when the financial impact is clearer. Savings are included in the MTFP in respect of a reduction in contract payment.

Wokingham Housing Ltd

This company is now developing a range of high quality affordable and market housing schemes for the residents of Wokingham Borough. Work is well underway developing schemes identified by the council and more schemes will be included into the development pipe-line in future years. The financial implications of the WHL business plan will be included in the MTFP. Significant investment has been included in the Capital Programme for two major developments, at Eustace Crescent and Foster's. The cost of borrowing will be funded by the company. The company has a detailed business plan and the financial impact of this is incorporated into the Council's MTFP.

Graham Ebers

Director of Finance & Resources (and Chief Financial Officer)

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

This page is intentionally left blank

| | |
|-----------------------------|--|
| TITLE | Primary School Planning Strategy |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None specific |
| DIRECTOR | Judith Ramsden, Director of Children's Services |
| LEAD MEMBER | Charlotte Haitham-Taylor, Executive Member for Children's Services |

OUTCOME / BENEFITS TO THE COMMUNITY

That there are sufficient school places to meet statutory need.

That these schools places are created in the communities that need them so children can attend schools near their homes.

That future new school and school expansion projects take account of the wider range of council and community needs, including the provision of leisure facilities.

RECOMMENDATION

That the Primary School Planning Strategy, as attached to the report, be approved.

SUMMARY OF REPORT

The strategy establishes the need for new primary school places over the period 2016 to 2018. Three areas are identified where capacity is required for 2016 – in Earley, Woodley and Shinfield.

In Earley the additional capacity is required to meet demand generated by a changing house occupation pattern. Households without younger dependent children have been replaced by new households with dependent children.

In Woodley is also thought to be experiencing similar pressures. These are exacerbated though by new house building across the area (which will add around 1,000 new predominantly family homes to the area).

In the south west (Shinfield) area the challenge is to ensure an adequate supply of places until the new SDL schools can open. These schools will have capacity to expand to deliver additional places, but their opening dates will be determined by the progress of the linked housing development schemes.

Other new schools will follow in the Strategic Development Locations. There are seven of these schools, one of which (Montague Park) will open in 2016, with other schools possibly following on from 2017.

Background

The council has a statutory duty to ensure there are sufficient primary school places. Demand has risen steadily over the past 5 years so that additional capacity has been created in a number of school across the borough.

The strategy is the successor to the primary place provision strategy 2013 to 2016. This strategy identified three “hot spots” (the north, Wokingham Town and the South West). Three new schools were built by Wokingham in Charvil, Woosehill and Winnersh (a fourth (Evdons) opened as a Free School and two schools have been expanded (in the Shinfield Parish area).

These areas either have no further identified need or have other schemes in progress to address future needs, with the exception of the south west (Shinfield). Otherwise where need is expected to rise new needs are expected to be met by SDL schools.

New schools will open as Academies or Free Schools (generally they will be badged Free Schools).

Analysis of Issues

The full analysis is set out in the strategy document itself. Current analysis indicates the following number of additional places will be required for September 2016:

Earley – 60 places (split 30 Year R and 30 Year 1)

Woodley – 15 places (Year R)

South West – 30 places (Year R)

In all cases the expansions will lead over a 7 year period to the full expansion of the schools (210 places in Earley, 105 places in Woodley and at least 210 places in Shinfield (although the new school is likely to offer 60 places per year / 420 places overall).

Additional capacity will be required in Woodley as the impact of new housing development is seen. An additional 30 places per year / 210 places will be required form 2017.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

All figures are £,000s.

General Fund

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|---------------------------------|-------------------------------|---|------------------------|
| Current Financial Year (Year 1) | Nil | N/A | Revenue (General Fund) |

| | | | |
|-----------------------------------|-----|-----|------------------------|
| Next Financial Year (Year 2) | Nil | N/A | Revenue (General Fund) |
| Following Financial Year (Year 3) | Nil | N/A | Revenue (General Fund) |

NB – Current Year is 2015/16

Dedicated Schools Grant

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £0 | £0 | Revenue (DSG) |
| Next Financial Year (Year 2) | £601 | £0 | Revenue (DSG) |
| Following Financial Year (Year 3) | £555 | £0 | Revenue (DSG) |

Note that the funding is dependent on agreement with the Schools Forum to the 2016/17 budget.

Capital

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £0 | £0 | Capital |
| Next Financial Year (Year 2) | £3,160 | £0 | Capital |
| Following Financial Year (Year 3) | £3,290 | £0 | Capital |

Note the funding is dependent on agreement to the MTFP.

Other financial information relevant to the Recommendation/Decision

Revenue costs will be met from the Dedicated Schools Grant.

The table below sets out Revenue (Dedicated Schools Grant) commitments that will extend beyond the next three years. WBC will be responsible for all start-up costs, while DfE will be responsible for lagged formulaic funding.

These figures are indicative at this stage as the new school start-up costs will be negotiated individually based on the particular circumstances of the successful provider.

| Revenue | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019+ | Total |
|--------------|-----------|-------------|-------------|-------------|---------------|---------------|
| Woodley | £- | £26 | £79 | £79 | £289 | £473 |
| Early | £- | £158 | £79 | £79 | £289 | £604 |
| South West | £- | £418 | £398 | £340 | £1,823 | £2,978 |
| Total | £- | £601 | £555 | £498 | £2,400 | £4,054 |

CS and Operational Property officers are working with Finance to quantify capital costs and to identify how these will be met. These costs are though the province of the related

implementation paper.

Capital costs will be met through a mixture of S106 contributions and WBC held funds (including DfE awarded Basic Need allocations).

Full details are set out in the related report “Primary Strategy Implementation Plan”.

The table below sets out capital commitments that will extend beyond the next three years.

| Area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019+ | Total by scheme |
|----------------------|----------|---------------|---------------|-------------|-------------|-----------------|
| Woodley | 0 | £1,610 | £1,920 | £20 | £80 | £3,630 |
| Earley | 0 | £855 | £1,320 | £520 | £100 | £2,795 |
| South West | 0 | £650 | £50 | £50 | £188 | £938 |
| Total by year | 0 | £3,115 | £3,290 | £590 | £368 | £7,363 |

Cross-Council Implications

Schemes stemming from this strategy are expected to support a wide range of WBC service and community objectives.

List of Background Papers

None

| | |
|-----------------------------------|---|
| Contact Brian Grady | Service Childrens Services Strategic Commissioning |
| Telephone No 0118 974 6247 | Email brian.grady@wokingham.gov.uk |
| Date 18 January 2016 | Version No. 1 |



WOKINGHAM BOROUGH COUNCIL

Primary School Planning Strategy 2016-2018

| Version | Date |
|---------|----------|
| 3.1 | 5/8/15 |
| 3.2 | 6/8/15 |
| 4.0 | 27/10/15 |
| 5.0 | 17/11/15 |
| 6.1 | 09/12/15 |

Contents

| | |
|--|----|
| Key recommendations | 3 |
| Introduction | 3 |
| Activity supporting the development of the strategy | 3 |
| Overview | 4 |
| Current Provision | 4 |
| Recent activity..... | 5 |
| Statutory drivers | 6 |
| Wokingham objectives..... | 6 |
| Issue analysis..... | 7 |
| Admissions – satisfying preferences..... | 7 |
| The allocation of placements for 2015 were as follows: | 7 |
| Births in Wokingham | 8 |
| Development in Wokingham | 9 |
| Areas where no action is proposed..... | 10 |
| North..... | 10 |
| South-East..... | 10 |
| Wokingham Town | 11 |
| East | 11 |
| West | 11 |
| Areas where action is proposed..... | 12 |
| Earley | 12 |
| Woodley..... | 18 |
| South-West..... | 20 |
| New provision in progress | 22 |
| Options analysis..... | 22 |
| Financial implications | 22 |
| School Standards and the wider agenda | 23 |
| Annex 1..... | 25 |
| References | 26 |

Key recommendations

1. To provide additional capacity through school expansion and early opening of new provision in three priority areas, in accordance with the related implementation plan for 2016/17:
 - a. Earley (up to 315 places)
 - b. Woodley (up to 315 places)
 - c. South West (up to 210 places)
2. To support the development of new schools in the four Strategic Development Locations in a timely manner to meet needs generated by these developments with capacity to expand to create additional places if required.
3. To ensure that new school development considers and supports the wider agenda around education, school standards, childcare, sustainability, family and community support and community services.

Introduction

This strategy establishes how Wokingham will meet its statutory duty that is to ensure there are sufficient primary school places for the period 2015 to 2018 and sets out plans to meet longer term needs generated by new housing development: It sets out to:

- Ensure school places are available within walking distance of home
- To meet the primary education needs of the new Strategic Development Location communities as established in the Council's Core strategy
- To create sustainable, high quality provision.

Where shortfalls are predicted proposals have been identified. The process of determining and implementing the action plan is through consultation with schools, parents, residents and other stakeholders. A member's working party, an Earley parents' group and local school clusters have helped shape this strategy. In addition costs and logistical issues such as traffic congestion and parking are also being taken into consideration.

Overarching these objectives is a priority set out in the Children and Young People Plan that says that the Wokingham Borough Council should:

"Ensure more Wokingham children have access to good or better schools and settings and focus on delivering improvements for those most at risk of poor outcomes through our school improvement offer and delivery of new Primary and Secondary provision (WBC 2014)."

Activity supporting the development of the strategy

Options and recommendations have been derived through the examination of roll projections, demographic data and projections and a range of other relevant data sources. These have been used to predict the number of children that will require primary school places over the life of the strategy. Highway planning was consulted to identify traffic congestion issues and help devise solutions to problems caused by school expansion. The WBC Operational Property and Strategic Assets teams have provided expertise and knowledge regarding the viability of expansion of existing sites and potential new sites. Discussions have taken place with some schools to identify the appetite for expansion.

Overview

Current Provision

There are in total 50 primary schools in the borough. The map below shows the dispersal of the schools. The Woodley planning area has the highest number of primary schools 9, and Wokingham-East planning area has the lowest number of schools 5. The average number of primary schools per planning area is 7.



| Planning area | Number of Schools |
|---------------------|-------------------|
| Earley | 7 |
| North | 8 |
| South-East | 8 |
| South-West | 6 |
| Wokingham Town East | 5 |
| Wokingham Town West | 7 |
| Woodley | 9 |
| Total | 50 |

Recent activity

There have been a number of schemes to increase primary school capacity in the last five years, prior to the adoption of the previous provision strategy (2013 to 2016). These included:

- In the south west two bulge classes were created at Lambs Lane Primary.
- In Wokingham Town two bulge classes were created at Winnersh Primary School and 50 places were provided at Hawthorns Primary school.
- In the North planning area two bulge classes were created at the Colleton Primary School originally and subsequently the school expanded to offer 420 places (from 245 places)
- In Earley Hawkedon Primary School expanded from 490 to 630 places.

The Wokingham Primary School Provision 2013-2016 strategy identified pressures in the south-west and north of the borough as well as west and east of Wokingham Town. In the north a new primary school was built in Charvil (part of Piggott School, which changed its age range from 11 to 18 to 4 to 18). In Wokingham Town West two new one form entry primary (210 places) schools were opened: Windmill in Woosehill and Wheatfield in Winnersh. In the south west the expansion of Grazeley Parochial CoE VA Primary School (from 105 to 210 places) and the Shinfield Infant and Shinfield St Mary Junior School (jointly from 420 to 630 offered places) was agreed (and work is currently in progress).

Expansion in the south-west was successful and the prediction that the bulge was required has been justified with just 26 places left available from reception year to year 3 with the total figure for empty places being 7% of the total number of places. In the North there is a similar story although there are fewer places left over in the North (4% of the total number of places) which is 1% less than the 5% recommended by the DfE. Wokingham Town West schools filled their new classes in the Reception year through to year 3 with only 23 places left over. Wokingham Town East shows more places available than the other areas expanded but all schools but one were filled. Only All Saints Primary failed to fill every year group except for in the Reception year where they were just 3 short of full capacity.

Seven new schools are also proposed as core components of the agreed masterplans for the borough's "Strategic Development Locations" (North (1) and South Wokingham (2), South of the M4 (2) and Arborfield (2)). Five of these schools are incorporated into planning consents through Section 106 (developer) agreements. The sites for the second schools in the South Wokingham and Arborfield developments are expected to be the subject of S106

agreements when planning consents are awarded with construction costs met by CIL (Community Infrastructure Levy) funding.

Statutory drivers

Education Act 1996

Key act establishing the duty on local authorities to ensure that sufficient school places are available to meet local needs.

Section 13 General responsibility for education: England and Wales

“A local education authority shall (so far as their powers enable them to do so) contribute towards the spiritual, moral, mental and physical development of the community by securing that efficient primary education, and secondary education are available to meet the needs of the population of their area.”

Academies Act 2010

This Act that sets out the framework for the delivery of new schools through the development of Academies and Free Schools.

Existing schools (including maintained schools) can expand to meet needs. However, any new school required to meet needs created rising school rolls will be a Free School (an Academy). These schools will be brokered by the Council and initial start-up funding and capital costs will be met by the Council. However, they will be agreed by the Regional School's Commissioner acting on behalf of the Secretary of State for Education and funded directly by the DfE.

School Admissions Code 2014

This Code enforces mandatory requirements and includes guidelines setting out aims, objectives and other matters in relation to the provision of admissions.

[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389388/School Admissions Code 2014 - 19 Dec.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389388/School_Admissions_Code_2014_-_19_Dec.pdf)

Admissions arrangements determine who will have priority for school places should a school be oversubscribed. Where Wokingham has funded new provision to meet area needs the expectation will be that oversubscription criteria will give priority to the local community. Faith schools can have criteria that give priority to children whose families can demonstrate adherence to a faith and so not provide places (or all their places) to local communities.

Wokingham objectives

The primary purpose of any primary place provision strategy is to ensure there are sufficient places available in convenient places. However, to be fully successful any strategy needs to take account of:

- School standards – intending to create schools that are excellent educationally and sustainable financially.
- Local community needs – where possible creating facilities that have a dual role – serving the community outside school hours.
- Local community concerns – minimising adverse impacts such as school run traffic issues.

Issue analysis

“Priority area” analysis has been gathered using live birth data patterns, local knowledge concerning: new homes in the borough’s Strategic Development Locations (WBC (2015) Regeneration), future housing development, cross border movement and demographics of those migrating into the borough.

The results of this analysis show that: the South West (Shinfield Parish), Earley and Woodley planning areas are the areas that require new provision.

The Department for Education recommend that authorities should aim for 5% of unfilled places in schools. Chart 2 shows that on average Wokingham Borough have just 3% of unfilled places. Year 1 and Year 2 have the least amount of tolerance and Year 5 and year 6 have the most tolerance. This can be explained by the year on year increase in birth rate that started over 7 years ago and is now progressing through our schools.

2015/16 Wokingham Surplus Capacity by Year (at November 2016)

| Year | Reception | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|------------------|-----------|--------|--------|--------|--------|--------|--------|
| Places Available | 2191 | 2161 | 2131 | 2101 | 2057 | 2057 | 2053 |
| Surplus | 50 | 21 | 86 | 52 | 61 | 136 | 150 |
| %ge Surplus | 2% | 1% | 4% | 2% | 3% | 7% | 7% |
| Whole borough | 4% | | | | | | |

Below is a summary of the number of available places in each planning area compared to the total number of places.

| | Available Places | Total Places | %ge unfilled places |
|---------------------|------------------|--------------|---------------------|
| Earley | 3115 | 8 | 0% |
| North | 1820 | 75 | 4% |
| South East | 1687 | 74 | 4% |
| South West | 1785 | 164 | 9% |
| Wokingham Town West | 2590 | 60 | 2% |
| Wokingham Town East | 1820 | 76 | 4% |
| Woodley | 2520 | 99 | 4% |
| Total | 15337 | 556 | 4% |

Admissions – satisfying preferences

The allocation of placements for 2015 were as follows:

- 85% of applicants received their first preference (1 per cent lower than 2014), and
- 96% of applicants received one of their four preferred schools (2 per cent lower than 2014).
- 98 per cent were allocated to schools within the borough (an increase of 4 per cent).

In 2015 there were almost double the numbers of school admission appeals compared to 2014. An appeal can be made if a child hasn't been offered a place at a school of preference. The increase in appeals is not localised to a single planning area although the North of the borough received very few appeals. The high number of appeals is likely to be caused by low level of capacity across the borough; the average spare capacity across the borough is 3%, while the recommended capacity set by the DfE is 5%. In Earley there is less than 1% capacity.

Births in Wokingham

The table below shows the number of live births by calendar year and by academic year. The ONS calendar year data includes 2014 births and shows a rising trend until 2012, with a significant decline from this trend in both 2013 and 2014. This is consistent with national live birth trends. The academic year data shows the same trend

The cohort born in the 2012/13 academic year will enter Reception classes in the 2017/18 academic year – pointing to a marked reduction in demand across Wokingham at that point and a further fall in demand in the 2018/19 academic year. New housebuilding and changing patterns of occupation may offset the declining birth rate, but these are likely to be highly localised impacts.

| Calendar year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>ONS calendar year data</i> | 1,725 | 1,874 | 1,941 | 1,896 | 1,997 | 1,880 | 1,963 | 1,795 | 1,811 |
| Academic year | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 |
| <i>From ONS</i> | 1,728 | 1,813 | 1,913 | 1,908 | 1,933 | 1,939 | 1,936 | 1,872 | 1,767 |

The map below shows the planned development across the Wokingham area. The greatest impacts will be associated with the planned major housing developments in the borough's Strategic Development Locations (10,000 new homes around Wokingham town (4,000), Shinfield (2,500+) and the Arborfield Garrison (3,500)), with a significant level of activity (1,000 homes) in the Woodley area.



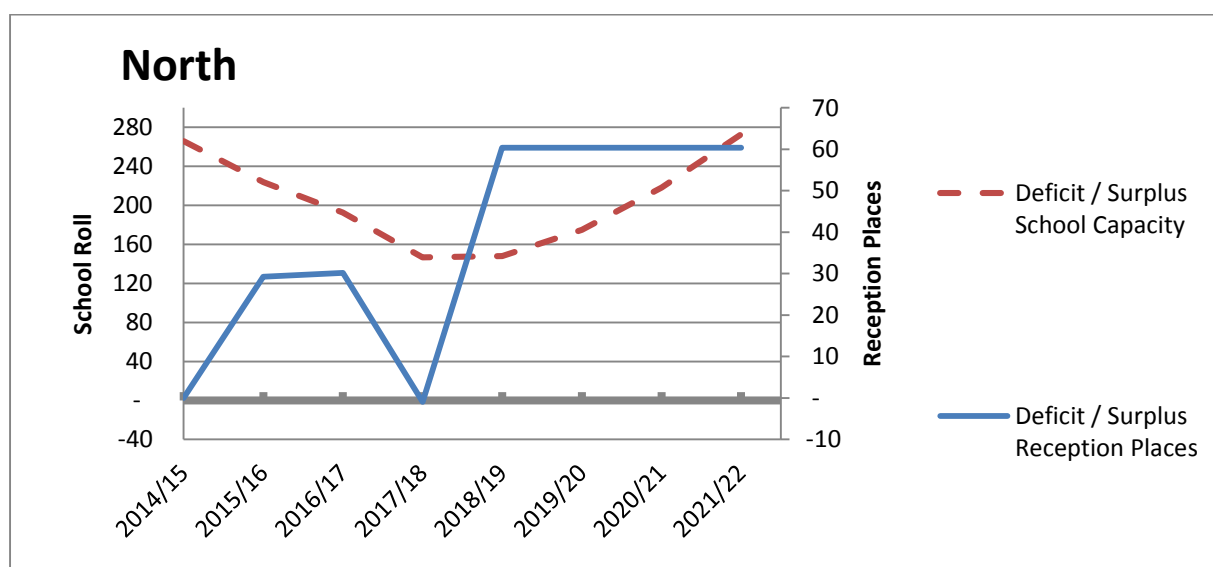
Areas where no action is proposed

North

This area comprises schools serving the Remenham, Wargrave and Ruscombe, Sonning, Charvil, Hurst and Twyford wards.

The North has 1,589 primary school places. After the school admissions process in July 2015 there were 67 surplus places left (or 4% of the total) in the North planning area. This is 1% lower than the recommended level set out by the Department for Education (See chart 3 below). The number of children projected to need primary Reception class places is expected to fall a little until 2018 when the projection suggest that demand will match capacity. There is no planned housing development in the North planning area, there is no evidence of any significant migration of new families into the planning area, and the North's capacity is within the acceptable limits recommended by the DfE. The North is not therefore a "priority area" but capacity will need to be reviewed in 2019 when the projection suggests that the baby boom years are over.

North schools: Reception and whole school surplus / deficit to 2021/22



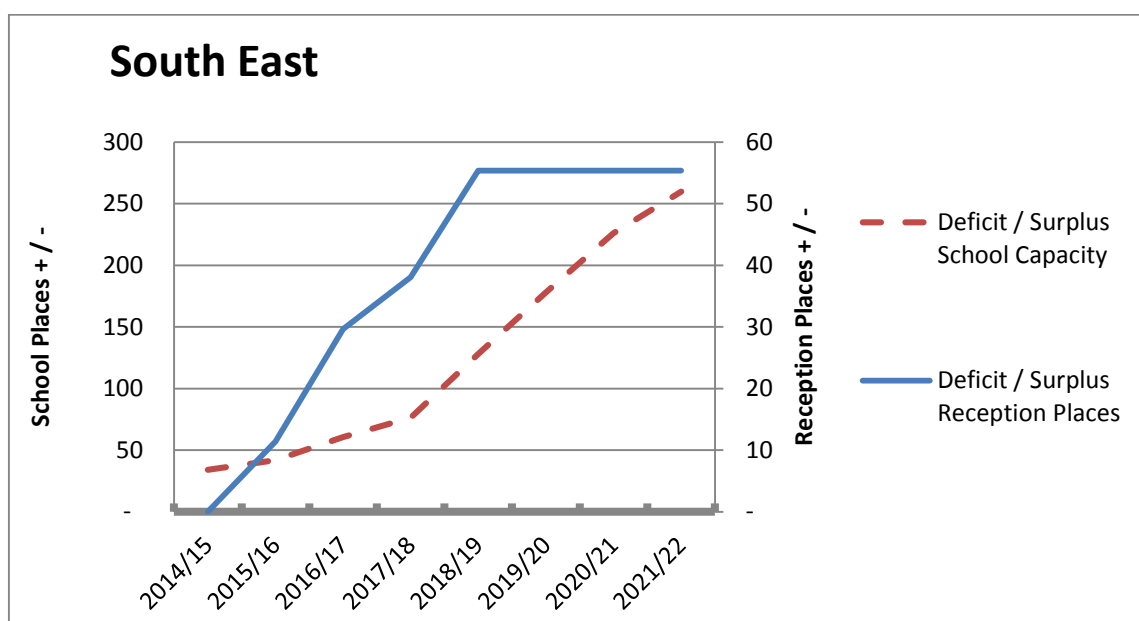
South-East

This area comprises schools serving the Wokingham Without, and Finchampstead North and South wards

The South-East has 1,632 primary school places. After the school admissions process in July 2015 there were 81 surplus places (or 5% of the total) available in the South-East planning area. This is equal to the recommended level set out by the Department for Education (See chart 3 below). The pupil projection for the South-East suggests a steady decline in numbers of pupils requiring Reception places leading to an increasing surplus. The level of planned house building is low (the most significant development is 130 new homes agreed for the United Charities Land on the edge of Crowthorne in the Wokingham Without area). Major developments on the periphery of the area (the Arborfield Strategic Development Location and the Road Transport Laboratory site in Bracknell) will bring bespoke primary school provision. The South-East is therefore not regarded as a priority

area for this strategy because measures are already in place to deal with potential rise in demand for places.

South-East schools: Reception and whole school surplus / deficit to 2021/22



Wokingham Town

This area comprises schools serving the Norreys, Wescott, Evendons, Winnersh and Emmbrook wards

East

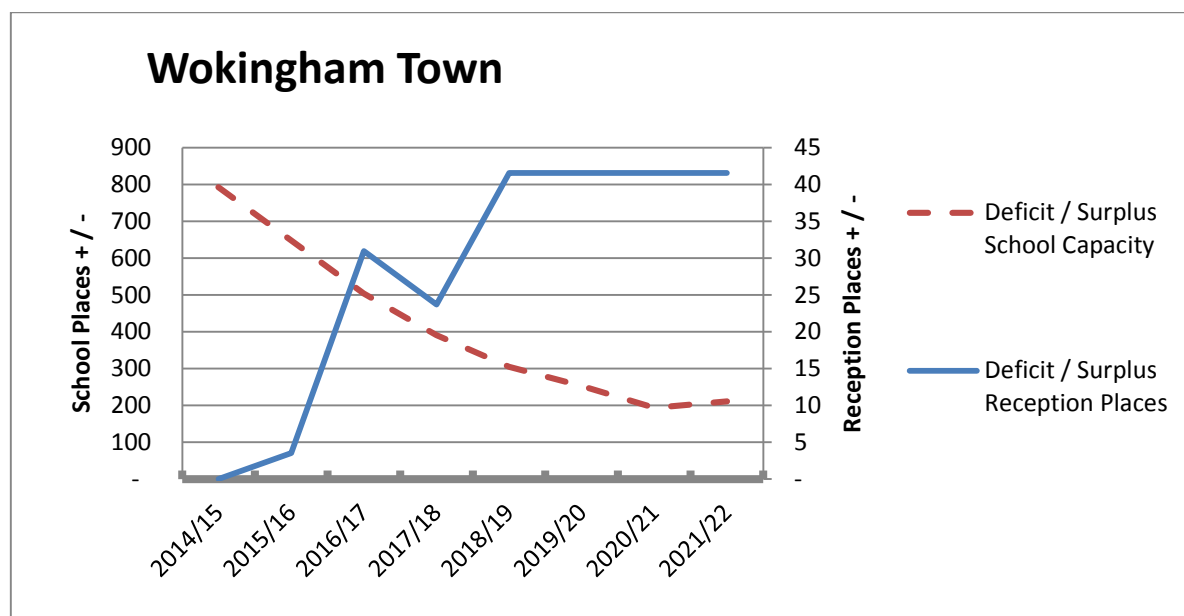
The Wokingham Town East has 1686 primary school places. After the school admissions process in July 2015 there were 76 places left over which represents 4.5% of the total number of places available in the Wokingham Town East planning area which is 0.5% below the recommended level set out by the Department for Education (See Chart 3 below). The pupil projection in the chart below shows that the numbers of children requiring Reception places will rise in 2016 to close to the current capacity. A new school in the planning area (Montague Park) will provide the necessary capacity to deal with the projected rise in numbers in 2016. The school has been built to provide 420 places, with a further 210 places in a part of the building completed to shell only. The projection Vs capacity chart shows that after 2019 extra capacity will become available beyond the 5% recommended by the DfE. The chart does not include the extra pupils generated by the South Wokingham SDL (Montague Park), who will significantly reduce this surplus.

West

The Wokingham Town West has 2,344 primary school places. After the school admissions process in July 2015 there were 72 places left over which represents 3% of the total number of places available in the Wokingham Town West planning area which is 2% below the recommended level set out by the Department for Education (See chart 3). The pupil projection shown in the chart below shows that the Reception numbers are expected to rise in 2016 but the numbers are expected to remain below the current capacity. Approximately 450 new homes are planned (the bulk of these as part of the Hatch Farm Dairies development). These will be delivered over an indeterminate period (which could extend to

the next decade). New primary schools with expansion potential will be built as part of the north and south Wokingham Strategic Development Locations on the periphery of the area as part of the Matthewsgreen development and south of the Wokingham to Bracknell rail line near to Molly Millars Lane. For these reasons Wokingham Town West is not regarded as a priority area for this period.

Wokingham Town schools: Reception and whole school surplus / deficit to 2021/22



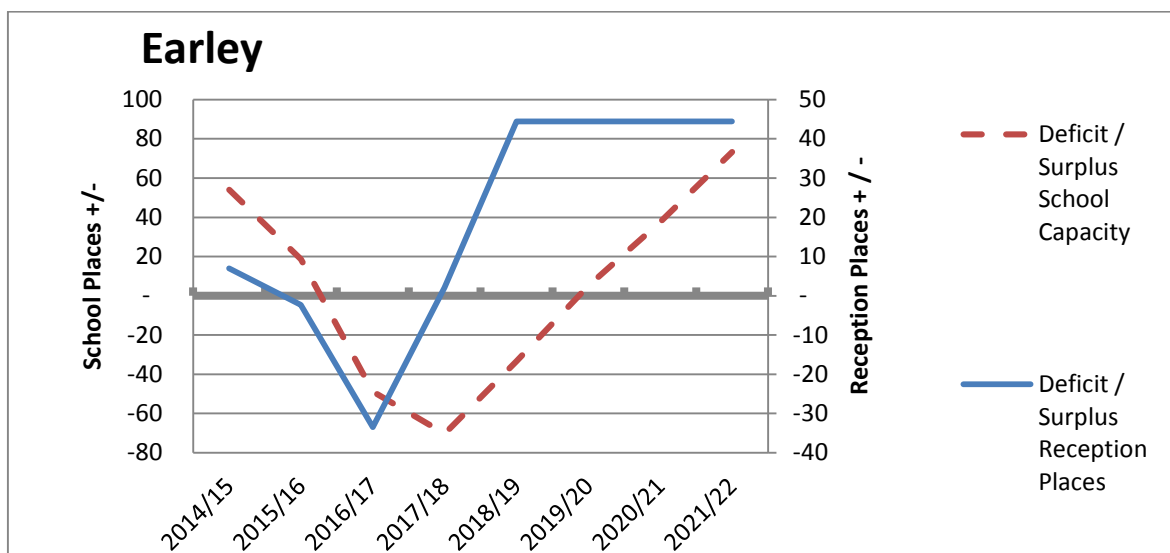
Areas where action is proposed

Earley

This area comprises schools serving the Maiden Erlegh, Hawkedon and Hillside wards.

Earley has more primary school places than any other planning area (3,114 places see chart 3). After the school admissions process in July 2015 there were only 6 available places left in Earley: 1 in year 1, 2 in year 5 and 3 in year 6. 30 children in Earley were diverted to schools in Woodley in 2015. In total Earley has 0.01% of unfilled places in its planning area which is 5% lower than the recommended level set out by the Department for Education (see chart 3 below). The pupil projection suggests that in 2016 there will be an increase in the number of children requiring places in Earley schools and will continue to increase until 2017. The chart below shows the number of predicted children that will require Reception places in Earley compared to the current capacity. A factor that may affect the pupil projection is the movement of families with young children into the planning area. A significant increase in the number of such families in 2015 is likely to have resulted in there being a shortage of places in Earley.

Earley schools: Reception and whole school surplus / deficit to 2021/22



Despite no discernible upwards trend in the number of births and no significant recent housing development taking place in Earley there has been a rise in the number of children requiring school places. The rise in demand for places is likely to have come about because of new families moving into Earley replacing older childless households. For 2015 admissions there were a significant number of children who could not be placed in schools in the Earley planning area, 7% (30 children). These children were diverted to schools outside of Earley into Woodley and Winnersh. The School Place Situation for September 2015 chart below shows that Earley Schools are full to capacity from Reception to year 6.

| SCHOOL PLACE SITUATION FOR SEPTEMBER 2015 AS AT 23/7/15 | | | | | | | | | |
|---|---------------------------------|--|------------|------------|------------|------------|------------|------------|------------|
| | Year Groups | Admission Number (Reception/Year 3) | R (2015) | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 |
| PRIMARY, FREE SCHOOLS & AL | | | | | | | | | |
| | Earley | | | | | | | | |
| 2116 | Aldryngton Primary | 45 | 45 | 46 | 45 | 45 | 45 | 45 | 46 |
| 3312 | Earley St Peter's | 70 | 71 | 69 | 70 | 70 | 70 | 69 | 70 |
| 2237 | Hawkedon Primary | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 87 |
| 2238 | Hillside Primary | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| 3371 | Loddon Primary | 60 | 60 | 60 | 60 | 60 | 61 | 60 | 60 |
| 2235 | Radstock Primary | 60 | 60 | 60 | 60 | 60 | 61 | 60 | 60 |
| 2105 | Whiteknights Primary | 60 | 60 | 60 | 60 | 60 | 61 | 59 | 59 |
| | | 445 | 446 | 445 | 445 | 445 | 448 | 443 | 442 |
| | Current places available | | 0 | 1 | 0 | 0 | 0 | 2 | 3 |

| |
|--------------------------------|
| Full |
| Two or fewer places available |
| Three or more places available |

Capacity required

Earley has 3,114 primary school places covering all year groups. All primary schools in Earley were filled in 2015 and 30 children in the Earley Planning area were unable to be placed in the area and were diverted to schools in neighbouring areas.

Most future school place needs are determined using the standard roll projection model and the analysis of need in Earley commences with this. However, there are some special considerations that apply in Earley and these are dealt with subsequently, to arrive at the final estimation of the number of additional places required.

There are 445 available Reception places and 447 pupils are projected to need places in 2016, numbers are projected to increase to 478 in 2017 before dropping again in 2018 to 443.

| Chart 5 Reception year Projected numbers for earley compared to current number of places and recommended numbers of extra places | | | | | | |
|--|-------------------|----------------|---|--------------------------------------|--|-------------------------|
| Year | Predicted Numbers | Current Places | The difference between Predicted numbers and current places | 5% of the current predicted numbers* | Estimate of the total number of extra places required for the reception year** | Forms of entry required |
| 2015 | 438 | 445 | 7 | 21.9 | 15 | 0.496667 |
| 2016 | 447 | 445 | -2 | 22.35 | 25 | 0.823072 |
| 2017 | 478 | 445 | -33 | 23.9 | 57 | 1.913045 |
| 2018 | 443 | 445 | 2 | 22.1 | 20 | 0.667469 |
| 2019 | 443 | 445 | 2 | 22.1 | 20 | 0.667469 |
| 2020 | 443 | 445 | 2 | 22.1 | 20 | 0.667469 |
| 2021 | 443 | 445 | 2 | 22.1 | 20 | 0.667469 |
| 2022 | 443 | 445 | 2 | 22.1 | 20 | 0.667469 |
| Key | | | | | | |
| * as recommended by DfE | | | | | | |
| ** The difference between Predicted numbers and current number of places - the 5% added to the predicted score = the number of required places | | | | | | |
| *** Estimate of the total number of extra places required for the reception year** divided by 30 (one form of entry) | | | | | | |

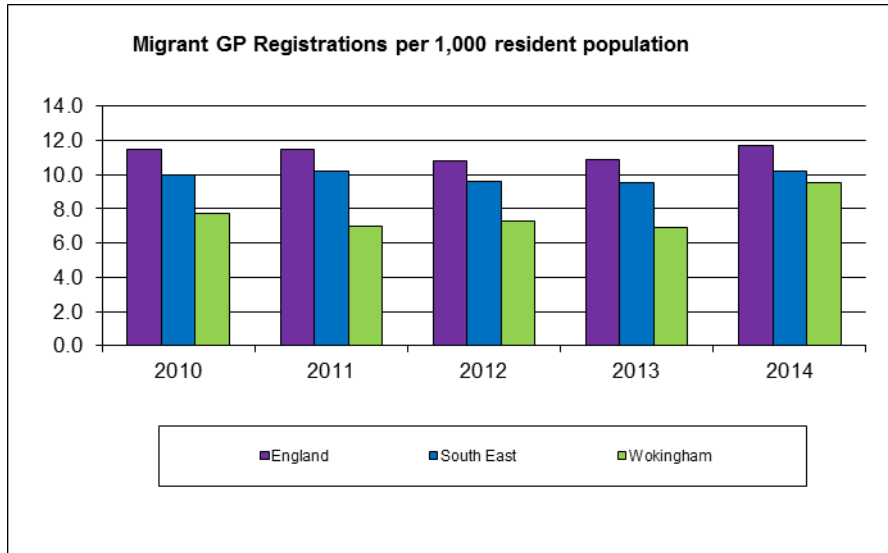
Chart 5 estimates the number of forms of entry that will be required over the next 7 years. The predicted number is based on birth rate statistics and the current number of places available in Earley schools is also known. The DfE's recommendation of a 5% excess is also known. Both migration into the borough and cross border movement are taken account of in these figures, albeit only at (recent) historic rates.

The impact of migration

The Woodley and Earley areas, in particular the latter, have experienced significant changes in their demography due to immigration and changes in house ownership. An analysis of government data from 2014 appears to support this:

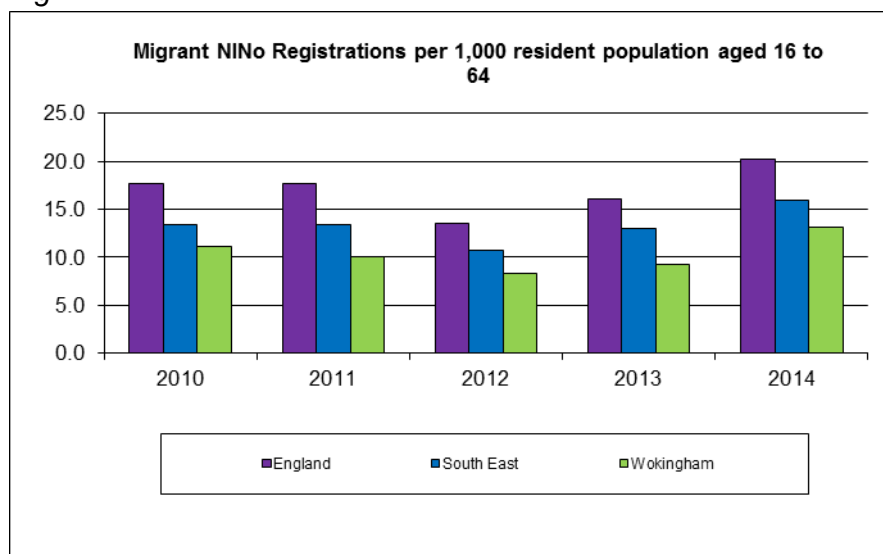
- In Wokingham, GP registrations by migrants for the period 2010-2014 have increased at 5 times the rate for the South East region and England (see Fig. 1);

Fig. 1



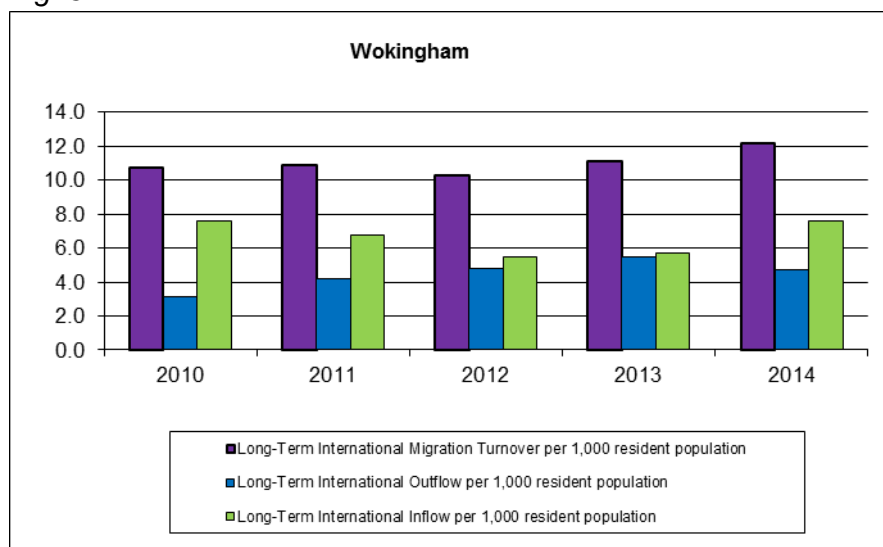
- National Insurance Number registrations for people aged 16-64 years increased by 31% between 2013 & 2014 (compared to 22% and 25% for the South East and England respectively (see Fig 2);

Fig.2



- Wokingham has been a net recipient for international migrants for several years, (see Fig 3) and has seen a 33% increase between 2013 & 2014;

Fig. 3



Housing and age profile

ONS data on population movements in and out of local authorities shows that Wokingham is losing people aged 50+ and gaining a greater number of people aged 20-44 years (see Fig 4). This is in contrast to the South East region (see Fig 5) where there is barely any loss of the 50+ population (i.e. what you would expect from the large numbers of new houses). This pattern was repeated in 2013 and 2012. In 2014, Wokingham lost 460 people aged 50-69 years and gained 670 people aged 25-44 years old.

Fig.4

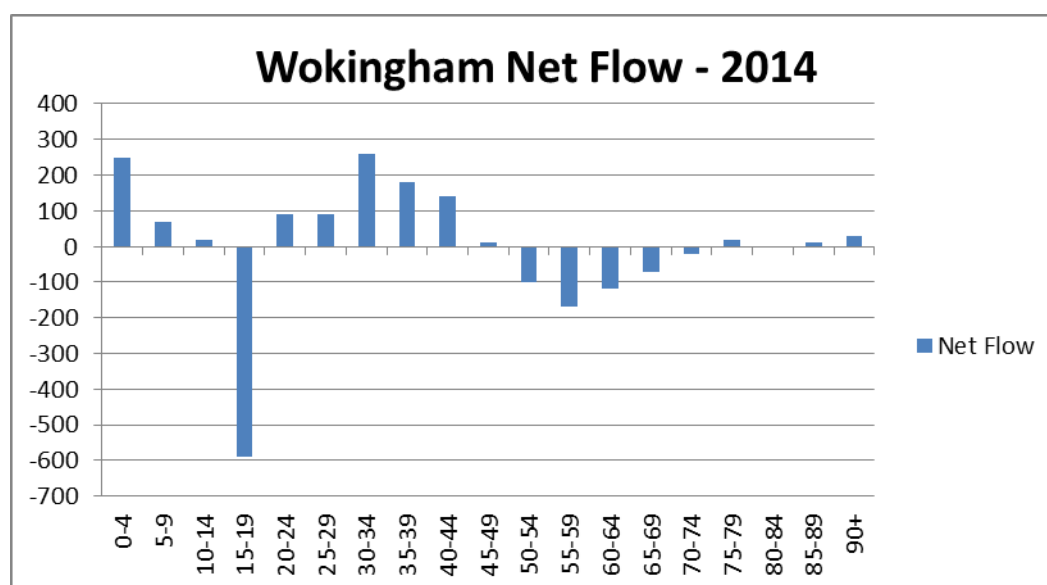
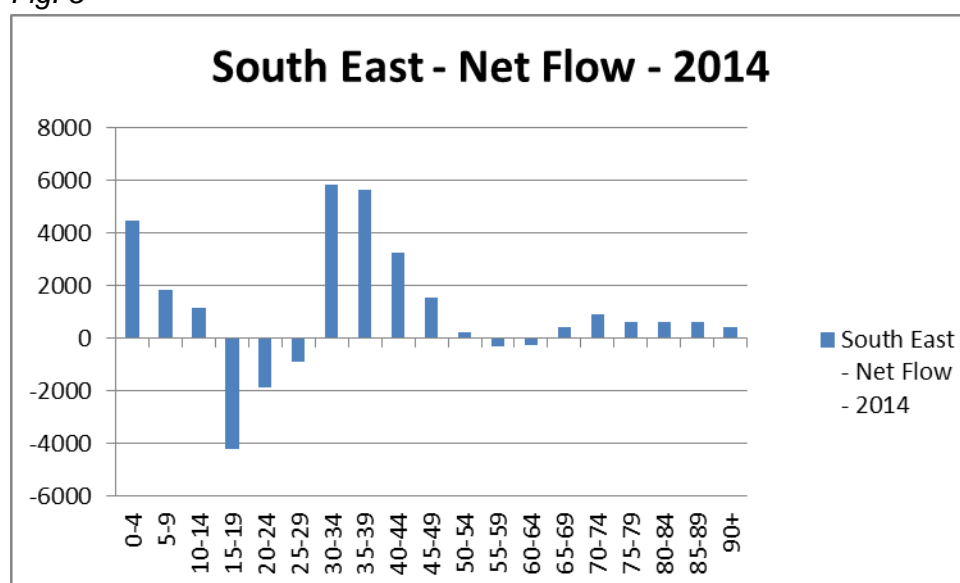


Fig. 5



It isn't possible to break down these figures into planning areas and calculate Earley's share nor can the age profile of the children be determined but if it was assumed that the majority of the older people leaving the borough were from Earley and were being replaced by a similar number of younger couples then an indication of the likely yield could be obtained.

For 2014, 460 people aged 50-69 years left Wokingham, so assuming they were replaced by 230 couples, each with 2 children, aged 0-16, then they could yield 28 children per year group. This figure is considered conservative and the anecdotal evidence from local schools is that new families are much larger.

The following table shows the impact of this influx on the projections for the Earley Area:

| Earley Area | Planning | Current | | | Including housing yield | | Including housing yield & new families | |
|-------------|----------|---------|--------|--------|-------------------------|--------|--|--------|
| | | AN | AN +/- | %AN+/- | AN +/- | %AN+/- | AN +/- | %AN+/- |
| | 2015/16 | 445 | -2 | -1% | -8 | -2% | -36 | -7% |
| | 2016/17 | 445 | -33 | -8% | -35 | -8% | -63 | -12% |
| | 2017/18 | 445 | 2 | 0% | 2 | 0% | -26 | -6% |
| | 2018/19 | 445 | 36 | 8% | 35 | 8% | 7 | 2% |
| | 2019/20 | 445 | 36 | 8% | 35 | 8% | 7 | 2% |
| | 2020/21 | 445 | 36 | 8% | 36 | 8% | 8 | 2% |
| | 2021/22 | 445 | 36 | 8% | 36 | 8% | 8 | 2% |

Earley has therefore been identified as a “priority area” that will need new provision.

The predicted peak period for reception year provision is 2017 where near to two forms of entry will be required whilst in 2016 1 form of entry will be required. House building will have a limited impact (the most significant new site, Sibly Hall, will only generate 89 new homes). After 2017 the standard projection indicates a fall in demand from the peak of 2017. Taking the projection and the migration impact into account there is a requirement for 1.5 forms of entry above what is available today to meet near future needs.

| Earley Area | Planning | With additional 1.5FE | | |
|-------------|----------|-----------------------|--------|--------|
| | | AN | AN +/- | %AN+/- |
| 2016 | 2015/16 | 490 | 9 | 2% |
| 2017 | 2016/17 | 490 | -18 | -4% |
| 2018 | 2017/18 | 490 | 19 | 4% |
| 2019 | 2018/19 | 490 | 52 | 11% |
| 2020 | 2019/20 | 490 | 52 | 11% |
| 2021 | 2020/21 | 490 | 53 | 11% |
| 2022 | 2021/22 | 490 | 53 | 11% |

Woodley

This area comprises schools serving the Bulmershe and Whitegates, Southlake, Loddon, and Coronation wards.

Woodley has 2,451 primary school places. After the school admissions process in July 2015 there were 67 surplus places (or 3% of the total) in the Woodley planning area (2% below the DfE recommended level) (See Chart 3 below). Woodley’s pupil projection chart below shows that the expected number of pupils for 2016 exceeds the capacity in the area. In addition to this planning permission has been granted for 1,000 homes to be built in the planning area and building work has already begun.

Woodley’s primary schools are near to capacity with very few available places, the school place situation chart shows that 7 of the 8 primary schools in the planning area are near to or at capacity from the reception year to year 6 with only St Dominic Savio Catholic primary school showing any capacity from the reception year to year 1.

SCHOOL PLACE SITUATION FOR SEPTEMBER 2015 AS AT 23/7/15

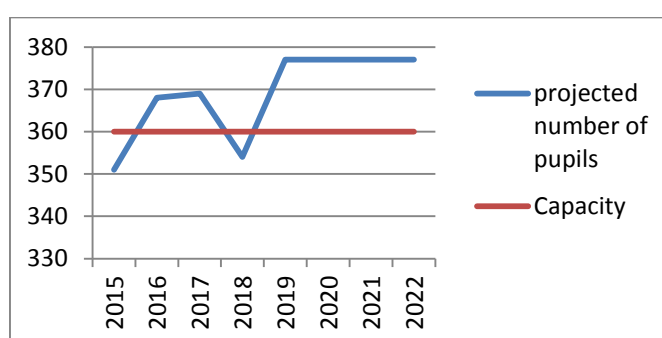
| | Year Groups | Admission Number (Reception/Year 3) | R (2015) | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 |
|---------------------------------------|---------------------------------|--|------------|------------|------------|------------|------------|------------|------------|
| PRIMARY, FREE SCHOOLS & AL | | | | | | | | | |
| | Woodley | | | | | | | | |
| 2245 | Beechwood Primary | 45 | 45 | 45 | 43 | 45 | 44 | 40 | 41 |
| 2246 | Highwood Primary * | 30 | 30 | 32 | 30 | 31 | 28 | 30 | 30 |
| 2167 | Rivermead Primary | 60 | 60 | 61 | 48 | 60 | 57 | 60 | 56 |
| 2247 | South Lake Primary | 60 | 60 | 60 | 60 | 60 | 59 | 60 | 60 |
| 3368 | St Dominic Savio | 60 | 49 | 59 | 57 | 60 | 60 | 46 | 57 |
| 2160 | Willow Bank Infant | 60 | 60 | 60 | 60 | 0 | 0 | 0 | 0 |
| 2161 | Willow Bank Junior | 60 | 0 | 0 | 0 | 60 | 60 | 60 | 60 |
| 3056 | Woodley Primary | 45 | 45 | 46 | 45 | 47 | 45 | 43 | 45 |
| | | 360/360 | 349 | 363 | 343 | 363 | 353 | 331 | 349 |
| | Current places available | | 11 | 1 | 17 | 0 | 6 | 21 | 11 |

| | |
|--|--------------------------------|
| | Full |
| | Two or fewer places available |
| | Three or more places available |

The Woodley birth rate shows no clear trend. Planning consent has been granted for nearly 1,000 homes in the area. The number of pupils generated per year by these new homes will be dependent on how quickly the homes are built. In the long term the new homes are likely to generate over 30 pupils per year over the next 8 years and in the short term could generate significantly more than this. In 2014 11 children were diverted to Woodley from the oversubscribed Earley planning area but for 2016 as recommended above provision may be added to Earley which should negate diversions Woodley. The Woodley reception year projection Vs capacity chart shows significant rise in the number of pupils requiring reception class places from 2016 to 2017 and then after a 1 year dip the numbers are expected to rise again.

It is for these reasons that the Woodley Planning area is identified as a hotspot requiring additional provision. Taking account of the projection and the new housing it is proposed that at least 45 places per year (315 places) will be required.

Woodley schools: Reception and whole school surplus / deficit to 2021/22



Housing impact

The table below shows the projected impact of the new homes planned in the Woodley area until 2022. House building will continue after this period, so demand will continue to rise.

| Woodley Planning Area | | Current | | Inc housing yield | |
|-----------------------|---------|---------|--------|-------------------|--------|
| | | | | AN +/- | %AN+/- |
| 2016 | 2015/16 | -8 | -2.33% | -17 | -5% |
| 2017 | 2016/17 | -9 | -2.60% | -21 | -6% |
| 2018 | 2017/18 | 6 | 1.58% | -4 | -1% |
| 2019 | 2018/19 | -17 | -4.75% | -23 | -6% |
| 2020 | 2019/20 | -17 | -4.75% | -20 | -5% |
| 2021 | 2020/21 | -17 | -4.75% | -18 | -5% |
| 2022 | 2021/22 | -17 | -4.75% | -18 | -5% |

Taking account of the impact of the additional homes it is recommended that 1.5 FE (45 places per year / 315 places overall) be created in the Woodley area. Taking account of this expansion, projected rolls and the proposed new capacity the place sufficiency position looks like this:

| Woodley Planning Area | | With additional 1.5FE | | |
|-----------------------|---------|-----------------------|--------|--------|
| | | AN | AN +/- | %AN+/- |
| 2016 | 2015/16 | 405 | 28 | 7% |
| 2017 | 2016/17 | 405 | 24 | 6% |
| 2018 | 2017/18 | 405 | 41 | 10% |
| 2019 | 2018/19 | 405 | 22 | 5% |
| 2020 | 2019/20 | 405 | 25 | 6% |
| 2021 | 2020/21 | 405 | 27 | 7% |
| 2022 | 2021/22 | 405 | 27 | 7% |

South-West

This area comprises schools serving the Barkham, Shinfield North and South, Arborfield and Swallowfield wards

The South-West has 1,686 primary school places. After the school admissions process in July 2015 there were 124 surplus places left over which represents (or 7% of the total) number of places available in the South West planning area which is (2% above the DfE recommended level) set out by the Department for Education (See chart 3 below). The Chart below showing Reception year projection Vs capacity does not provide a trend, instead it shows a turbulent line indicating increases and decreases in predicted numbers of places required over the next 4 years. It also shows that the capacity for the planning area outweighing exceeding the number of pupils expected to require school places. The projection however does not fully take into account new residential development delivered through a number of schemes, the most significant of which form part of the two Strategic Development Locations (SDLs) within the planning area:.

The two SDL schemes (details below) include appropriate education provision to be triggered by house building. However, there are other schemes in the area that fall outside these major planning consents, including recently completed and in progress schemes that are expected to lead to an increase in demand before the SDL triggers are met.

The Arborfield SDL will provide 3,500 new homes and South of the M4 SDL that will provide 2,700 new homes. These new homes will take up the extra capacity and will likely cause a capacity shortage in the future. To alleviate the capacity and meet needs generated by these developments S106 funding has been secured to build a new primary schools at Spencers Wood (as part of the Spencers Wood / Three Mile Cross scheme) (210 places with expansion options), in Shinfield village (as part of the Shinfield West scheme) (420 places with an expansion option) and two schools (420 place with expansion options) in Arborfield. The Spencers Wood scheme and Shinfield village schemes are both in active development (some housing has been completed on the Spencers Wood site) but (in the case of the Shinfield West scheme) the trigger for the school build will not be met until 200 homes have been built with the expected date for completion being September 2017.

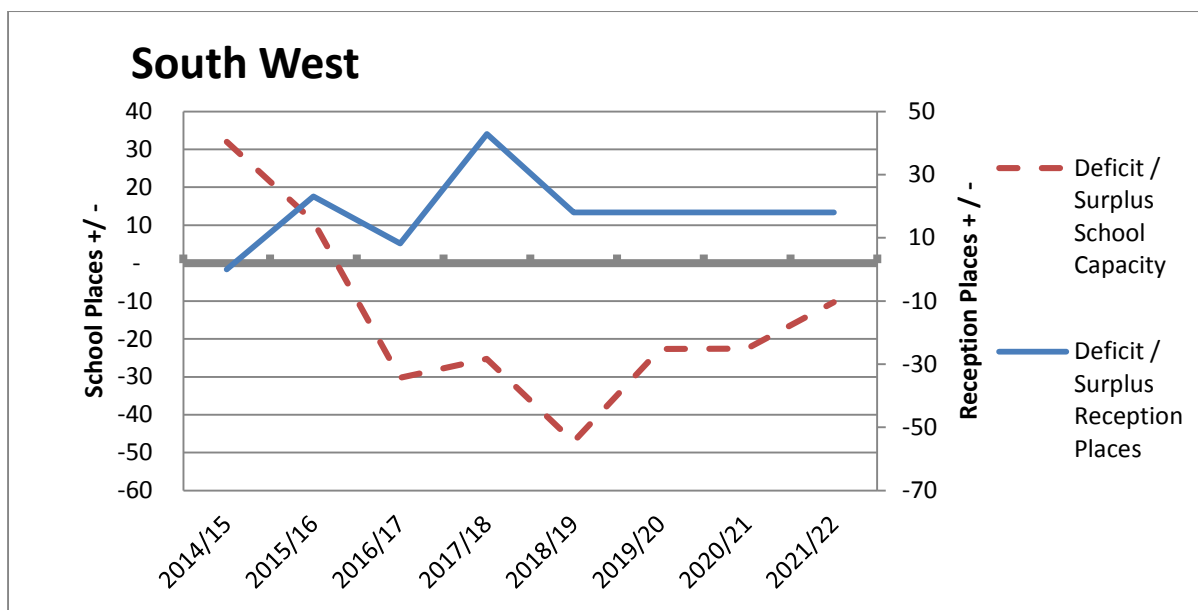
The capacity in the South-West Planning area is already near to full. The chart below (School Place Situation for July 2015) shows that the reception year and year 1 are near to full with only 3 and 1 places available for use respectively.

| SCHOOL PLACE SITUATION FOR SEPTEMBER 2015 AS AT 23/7/15 | | | | | | | | | |
|--|---------------------------------|--|-----------------|------------|------------|------------|------------|------------|------------|
| | Year Groups | Admission Number (Reception/Year 3) | R (2015) | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 |
| PRIMARY, FREE SCHOOLS & AL | | | | | | | | | |
| | South West | | | | | | | | |
| 3373 | Coombes Primary *** | 75/90 | 75 | 75 | 68 | 75 | 75 | 82 | 80 |
| 2088 | Farley Hill Primary | 30 | 27 | 29 | 27 | 28 | 28 | 22 | 26 |
| 3319 | Grazeley Primary ** | 30/15 | 30 | 30 | 19 | 15 | 17 | 12 | 13 |
| 2089 | Lamb's Lane * | 30 (2 x bulge 60 places) | 30 | 30 | 30 | 50 | 28 | 42 | 29 |
| 2157 | Shinfield Infant | 90 | 90 | 90 | 90 | 86 | 0 | 0 | 0 |
| 3041 | Shinfield St Mary's ** | 90/63 | | 0 | 0 | 90 | 61 | 45 | 42 |
| | | 255/240 | 252 | 254 | 234 | 344 | 209 | 203 | 190 |
| | Current places available | | 3 | 1 | 10 | 12 | 6 | 55 | 37 |

| |
|--------------------------------|
| Full |
| Two or fewer places available |
| Three or more places available |

New homes have already been constructed in both SDLs which means that there will like be a need for extra temporary provision for 2016. It is for this reason that the South-West is regarded as a priority area for this strategy (with an identified need to create 30 places per year capacity in advance of the opening of either of the new schools in that area.

South-west schools: Reception and whole school surplus / deficit to 2021/22



New provision in progress

The south-west planning area and Wokingham Town east and west planning areas have long term needs that will be met through seven future-proofed primary schools six of which are incorporated (to provide sites (6) and funding (5)) in S106 agreements. The first of these schools at Montague Park in Wokingham Town is planned to open in September 2016. It is likely that new schools will open in Shinfield (Shinfield West) from September 2017, in Arborfield in 2018 and Spencers Wood from 2018. Programmes for other schools are less certain but will follow on during the following decade. These include the North Wokingham school at Matthewsgreen (2018 on) and the second schools in Arborfield and in south Wokingham.

Options analysis

Having established the level of need by area the strategy now looks at how these needs can be met, taking into account the need to

- promote sustainable schools and communities and
- to raise school standards.

To create viable schools it is proposed, where possible and with the support of schools themselves, to give priority to schemes that create schools based on whole forms of entry (where possible at least 420 places). This is because smaller schools (and particularly smaller schools not based on year groups that are multiples of 30) carry high fixed costs that cannot now be fully compensated for in the funding formula and may have a number of classes of less than 30 (but which carry the costs of a class of 30). Austerity budgets (where overall allocations are “flat cash per pupil” but where costs continue to rise) exacerbate these pressures.

Financial implications

Revenue and capital planning will be integrated in the implementation of the strategy.

Start up revenue costs for new schools and initial funding for school expansions will be met from the Dedicated Schools Grant. New schools will be Academies (badged as “Free Schools” and long term funding will come directly from the DfE through a formulaic arrangement.

Capital costs will be met through a combination of direct delivery of new schools by housing developers, ring-fenced S106 funding and WBC held capital grants.

School Standards and the wider agenda

Based on the research and feedback from officers, members, schools and parents it was agreed that when carrying out any detailed options appraisal a wider range of factors would be considered than have perhaps been used previously. For example, in addition to the more obvious factors such as access, space and condition we would need to consider such factors as:

- a. Co-location and opportunities to free up space for school use.
- b. Increased need for under-4s child care (including the impact of the extension of free childcare to some three year olds and the duty to provide free places for deprived two year olds) and a review of children’s centres.
- c. Impacts on school standards and sustainability
- d. Impacts on the local community.

The following list is not exhaustive and will not apply to all school projects. It does however illustrate the range of opportunities that is created by new and expanded school provision.

School development (whether through expansion or new schools) can bring the opportunity to create additional childcare places. These could be traditional nursery classes, dedicated space for a wider age range or space on site to allow other parties (private, voluntary or independent early years providers) to create affordable child-care places.

Co-location of activities (such as community use sports or other facilities) can both benefit the wider community and bring better facilities than might otherwise have been available to a school. In some cases facilities to support outreach work by Childrens Centres and other Early Help services may be desirable. Childrens Centres work on a “hub and spoke” model with designated children’s centres in Wokingham, Winnersh, Woodley, Twyford, Finchampstead and Shinfield supported by timetabled activities in other community use buildings away from the main sites.

New and expanded schools can bring opportunities to raise school standards.

New schools can allow new providers to bring innovative and challenging models of educational delivery into the borough. Where they are able to establish a local chain of schools they may be more sustainable because costs of leadership, management and specialist support can be spread across a number of schools.

Expanded schools bring economies of scale, making those schools more sustainable. Where schools currently operate mixed age groups they will be able to move to single year teaching. Generally any existing deficiencies in accommodation will be rectified as part of the expansion works. Enlarged schools are better able to sustain the levels of leadership

required (numbers and grades of leaders and managers) and to fund specialist teaching support.

More local provision will help reduce traffic congestion and schemes will include measures to mitigate traffic impacts – whether through on or offsite pupil drop-off areas or through the creation and implementation of robust traffic management plans.

Annex 1

| Schools by Neighbourhood | | |
|---------------------------------|-------------------------------|---------------------|
| School | Ward | NH/ Planning Areas |
| The Loddon Primary | Maiden Erlegh | Earley |
| Earley St Peter's C of E VA Pr | Maiden Erlegh | Earley |
| Aldryngton Primary | Maiden Erlegh | Earley |
| Whiteknights Primary | Hillside | Earley |
| Radstock Primary | Hillside | Earley |
| Hillside Primary | Hillside | Earley |
| Hawkedon Primary | Hawkedon | Earley |
| | | |
| Robert Piggott C of E Infant | Remenham Wargrave and Ruscomb | North |
| The Colleton Primary | Twyford | North |
| Crazies Hill C of E Primary | Remenham Wargrave and Ruscomb | North |
| Polehampton Junior | Twyford | North |
| Robert Piggott C of E Junior | Remenham Wargrave and Ruscomb | North |
| Polehampton C of E Infant | Twyford | North |
| Sonning C of E Primary | Sonning | North |
| St Nicholas C of E Primary | Hurst | North |
| | | |
| Oaklands Junior | Wokingham Without | South East |
| Oaklands Infant | Wokingham Without | South East |
| Gorse Ride Infant | Finchampstead South | South East |
| Gorse Ride Junior | Finchampstead South | South East |
| Finchampstead C of E Aided P | Finchampstead South | South East |
| Nine Mile Ride Primary | Finchampstead South | South East |
| Hatch Ride Primary | Wokingham Without | South East |
| Saint Sebastians C of E Prima | Wokingham Without | South East |
| | | |
| Farley Hill Primary School | Swallowfield | South West |
| Shinfield St Mary's C of E Aide | Shinfield South | South West |
| The Coombes Primary | Arborfield | South West |
| Grazeley Parochial C of E Aide | Shinfield South | South West |
| Shinfield Infant | Shinfield South | South West |
| Lambs Lane Primary | Swallowfield | South West |
| | | |
| Wescott Infant | Wescott | Wokingham Town East |
| All Saints Primary | Norreys | Wokingham Town East |
| Westende Junior | Wescott | Wokingham Town East |
| Keepatch Primary | Norreys | Wokingham Town East |
| St Teresas Catholic Primary | Wescott | Wokingham Town East |
| | | |
| Bearwood Primary | Winnersh | Wokingham Town West |
| Winnersh Primary | Winnersh | Wokingham Town West |
| The Hawthorns Primary | Evendons | Wokingham Town West |
| Walter Infant | Emmbrook | Wokingham Town West |
| St Pauls C of E Junior | Emmbrook | Wokingham Town West |
| Emmbrook Infant | Emmbrook | Wokingham Town West |
| Emmbrook Junior | Emmbrook | Wokingham Town West |
| | | |
| Beechwood Primary | Bulmershe and Whitegates | Woodley |
| South Lake Primary | South Lake | Woodley |
| St Dominic Savio Catholic Prim | Coronation | Woodley |
| Highwood Primary | South Lake | Woodley |
| Rivermead Primary | Bulmershe and Whitegates | Woodley |
| Woodley C of E Primary | Loddon | Woodley |
| Willow Bank Infant | Coronation | Woodley |
| Willow Bank Junior | Coronation | Woodley |
| Ambleside | Bulmershe and Whitegates | Woodley |

References

WBC (2014) **Children and Young People Plan 2014-2016** Wokingham
<http://www.wokingham.gov.uk/council-and-meetings/open-data/policies-and-strategies/?assetdet7653806=348830&categoryesctl7821517=7732>

WBC (2015) **Supplementary Planning Guidance** <http://www.wokingham.gov.uk/planning-and-building-control/planning-policy/supplementary-planning-guidance-and-documents/>

WBC (2010) **Adopted Core Strategy** <http://www.wokingham.gov.uk/planning-and-building-control/planning-policy/housing/>

WBC (2015) **Regeneration** <http://www.wokingham.gov.uk/planning-and-building-control/regeneration/wokingham-town-centre-regeneration/>

| | |
|-----------------------------|--|
| TITLE | Primary Strategy Implementation Plan Phase 1 |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None specific |
| DIRECTOR | Judith Ramsden , Director of Children's Services |
| LEAD MEMBER | Charlotte Haitham Taylor, Executive Member for Children's Services |

OUTCOME / BENEFITS TO THE COMMUNITY

To ensure that there are sufficient school places to discharge the Councils duties under the Education Act 1996.

RECOMMENDATION

That Executive:

- 1) approves the selection of the school sites as listed below to meet Primary school sufficiency for 2016/217;
- 2) authorises the commissioning of work to carry out the detailed feasibility and, subject to approval of final capital bids and business cases, to deliver the necessary works.

SUMMARY OF REPORT

1. This report makes recommendations for the expansion of selected schools in the following planning areas:

- i. Woodley
 - Highwood
 - Beechwood
- ii. Earley
 - Loddon
 - Aldryngton
- iii. South West
 - Ryeish Green

It indicates how many places will be required, how they might be delivered and what the indicative costs could be.

It then seeks approval for the commissioning of detailed feasibility work leading to a phased delivery of places from September 2016 onwards.

The report also highlights the fact that in developing the most effective solution for the chosen sites that there is a need to consider the possible relocation of other services which are currently occupying former school buildings.

BACKGROUND INFORMATION

In July 2015, a report was submitted to the Children's Services Overview and Scrutiny Committee which set out the key components of the primary provision strategy for the period 2015-2018 and how the strategy should be developed and implemented. The report explained how the analysis of the data indicated that there were three areas of concern (or "hot spots"):

- Earley
- Woodley
- South West

A second report was submitted to the committee in October which provided a further update on the progress made, including the latest data analyses, feedback from consultation and the emerging issues.

1. METHODOLOGY

- 1.1. A detailed analysis of all borough school planning areas was carried out using a combination of data and intelligence from national, borough and local sources. This enabled the identification of priority areas with need for new places. Completed
- 1.2. For each hotspot, a shortlist of schools was compiled using a high level analysis of school sites. Completed
- 1.3. A detailed assessment was then carried out on each shortlisted school in order to identify the target sites for expansion. Completed
- 1.4. Consultation on the above work with local schools, clusters, head teachers, parents and local members and the work has been overseen by a Working Group of councillors representing the three 'hotspot' areas, chaired by the Deputy Executive Member for Children's Services. Completed
- 1.5. A detailed feasibility study to be carried out on the selected schools including the delivery solution, phasing of the works and implementation plan.
- 1.6. Implementation as required from 2016 onwards.

2. DETAILED ANALYSIS

2.1. Borough Analysis - Places & Demographics

2.1.1. Birth

- a. In line with national trends the number of live births in Wokingham showed a rising trend until 2012, with a significant decline from this trend in both 2013 and 2014.

| Calendar year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ONS calendar year data | 1,725 | 1,874 | 1,941 | 1,896 | 1,997 | 1,880 | 1,963 | 1,795 | 1,811 |
| Academic year | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 |
| Calculated from ONS Data | | 1,824 | 1,919 | 1,911 | 1,963 | 1,919 | 1,935 | 1,851 | 1,806 |
| From ONS / NHS (2014) | 1,728 | 1,813 | 1,913 | 1,908 | 1,933 | 1,939 | 1,936 | 1,872 | 1,769 |

- b. The cohort born in the 2012/13 academic year will enter Reception classes in the 2017/18 academic year – pointing to a marked reduction in demand across Wokingham at that point and a further fall in demand in the 2018/19 academic year.
- c. However, new housebuilding and changing patterns of occupation are offsetting this reduction in need for places. (see Area Analysis below)

2.1.2. Housing

- a. The bulk of new housing is being generated by the Strategic Development Locations SDLs and the demand for school places in these areas will be met by 6 new primary schools which will be built over the next 5 years using S106 or CIL funding.
- b. In addition to those being generated by the SDLs, there are other smaller developments including 1000 new homes being built in Woodley, along with other smaller developments. However, none of these justify a new school in their own right.
- c. Evidence gathered from the local community and admissions data shows that a major shift in house occupancy is occurring, in particular in Earley.

2.1.3. Migration

- a. Wokingham has been a net recipient for international migrants for several years and has seen a 33% increase between 2013 & 2014;
- b. In Wokingham, general practitioner GP and national insurance registrations are increasing more rapidly than the rest of South East Region or England
- c. Wokingham is a net recipient for migration from Reading which itself is experiencing even higher levels of immigration than Wokingham;
- d. ONS data on population movements in and out of local authorities shows that Wokingham is losing people aged 50+ and gaining a greater number of people aged 20-44 years (see Figs 1 & 2 below).
- e. This is in contrast to the South East region where there is barely any loss of the 50+ population.
- f. This pattern reflects what is believed to be happening in Earley i.e. houses are being sold by older age groups and being bought by young families.

2.1.4. Admissions

- a. The level of available places across the borough currently stands at 3% as compared to the DfE recommended threshold of 5%
- b. In Earley, the level is below 1% and in Woodley 3%.

2.2. Area Analysis

2.2.1. The area analysis has concluded that there are three areas which should be classed as priority areas by which we mean that new places are needed (based on the DfE guidance of 5% surplus to allow for natural fluctuations) from September 2016 onwards:

- i. Earley
- ii. Woodley
- iii. South West

2.2.2. Earley

- a. Vacancies are 5% below the DfE guideline – in 2015, 7% or 30 children were diverted out of the area. The schools are popular with large waiting lists
- b. The community has reported a major influx of new families who are replacing older age groups. This is supported by ONS data – see 3.1.3 above.
- c. Net inflow from Reading due to:
 - i. Popularity of Earley schools
 - ii. High levels of immigration in Reading
 - iii. Insufficient primary provision in Reading
- d. It has been estimated that this influx of younger families could yield at least the equivalent of 1 FE.
- e. Increases in the number of new council tax accounts
- f. Increases in planning applications for house extensions to increase living accommodation;
- g. Waiting lists indicate that additional capacity is required in at least 3 year groups, Reception to Year 2;
- h. Requirement: 1.5 Form of Entry for at least 3 years with at least 1FE permanent

| Earley Planning Area | | Current Reception class shortfall | | | Including housing yield | | Including housing yield & new families | | With additional 1.5FE | | |
|----------------------|---------|-----------------------------------|--------|--------|-------------------------|--------|--|--------|-----------------------|--------|---------|
| | | AN | AN +/- | %AN+/- | AN +/- | %AN+/- | AN +/- | %AN+/- | AN | AN +/- | %AN +/- |
| 2016 | 2015/16 | 445 | -2 | -1% | -8 | -2% | -36 | -7% | 490 | 9 | 2% |
| 2017 | 2016/17 | 445 | -33 | -8% | -35 | -8% | -63 | -12% | 490 | -18 | -4% |
| 2018 | 2017/18 | 445 | 2 | 0% | 2 | 0% | -26 | -6% | 490 | 19 | 4% |
| 2019 | 2018/19 | 445 | 36 | 8% | 35 | 8% | 7 | 2% | 490 | 52 | 11% |
| 2020 | 2019/20 | 445 | 36 | 8% | 35 | 8% | 7 | 2% | 490 | 52 | 11% |
| 2021 | 2020/21 | 445 | 36 | 8% | 36 | 8% | 8 | 2% | 490 | 53 | 11% |
| 2022 | 2021/22 | 445 | 36 | 8% | 36 | 8% | 8 | 2% | 490 | 53 | 11% |

2.2.3. Woodley

- a. Vacancies are currently at 3% (2% below DfE guideline).
- b. All schools except one are full in Reception and Year 1
- c. Excluding the impact of new housing, projections indicate that an additional 0.5 FE is required simply to meet current demand.
- d. When taking into account new housing and the need to maintain a margin of spare places to allow for natural 'churn', a further minimum of 1FE is required.
- e. However, the local view is that the latest housing projections underestimate the number of and yield from the new housing e.g. schools

observe that new families seem to be larger than previously experienced. This could require a further 1FE in the medium term and so house build rates and yields will need to be monitored closely.

- f. New housing (1000 units) is under construction at two main housing developments at the western and eastern edges of the planning area.

Requirement: 1.5 FE permanent expansion with some available from Sep'16 plus the option for a further 1FE dependent on housing growth

- g. The following table shows the impact of the additional 1.5 FE form of entry on the admission number AN projections compared to the current situation and taking into account new housing:

| Woodley Planning Area | | Current Admission Number | | | Inc. housing yield | | With additional 1.5FE | | |
|-----------------------|---------|--------------------------|--------|--------|--------------------|--------|-----------------------|--------|--------|
| | | AN | AN +/- | %AN+/- | AN +/- | %AN+/- | AN | AN +/- | %AN+/- |
| 2016 | 2015/16 | 360 | -8 | -2% | -17 | -5% | 405 | 28 | 7% |
| 2017 | 2016/17 | 360 | -9 | -3% | -21 | -6% | 405 | 24 | 6% |
| 2018 | 2017/18 | 360 | 6 | 2% | -4 | -1% | 405 | 41 | 10% |
| 2019 | 2018/19 | 360 | -17 | -5% | -23 | -6% | 405 | 22 | 5% |
| 2020 | 2019/20 | 360 | -17 | -5% | -20 | -5% | 405 | 25 | 6% |
| 2021 | 2020/21 | 360 | -17 | -5% | -18 | -5% | 405 | 27 | 7% |
| 2022 | 2021/22 | 360 | -17 | -5% | -18 | -5% | 405 | 27 | 7% |

2.2.4. South West

- a. Whilst two new primary schools are planned for the south west these will not be available until 2018 at the earliest; but there is a need for reception places from 2016.
- b. Requirement: Need 1 FE reception class for up to two years, 2016 & possibly 2017.
- c. The following table shows the impact of the additional 1FE form of entry on the admission number AN projections compared to the current situation and taking into account new housing:

| | | Current Admission Number | | | Inc. housing yield | | With additional 1FE | | |
|------|---------|--------------------------|--------|--------|--------------------|--------|---------------------|--------|--------|
| Jan | | AN | AN +/- | %AN+/- | AN +/- | %AN+/- | AN | AN +/- | %AN+/- |
| 2016 | 2015/16 | 255 | 23 | 9% | 19 | 7% | 285 | 49 | 17% |
| 2017 | 2016/17 | 255 | 8 | 3% | -17 | -7% | 285 | 13 | 5% |
| 2018 | 2017/18 | 255 | 43 | 17% | 6 | 2% | 285 | 36 | 13% |
| 2019 | 2018/19 | 255 | 29 | 11% | -4 | -2% | 285 | 26 | 9% |
| 2020 | 2019/20 | 255 | 29 | 11% | 7 | 3% | 285 | 37 | 13% |
| 2021 | 2020/21 | 255 | 29 | 11% | 10 | 4% | 285 | 40 | 14% |
| 2022 | 2021/22 | 255 | 29 | 11% | 11 | 4% | 285 | 41 | 14% |

The remaining four planning areas either do not need new provision or are due to receive new schools as part of the development of the SDLs.

2.2.5. North

- a. No planned housing developments
- b. Vacancies in line with DfE guideline
- c. No reported changes to housing or migration patterns
- d. Will need to be reviewed in 2019 to understand the impact of the birth rate drop

2.2.6. South East

- a. Vacancies in line with DfE guideline
- b. Steady decline in demand for reception class places but these are offset by the new housing from the Arborfield SDL
- c. Two new primary schools for 2018 and 2020

2.2.7. Wokingham Town East

- a. Vacancies in line with DfE guideline
- b. New capacity is needed for Wokingham North and South SDL but will be met by two new schools, one of which is due to open at Montague Park (2016).

2.2.8. Wokingham Town West

- a. No new housing planned with capacity exceeding need for the next 6-7 years.

2.3. Site Sharing and Usage

2.3.1. For some of the schools under consideration, co-location with other services/users presents both an obstacle and an opportunity:

- a. Reuse of school buildings and the relocation of non-school functions could obviate the need for investment in new construction as well as freeing up space and car parking
- b. Any decision to expand a school site with shared use would require an alternative solution (relocation) to be identified for the current service or user concerned.

2.3.2. Current shared site usage includes:

- a. Loddon – West Berkshire Adoption Service and other CS officers based in former infant school building;
- b. Highwood – Annex containing approximately 40 staff from Learning and Disabilities; Social Care for Children; Specialist autism; Special education needs and NHS. Site is convenient for Addington and Bridges;
- c. Beechwood – Ambleside CC, nursery , community centre and CS Neighbourhood team;

2.3.3. The Strategic Assets team are currently carrying out a review of school sites with dual use and the results will be taken into account in any recommendations.

2.4. Consultation

Consultation has been carried out with local school clusters, head teachers, members and parents.

Key concerns for schools are:

- a. That proposals are not a 'quick fix' but are sustainable, future proof and add value;
- b. That existing space deficiencies are addressed in the options appraisal and recommended solution;
- c. The capital works are planned carefully and sensitively to minimise their impact on teaching, children and staff.

As a general rule, provided that the concerns expressed above were addressed schools were supportive of expansion.

2.5. Site Selection

- 2.5.1. For each of the 'hotspot' areas a shortlist of school sites was created based on following criteria:
 - a. Popularity
 - b. Location
 - c. Viability - Need to expand e.g. a school may not viable long term due to its having a small or part PAN eg. 30 or 45.
- 2.5.2. Each school site was then subject to a more detailed appraisal using site, spatial and highways assessments (including the adequacy of car parking) combined with discussions with the schools concerned.
- 2.5.3. The chosen sites were:
 - a. Woodley – Highwood, Rivermead, Beechwood, Woodley CoE
 - b. Earley – Aldryngton, Radstock, Loddon
 - c. South West – see section 3.3 below

2.6. Site Appraisal Factors

Based on the research and feedback from officers, members, schools and parents it was agreed that when carrying out any detailed options appraisal a wider range of factors would be considered than have perhaps been used previously. For example, in addition to the more obvious factors such as access, space and condition we would need to consider such factors as:

- a. Co-location and opportunities to free up space for school use.
- b. Potential crises from under-4s growth and a review of children's centres.
- c. Austerity: all schools are coming under financial pressure and there is an emerging need to consider the future organisation of schools e.g. the viability of schools with PANs which are not multiples of 30.

A full list of the factors being taken into consideration is available in Annex 1.

3. SITE SELECTION

3.1. Earley

Following an analysis of the factors summarised in '3.6' above the preferred sites for expansion are Loddon and Aldryngton:

3.1.1. Loddon

1 FE permanent expansion, in classes Reception and Year 1 commencing in 2016.

- a. Multiple access points to school site
- b. Existing former infants block provides classroom space which if vacated would allow expansion to commence in September 2016. (Reception and Year 1 planned with school)
- c. Would require relocation of council staff and West Berkshire Adoption Service
- d. Use of infants block would reduce disruption to school and minimise impact on outdoor play space
- e. Easiest of the three Earley sites to work with.
- f. Should other sites prove problematic it provides a safety net of a permanent 1FE expansion.

3.1.2. Aldryngton

Expansion from a PAN of 45 to 60

- a. The school currently has a PAN of 45
- b. In order to make it more viable the PAN needs to be decreased to either 30 or increased to 60 (to achieve a more efficient pupil: teacher ratio)
- c. However, with the school being Outstanding, popular with a long waiting list, the ideal solution would be to increase it to a PAN of 60.
- d. However, whilst discussions with highways consultants have confirmed that the expansion of the site may not be as problematic with respect to traffic levels and access as previously thought, the site is one of the more constrained.
- e. It has therefore been concluded that further work should be carried out with the school to determine the feasibility of expansion with a target of September 2017.

3.2. Woodley

Following an analysis of the factors summarised in '3.6' above the preferred sites for expansion are Highwood and Beechwood.

3.2.1. Highwood

Expansion from a PAN of 30 to 60

- a. School has a PAN of 30 which is not really sustainable – a PAN of 60 would be more viable.
- b. There are no issues with space or access.
- c. The school are keen to expand, this being confirmed at a meeting on 2nd December 2016.
- d. There is an existing 'Annex' building on site which is currently occupied by various Children's Services staff (primarily back office functions). If

vacated this would allow expansion to start with minimal investment. However, it will not be possible make this building available until 2017.

- e. As a contingency, the school have confirmed that should more reception places be required in 2016 than are being made available at Beechwood (see below), then they would be able to accommodate 30 reception places if a temporary buildings was provided.

3.2.2. **Beechwood**

Expansion from a PAN of 45 to 60

- a. The School has a PAN of 45 which is not really sustainable – a PAN of 60 would be more viable.
- b. The school and governing body are keen to expand, this being confirmed at a meeting on 2nd December 2016. The school has also confirmed that they can provide 15 reception places without additional accommodation from September 2016.
- c. The site is shared with the Ambleside Children's Centre CC and a nursery who are also seeking to expand.
- d. Spatial analysis has determined that there is sufficient space to expand without impacting on the CC buildings.
- e. However, the feasibility work for the school expansion should take into consideration the needs of the other services occupying the site in order to achieve the most cost effective solution.

3.2.3. Rivermead has been excluded at this stage at the request of the governing body and head teacher on the grounds that they don't wish to derail the current improvements in school performance. This position is supported by the School Improvement Service.

3.2.4. Woodley CoE has been excluded due to the site constraints and the current design which makes expansion difficult to configure.

3.3. **South West**

1FE Reception Class from September 2016

3.3.1. Two schools have been agreed in the South of the M4 (Shinfield) SDL:

- a. Shinfield West – which will be built by the developer and will be a 2 FE (60 / 420) place primary school
- b. Spencers Wood - which will be built by WBC and will be 2FE with the option to expand to 3FE.

3.3.2. Both schools are capable of being completed by 2018 but discussions with Planning have indicated that Spencers Wood has is more likely to be delayed. From a place sufficiency perspective and in order to integrate the new schools with the development of the new housing and community needs, initially only one new school will be required and so Shinfield West will be completed by 2018 and Spencers Wood school will be pushed back to 2019 or later.

3.3.3. With the need for reception places from September 2016, a site survey was carried out which demonstrated that there was only one suitable site, namely the former Ryeish Green school site. Two building options are available:

- a. The former 6th Form unit – on land owned by the council – existing modular classroom to be reassigned from another school. This site is currently earmarked for car parking for the new sports hub. The temporary use of the site could, subject to the timetable for the sports hub being confirmed, reduce the amount of parking available in the first year of operation.
 - b. Accommodation within the Oakbank School – leased to the CFBT academy trust.
- 3.3.4. Discussions are underway with the trust to explore option b further. However they have already confirmed that there is sufficient classroom space with dedicated playground and access and that they would be willing to host the facility subject to approval by the DfE. This option would have to be integrated with the procurement of a provider.
- 3.3.5. The working assumption here is that the new school would open for up to 2 years (so up to 60 pupils) before relocating to one of the new schools.

4. Conclusions

- 4.1. This work has confirmed the need for additional places to be available from 2016 in the three areas of Earley, Woodley and the South West as initially reported in July 2015.
- 4.2. The evaluation work and consultation has confirmed the following sites and that the expansion of places will need to be phased:
- 4.2.1. Woodley
 - a. Beechwood – additional 0.5FE from September 2016
 - b. Highwood – additional 1FE from September 2017 (with temporary option for 2016)
 - 4.2.2. Earley
 - a. Loddon – 1FE from September 2016 commencing with Reception and, Year 1.
 - b. Aldryngton – 0.5 FE – subject to further evaluation and discussion with the school from September 2017.
 - 4.2.3. South West – 1FE reception from September 2016
 - a. Ryeish Green site – 1FE Reception from September 2016.
- 4.3. By using existing school buildings which are currently occupied by non-school tenants initial expansions can be delivered relatively easily and with minimal investment.
- 4.4. The work undertaken has shown the benefit of an extended range of data, including council tax accounts, local birth statistics, planning applications and intelligence from the community. It has also shown that some of the data sources need to be broken down from borough to planning area level. Much of this data is not readily accessible and new procedures and resources would be required to access it on a regular basis.
- 4.5. The presence of former school buildings occupied by non-school services on three of the four target sites provides both an obstacle and an opportunity to expand the sites:
- 4.5.1. Use of the buildings for school expansion would reduce the capital investment in the first 1-2 years and allow places to be made available easily in September 2016.
 - 4.5.2. The current utilisation of these buildings is already the subject of an audit and

the relocation of the tenants would fit in with the Council's accommodation strategy for office usage;

- 4.5.3. Coincidentally, the services currently occupying these buildings are also undertaking their own service reviews and it is essential that the detailed feasibility work now required takes these matters into consideration. This integration might impact on the phasing of the works but should in the end produce a more effective and efficient solution.
- 4.6. The schemes set out above establish a solid foundation to meet projected need. Children's services will continue to respond flexibly to live roll and admissions data to ensure sufficient supply of places across all year groups, within its delegated authority.

5. Implementation

5.1. Places for **2016** will be delivered as follows:

- 5.1.1. Beechwood – 0.5 FE 15 reception places – no works required
- 5.1.2. Loddon – 30 Reception, 30 Year 1 – internal remodelling of infants block to form new classrooms.
- 5.1.3. South West – 30 reception places – either in Oakbank School (minimal/no works required) or in the former Ryeish Green 6th Form Building which would require refurbishment.

5.2. Places for **2017** onwards will be delivered as follows:

- 5.2.1. Beechwood – expansion works to provide 2FE school – 3 additional classrooms plus additional 'communal' facilities as required - phasing to be determined.
- 5.2.2. Highwood – 30 Reception places – will require remodelling of 'Annex' and additional build to complete 2FE - phasing to be determined.
- 5.2.3. Loddon – expansion works to complete 3FE school, Years 2-6 – phasing to be determined.
- 5.2.4. Aldryngton – 15 Reception places – subject to further evaluation
- 5.2.5. South West – either:
 - a. A second year as per 5.1.3 above or
 - b. New Shinfield West primary school.

5.3. The priority work for 2016 will be:

- 5.3.1. Loddon
 - a. complete the relocation of the services currently using the infants block
 - b. design and remodelling of infants block for opening Sep'16.
- 5.3.2. South West
 - a. Agreeing building at Ryeish Green site and completing fit out.

5.4. Detailed feasibility studies for schemes as per '5.2' will be carried out in early 2016 and will consider the following:

5.4.1. Design and Construction

- i. New build
 - ii. Modular
 - iii. Reuse/refurbishment of existing premises
 - iv. Capacity of existing buildings in comparison to Building Bulletin BB103 – e.g. will additional catering or staff facilities be required.
- Note that any scheme may use any single or any combination of build approaches and will extend beyond September 2016.

5.4.2. Phasing of expansion

- i. Need for temporary buildings
- ii. Phasing of places
- iii. Phasing of construction to minimise disruption for the school.

5.4.3. Solutions for relocating non-school staff from existing school buildings

- i. Confirmation of current occupants and any tenancy arrangements;
- ii. Discussions with services concerned, identification of alternative locations
- iii. Implementation Plan agreed with Strategic Assets Team.

5.4.4. Traffic Impact

- i. Traffic surveys have already been commissioned as they are required for any planning application.
- ii. New school travel plans will be produced by the schools

5.4.5. School organisation

- i. Implications of expansion on school organisation such as staffing
- ii. School layout and management
- iii. Need for temporary changes

5.5. Consultation

5.5.1. Initial meetings were held with the selected schools on 2nd December to agree overall objectives and further meetings will be held in December and January to develop the best solutions.

5.5.2. In coordination with the Asset Team, consultation will also be carried out with the services currently occupying school buildings at Loddon and Highwood.

5.6. Indicative Timetable

| | |
|-------------------------------|--|
| | |
| Initial meetings with schools | 2 nd December 2015 (Loddon, Highwood, Beechwood), |
| Meeting with Earley Parents | 9 th December |
| Follow up school meetings | Loddon - w/c 14 th Dec Others as required |
| Detailed Feasibility | December 2015- February 2016 |
| Relocation of Loddon tenants | Tbc but interim solution may be required |
| Loddon remodelling | Summer 2016 |
| 2017 works commence | tbc 2017 |
| Relocation of Highwood Annex | Tbc 2017 |

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

General Fund

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|------------------------|
| Current Financial Year (Year 1) | Nil | N/A | Revenue (General Fund) |
| Next Financial Year (Year 2) | Nil | N/A | Revenue (General Fund) |
| Following Financial Year (Year 3) | Nil | N/A | Revenue (General Fund) |

NB – Current Year is 2015/16

Dedicated Schools Grant

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £0 | £0 | Revenue (DSG) |
| Next Financial Year (Year 2) | £601 | £0 | Revenue (DSG) |
| Following Financial Year (Year 3) | £555 | £0 | Revenue (DSG) |

Note that the funding is dependent on agreement with the Schools Forum to the 2016/17 budget.

Capital

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £0 | £0 | Capital |
| Next Financial Year (Year 2) | £3,160 | £0 | Capital |
| Following Financial Year (Year 3) | £3,290 | £ | Capital |

Note the funding is dependent on agreement to the MTFP.

Other financial information relevant to the Recommendation/Decision

Revenue

The table below sets out Revenue (Dedicated Schools Grant) commitments that will extend beyond the next three years.

| Revenue | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019+ | Total |
|--------------|-----------|-------------|-------------|-------------|---------------|---------------|
| Woodley | £- | £26 | £79 | £79 | £289 | £473 |
| Early | £- | £158 | £79 | £79 | £289 | £604 |
| South West | £- | £418 | £398 | £340 | £1,823 | £2,978 |
| Total | £- | £601 | £555 | £498 | £2,400 | £4,054 |

Capital

The table below sets out estimated capital commitments that will extend beyond the next three years.

| Area | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019+ | Total by scheme |
|----------------------|----------|---------------|---------------|-------------|-------------|-----------------|
| Woodley | 0 | £1,610 | £1,920 | £20 | £80 | £3,630 |
| Earley | 0 | £855 | £1,320 | £520 | £100 | £2,795 |
| South West | 0 | £650 | £50 | £50 | £188 | £938 |
| Total by year | 0 | £3,115 | £3,290 | £590 | £368 | £7,363 |

Cross-Council Implications

Yes – some of the proposed solutions may require the relocation of services (primarily children's services) from existing school sites as part of the wider rationalisation of council office accommodation.

List of Background Papers

Annexes:

1. Site appraisal factors
2. Options Appraisal matrix

| | |
|------------------------------------|---|
| Contact: John Wood | |
| Telephone No : 07786 909419 | Email john.wood@wokingham.gov.uk |
| Date 18 January 2016 | Version No. 4 |

SITE APPRAISAL FACTORS

The following range of factors will be taken into account when recommending sites for expansion:

- Spatial analysis of sites
 - feasibility of expansion
 - pre-existing space deficiencies compared to national standard
- Net capacity assessment
- Building condition
 - Outstanding maintenance works – can we gain economies of scale
 - Condition of key elements (roofs, windows, mechanical & electrical systems)
 - ‘Knock-on effect’ of extensions e.g. a need to rewire the school if existing distribution system is altered
- Estates
 - Other site users/occupants
 - Non school buildings available
 - Opportunities at adjacent sites
 - Land ownership e.g. VA/VC status
- Highways assessment
 - Existing site access/additional access
 - Traffic impact
 - Car parking requirements
- Planning conditions, risks and issues , likelihood of objections or opposition, additional costs
- Place and demographic analysis
 - Waiting lists
 - Vacancies
 - National migration statistics, both internal and international
 - Council tax accounts
 - Electoral roll
 - Housing projections
 - Planning applications
 - Local, anecdotal information on such issues as changes in house ownership, family sizes, immigration, sibling groups
 - In addition, pupil place projections are being kept under regular review and are being updated in line with each census.
- Existing PAN admission number
- Financial state and school viability
 - School governance and performance
 - Possibility of academy conversion in short term
 - Possibility of negative impact of any expansion on performance

- School willingness to support/expand
- Consultation feedback
 - Parents group
 - Schools
 - Members
- Integration and interdependence with other strategies, service plans.

Annex 2 – Options Appraisal

| | Aldryngton | Loddon | Radstock | | Beechwood | Highwood | Woodley CoE | Rivermead |
|------------------------------|--|---|---|--|---|---|---|---|
| PAN | 45 | 60 | 60 | | 45 | 30 | 45 | 60 |
| Capacity | 0.5 expansion would help to improve financial viability. Inefficient PAN. | | | | 0.5 FE expansion would help to improve financial viability. Inefficient PAN. | 1FE expansion would help to improve financial viability. Inefficient PAN. | 0.5 FE expansion would help to improve financial viability. Inefficient PAN. | Expansion of other 3 Woodley schools is more urgent due to their PAN size. |
| Net capacity | No issues | No issues | No issues | | Net cap currently 42. | No issues | No issues | Currently 53. |
| Places and demography | Full in all year groups with long waiting lists. Local children cannot get into school. Pressure from influx of new families replacing older residents. Nil/minimal places available across all year groups. | Waiting lists in most year groups. Pressure from influx of new families replacing older residents. Nil/minimal places available across all year groups. | Waiting lists in most year groups. Pressure from influx of new families replacing older residents. Nil/minimal places available across all year groups. | | Pressure from new housing. Nil/minimal places available across all year groups. | Pressure from new housing. Nil/minimal places available across all year groups. | Pressure from new housing. Nil/minimal places available across all year groups. | Pressure from new housing. Nil/minimal places available across all year groups. |

| | | | | | | | |
|-------------------------|---|--|---|--|--|---|--|
| Spatial Analysis | <p><u>Sufficiency of space</u> - space for 0.5FE expansion which would be relatively straightforward.</p> <p><u>Delivery options</u> - Sufficient space for a modular classroom to allow early expansion/bulge option.</p> <p><u>Accommodation needed</u> - Total 615sqm additional accommodation needed (incl. 300 teaching, 80 hall). Hall would need to be expanded. Remodelling of staff/admin areas needed.</p> <p><u>External space</u> is limited. More all-weather surfaces needed.</p> | <p>1st choice in spatial analysis study.</p> <p><u>Sufficiency of space</u> - Adequate parking and space for additional 1FE even without using Infants building.</p> <p><u>Delivery options</u> - standalone (traditional or modular) solution OK - an extension to the existing building is less feasible. Use of infants building would be much more sensible.</p> <p><u>Accommodation needed</u> - Infants block can provide equivalent of 3 classrooms. Block already houses foundation stage so some reconfiguration of classroom</p> | <p><u>Sufficiency of space</u> - Overall site adequate for 1FE.</p> <p><u>Delivery options</u> - Existing modular buildings to be replaced by traditional extensions.</p> <p><u>Accommodation needed</u> - Additional 558sqm teaching required. Hall would need expanding. Parking should be adequate for expansion.</p> <p><u>External space</u> - additional all weather surface may be required for additional accommodation .</p> | <p>1st Choice in spatial analysis exercise.</p> <p><u>Sufficiency of space</u> -Existing external areas are large enough for 0.5 FE expansion without impacting on Childrens centre.</p> <p><u>Delivery options</u> - Modular, traditional (standalone or extension) options are possible though extension most effective.</p> <p><u>Accommodation needed</u> - Approx. 200sqm additional accommodation (mainly teaching) needed.</p> <p><u>External space</u> - expansion would have minimal impact</p> | <p><u>Sufficiency of space</u> - t space for 1FE expansion without using other non-school buildings on site. Parking capacity good.</p> <p><u>Delivery options</u> - Modular, traditional (standalone or extension) options are possible.</p> <p><u>Accommodation needed</u> - 648sqm teaching space needed but communal facilities thought to be adequate for expansion. Has external annex available but may be needed for children's services.</p> <p>External space - no impact - more than space for expansion.</p> | <p><u>Sufficiency of space</u> - Enough for 0.5FE but building configuration and design makes it difficult to expand efficiently.</p> <p>Parking is limited and has reduced due to kitchen extension.</p> <p><u>Delivery options</u> - traditional build extension possible.</p> <p>Expansion would impact on hard play area, the replacement of which would be difficult due to the playing fields being at higher elevation.</p> <p><u>Accommodation needed</u> - Additional 364sqm teaching space needed.</p> <p><u>External space</u> - site is already deficient in external play.</p> | <p><u>Sufficiency of space</u> - Sufficient space for 1FE expansion. Parking OK. Minimal new build required -</p> <p><u>Delivery options</u> - Modular, traditional (standalone or extension) options are possible.</p> <p><u>Accommodation needs</u> - 128 sqm of teaching reqd. <u>External space</u> - areas exceed BB103 requirement for 3FE school.</p> |
|-------------------------|---|--|---|--|--|---|--|

| | | | | | | | |
|---|---|---|---|--|--|---|--|
| Highways assessment - 1 - general comments | Any expansion can result in an increase in traffic and ultimately all schemes will be subject to the planning process. The sites selected for detailed feasibility will require traffic surveys and new school travel plans producing. So subject to this caveat the site specific features are recorded below. | | | | | | |
| Highways Assessment - 2 - site specific comments | Concerns about impact of additional traffic on Silverdale road but local view is that additional children will be within walking distance. Will need surveys and robust school travel plan to support planning application. | Potential for any increased traffic to be spread across several entrances. Also possibility of new pedestrian access route. | School located on cul de sac but in the view of highways consultants there would be little interference between school and non-school traffic and that highways officers would be unlikely to object. However, school are of opposite view. | | Pedestrian access is good and local roads are quiet. Single access point via cul-de-sac. Key will be amount of additional traffic. | Potential for additional traffic to be spread over wide area and possible additional access has been identified. Some concerns over Bulmershe Leisure Centre being used as school drop off. | Hurricane Way is already congested and also suffers from 'inconsiderate parking at school start and finish times'. Addington Gardens access is busy but a second pedestrian access is underused. No options for additional access points. |

| | | | | | | | | |
|---------------------------|---|--|--|--|---|---|---|---|
| Planning | See also 'Highways Assessment 1' above. | See also 'Highways Assessment 1' above. Use of existing buildings will minimise impact. New accommodation will be inside existing building lines | See also 'Highways Assessment 1' above. | | See also 'Highways Assessment 1' above. New accommodation likely to be inside existing building lines | See also 'Highways Assessment 1' above. Close to Bulmershe Leisure centre | See also 'Highways Assessment 1' above. Extension could be close to neighbouring houses. | See also 'Highways Assessment 1' above. |
| Building Condition | Awaiting conditions surveys but no major issues with electrical and mechanical infrastructure | Awaiting conditions surveys but no major issues with electrical and mechanical infrastructure | Awaiting conditions surveys but no major issues with electrical and mechanical infrastructure. School are concerned about electrical system. | | Awaiting conditions surveys but no major issues with electrical and mechanical infrastructure | Awaiting conditions surveys but no major issues with electrical and mechanical infrastructure | Awaiting conditions surveys but no major issues with electrical and mechanical infrastructure | Awaiting conditions surveys but no major issues with electrical and mechanical infrastructure |

| | | | | | | | | |
|----------------------|---|---|---|--|---|---|---|---|
| Estates | No known issues | Former infants building contains CS staff and West Berkshire Adoption Service who could be relocated in time for Sep'16 usage. | Site contains Community Centre (leased to Earley Town Council). Parking shared. | | Shares site with, and physically linked to Ambleside CC. Also former school space used by Neighbourhood team. | Separate annex currently occupied by various CS teams, approx. 40 staff. Not frontline. Opportunity to relocate but may be difficult by Sep'16. | Diocese owns land and would need to agree to any changes | No known issues |
| School Stance | Concerned about the impact on performance and the level of disruption. Want to see a robust delivery plan with suitable mitigation. | Will expand but concerned about the impact on performance and the level of disruption. Want to see a robust delivery plan with suitable mitigation. | Do not want to expand due to concerns about site access, traffic. | | Very supportive, want to expand | Very supportive, want to expand | Will expand but concerned about the impact on performance and the level of disruption. Want to see a robust delivery plan with suitable mitigation. | Do not wish to expand due to current performance trajectory |

| | | | | | | | | |
|---|--|---|--|--|--|--|---|--|
| Feasibility of Sep'16 implementation | Two options: (1) use existing space for initial 15 places or (2) 'insert' modular building. To be discussed with school. | Good - if infants block is used - current users can be relocated in time for building to be prepared for Sep'16. No new build, just remodelling/ refurbishment. Planning issues limited to traffic/access | Unlikely if existing modular buildings need to be demolished to make space for new build. Sep' 16 provision would require temporary modular solution which would not be value for money. | | Good - Wide range of build options available. And site suitable for phasing of construction. Plus initial 15 places can probably be provided from existing accommodation . | Good - Wide range of build options available. And site suitable for phasing of construction. However, the relocation of the current (40) occupants is not feasible for Sep'16 start. | Poor - Traditional build extension solution so timetable tight. Also site for expansion would mean that all works would have to be completed as single scheme. Sep' 16 provision would require temporary modular solution which would not be value for money. | Good - Wide range of build options available. And site suitable for phasing of construction. |
| Scale of investment | Low if (1), relatively costly if (2) | Relatively low, refurb only. Capital investment can be phased. | Relatively high - approx. 600sqm at £ | | Relatively low. Approx. 200 sqm @ £xx. Capital investment can be phased. | Relatively high due to current size i.e. 1FE- approx. 700sqm at £ | Relatively high - approx. 400sqm at £ | Relatively low. Approx. 150 sqm @ £xx. Capital investment can be phased. |

| | |
|-----------------------------|------------------------------------|
| TITLE | Council Plan 2014-17 Update |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None specific |
| DIRECTOR | Andy Couldrick, Chief Executive |
| LEAD MEMBER | Keith Baker, Leader of the Council |

OUTCOME / BENEFITS TO THE COMMUNITY

The Council Plan Update provides a clear and concise review of the progress that has been made towards delivering the Council's Vision, Priorities and Principles since the publication of the Council Plan 2014-17. This allows residents to see how the Council is progressing against its Plan, and shows where improvements have already been made, and the impacts and benefits associated with work undertaken on the Key Actions. To show the continual development of the Council, synopses of what can be expected over the next 12 months have been included, and any new actions that have been developed since the adoption of the Council Plan 2014-17 have been noted.

RECOMMENDATION

That the Executive approves the Update to the Council Plan.

SUMMARY OF REPORT

The Update is the first document of its sort that the Council has created; it outlines the progress that has been made towards achieving the key actions of the Council's service delivery as set out in the Council Plan 2014-2017.

The document is split into a chapter on the "Vision, Principles and Priorities" of the Council, and "Key Actions". The former intends to give a high level overview on how our Vision and Principles have informed the Council's work, with tangible examples to highlight this. The second chapter presents each Key Action, as set out in the Council Plan 2014-17, with what we said we would achieve by 2017 alongside three columns: "...So we did", "What's next?" and "New Actions" to give a full insight into what has been achieved so far, and what is part of a forward plan.

Background

The Council Plan 2014-17 set out the key actions that would contribute towards the delivery of the Council's Vision, Principles and Priorities over a period of three years. It was approved by the Executive in September 2014;

The Council Plan Report highlights how the delivery of key actions since the Council Plan 2014-17 was adopted have impacted the residents of Wokingham Borough. This has been done by providing figures where relevant to present the progress in a meaningful style for residents.

The Annual Report is appended to this report.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | Nil | Yes | |
| Next Financial Year (Year 2) | Nil | Yes | |
| Following Financial Year (Year 3) | N/A | N/A | |

Other financial information relevant to the Recommendation/Decision

The specific financial information for achieving the key aims within the Council Plan are outlined in other reports considered by The Executive.

Cross-Council Implications

Further achievement and success will require a renewed collaborative approach across all Council services, and with wider partners and stakeholders, in order that our shared focus is at all times on the outcomes we seek for our residents and communities, and on delivering the best value for Council Tax payers.

List of Background Papers

Council Plan 2014-2017

| | |
|----------------------------------|---|
| Contact Emily Huntington | Service Governance and Improvement |
| Telephone No 07717 425097 | Email emily.huntington@wokingham.gov.uk |
| Date 18 January 2016 | Version No. 1 |



Council Plan Update

Foreword

Welcome to this, the first annual update of our Council Plan. I hope it illustrates the range of activity we are undertaking and the progress we are making to deliver against our Principles and our Priorities.

This year, for the first time, we held a series of events in different locations around the Borough to engage directly with our residents, discussing the tough choices we face as a council as we strive to maintain and improve services whilst our income from central government reduces significantly. We have saved £31m since 2010-11, representing 28% of our nett budget. We face a further £20m over the next four years. Adult Social Care will increasingly be funded through a ring-fenced precept on the Council Tax, but other services across the Council face significant savings challenges, and the profile of both what we can do and how we do it will change substantially over the next few years.

We know we must go on providing sufficient school places in high-performing schools for our growing population. We must ensure that our vulnerable children and struggling families are safeguarded and supported. We will have significant new housing developments to plan and deliver, making sure we get the proper infrastructure to support new and existing communities. We need to go on supporting economic growth across the Borough and across Berkshire, attracting new business and equipping the current and future workforce with the skills needed.

It has been a busy and exciting year, and we look forward to tackling the challenges ahead as we work together, with our partners, our communities and our residents, to ensure Wokingham Borough continues to be a 'a great place to live, an even better place to do business'.

Keith Baker, Leader

Andy Couldrick, Chief Executive

Vision, Principles & Priorities

Vision

“A great place to live, an even better place to do business”

The Borough is recognised as a desirable place to live having been considered the 2nd least deprived local authority by the Index of Multiple Deprivation (IMD) 2015. We aim to maintain this, whilst improving the quality of life for our residents to ensure that the benefits of living within the Borough are felt by all.

The Thames Valley region is renowned as a top location for technological enterprise, and the vision for Wokingham Borough to be a ‘better place to do business’ is to ensure it continues to participate fully in the Thames Valley Berkshire Local Enterprise Project (LEP), helping to attract business to the area, and facilitate growth. This has helped us secure essential investment in infrastructure, and been translated into the lowest youth unemployment rate in the country, as well as a decrease in unemployment generally.

Principles

Offer excellent value for your council tax

Wokingham Borough Council managed to keep the Council Tax increase in 2014/15 below inflation (1.9%, compared to 3.0%), and achieved a freeze in 2015/16. We have continued to drive for considerable efficiencies and savings, with savings of £6.0m and £8.3m realised over the last two financial years respectively, whilst still providing high quality and varied services, including the statutory services for which we are responsible. This reflects the Council’s pursuit of providing excellent value for money.

Provide affordable homes

With our partnership with Registered Social Landlords, 108 affordable homes were completed in 2014/15, with a further 300+ completions expected in the current financial year, including social rentals and shared ownership opportunities. The development of the Strategic Development Locations will provide a good opportunity to increase the volume of affordable houses available within Wokingham Borough in the future, and the Council’s trading company, Wokingham Housing Limited, will continue to be used to help provide affordable homes.

Look after vulnerable people

New legislation, the Care Act 2014, came into effect from April 2015. Under this the Council has new duties to provide services to those who are eligible by reference to new national eligibility criteria (a significant change for Wokingham as the new criteria will include more people and a wider range of provision than the previously criteria of meeting only those people with the highest needs); extend services to carers who become entitled to services in their own right; and to provide a ‘deferred payment’ scheme. There were also changes to the processes for young people approaching 18 as they transition from Children’s to Adults’

Services, changes to arrangements for people with existing care packages moving into the area and changes to Safeguarding arrangements. The Act also established the right of all people to an advocate where this was needed to facilitate their involvement in the assessment, care planning or safeguarding processes.

Improve health, wellbeing and quality of life

The Borough has the lowest premature mortality rate of all local authorities in the country, and an average life expectancy within the highest quartile (APHO, 2015). This represents a decade's worth of work to reduce the number of people with long term conditions, and ensuring that those who do suffer can access high quality care, which promotes a good quality of life. Furthermore, the population of Wokingham enjoys higher than average life satisfaction (PHE, 2015), suggestive of a good quality of life in the Borough.

Maintain and improve the waste collection, recycling and fuel efficiency

We have maintained weekly refuse and recycling collection services across the Borough. The volume of waste produced per household in 2014/15 shows improvement compared to the previous financial year. Recycling rates for 2014/15 also show an improvement on the levels seen in 2013/14, and we expect to see another small improvement in the amount of waste recycled this financial year.

Deliver quality in all that we do, including the statutory services for which we are responsible

As well as our work to maintain refuse and recycling services and to improve our service for vulnerable people, so far in 2015/16, we have seen fewer repeat referrals to Children's Social Care within 12 months of a previous referral and we are on target to hit this indicator; furthermore increased numbers of looked after children are being taken care of within 20 miles of their home. The Housing Service has improved the quality of temporary and permanent housing to the residents of Wokingham: between April 2014 and November 2015, the proportion of Council owned Decent Homes increased from 46% to 94%, and upgraded temporary accommodation has been created to reduce the number of households being placed outside of the borough when in crisis.

Priorities

- Improve educational attainment and focus on every child achieving their potential
- Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth
- Ensure strong sustainable communities that are vibrant and supported by well-designed development
- Tackle traffic congestion in specific areas of the borough
- Improve the customer experience when accessing council services

These Priorities each formulate the basis to a set of Key Actions which are designed to aid the completion of the Priorities. The progress during the first year of the Key Actions being implemented is outlined below.

| Key Action | We said we would... | ...So we did | What's next? |
|--|---|--|--|
| Improve educational attainment and focus on every child achieving their potential | <p>Work together to secure a world class, full education, from early years experiences to adulthood, delivering outstanding progress and attainment for each person. We will encourage and draw on best practise in Wokingham schools and beyond, in a framework of challenge and support for school improvement which is inspiring, systematic, sustainable and accountable.</p> | <p>We have provided targeted support to the Early Years providers that need it most, through analysis of data and monitoring of quality. We have engaged in schools self – evaluation to agree what they need to do in order to improve as part of our refreshed School Improvement Strategy. We have improved the way we deliver bespoke support and challenge to schools, focusing on priority schools who benefit most. We have made a positive impact for children:</p> <ul style="list-style-type: none"> • 97% of 2 year olds who have their provision funded are in Good or Outstanding provision. • 82% of 3 & 4 year olds whose provision is funded are in Good or Outstanding provision • Key stage attainment figures for children attending schools in Wokingham are high showing that pupils are benefitting from education provision locally. By the age of 19, 88.7% of young people have a level 2 qualification. | <p>We will address school readiness in partnership with parents, schools and the voluntary and community sector through our next phase of Early Help strategy and an Early Years investment plan. We will investigate how well children are prepared to start school through analysis of data and liaison with schools. Information will be shared with Children's Centres and Early Years providers so that improvement strategies can be implemented and included in the Early Years investment plan.</p> <p>We will further develop our collaborative approach to school improvement; building 'teams around the school'.</p> |
| | <p>Review and recommission the 0-5 year old offer across the Local Authority, health and early years so that our children are ready for school, emotionally resilient and healthy.</p> | <p>We have reviewed and published our Early Help directory of services, mapping resources for children and their families.</p> <p>We have evidenced improved support for vulnerable families through our recommissioned children's centres.</p> | <p>We will work with stakeholders to help shape future Public Health nursing services as part of an integrated Wokingham offer.</p> |

| | | |
|--|--|--|
| | <p>From October 2015, Wokingham Borough Council are responsible for commissioning 0-5s health services.</p> <p>We agreed service specifications to promote integrated working and compliance with our Early Help strategy.</p> | |
| Deliver new Primary and Secondary provision including a new Secondary school in the South of the Borough. | <p>We agreed Primary and Secondary School Place Strategies to ensure school place sufficiency. We delivered 135 extra primary school reception class places through the opening of three new schools and the expansion of further schools.</p> <p>We commenced our programme to deliver the new secondary school at Arborfield garrison which is on track to open in September 2016.</p> | <p>In the Borough's 4 Strategic Development locations we will deliver 7 new primary schools. The first of these, Montague Park is expected to open in September 2016.</p> <p>We will open our new secondary school in September 2016.</p> |
| Give more Wokingham children access to good or better schools and settings and mobilise the range of resources around communities and schools to support results and outcomes. | <p>In partnership with schools we refreshed our assessment and improvement planning approach at the start of the academic year. This is the basis for appropriate support to schools in order to ensure that they are providing a good standard of education for all children in the area.</p> <p>Building new schools with new facilities is supporting improved learning opportunities across the borough.</p> | <p>Our School Improvement Strategy and School Places strategy will continue to drive improvement and ensure that we have sufficient local school places across the Borough.</p> <p>We will complete our analysis on good practice for closing the gap for disadvantaged pupils to be shared with all schools to support Borough wide improvement. This will include our Y6-7 transition case study project to identify good practice and areas for development in closing the gap. Initial findings will be reported on in the spring term 2016 with a full report in the summer 2016.</p> |
| Implement the changes required to deliver on the supported changes set out in the | We have implemented the changes required to deliver the requirements set out | We will continue to monitor the impact and effectiveness of our Children and Families |

| | | | |
|--|---|---|---|
| | Children and Families Bill and go further to bring the child and family into the centre of assessment, planning and support processes for children with additional needs. | in the Children and Families Act. We have published our Local Offer of services for Children with a Special Educational Need or Disability, secured our joint Education Health and Care planning process with Health to replace Statements of Special Education Needs, established advocacy and advice arrangements, agreed a policy on personal budgets and established joint planning and delivery arrangements with Health for services for children with Special Educational Needs or Disability and a draft joint strategy for Children with Disability | Act implementation. We will finalise, agree and implement our Joint Strategy for Children with Disability in partnership with providers, professionals, parent/carers and children. |
| | Implement a strategy to enable children in care to live in excellent placements in their communities where this is appropriate, and to receive the highest quality care, education and support. | We agreed and implemented our Sufficiency Strategy and our Foster Carer Recruitment Strategy built on this to recruit more in-house foster carers. Brokerage support has been established and is supporting social workers source the right placement for each child. Since 2014, more children are now living in or closer to Wokingham Borough. Our Virtual school was launched providing more effective education and support for our children in care. | Procurement is underway for Foster care for challenging behaviour, foster care for permanence and alternatives to care with new services planned to start from April 2016. We will work with providers through this procurement process to establish partnerships to further improve our recruitment of foster carers and supported lodgings carers. |

New Actions:

We will develop our overarching schools strategy, bringing together our school improvement, school organisation, school place sufficiency and school funding work in a focused single Authority area approach.

Our new primary school place strategy will be agreed on. Through the strategy implementation plan, we will secure additional school places in the Woodley, Earley and Shinfield areas from September 2016.

The implementation of our Joint Strategy for Children with Disability will be agreed on. As part of this strategy we will deliver a more integrated offer for children and young people from 0-25 and parent/carers and we will secure additional provision for children with Special Educational Needs to ensure they can be educated locally.

| Key Action | We said we would... | ...So we did | What's next? |
|---|--|--|---|
| Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth | We will submit the new planning applications to regenerate Wokingham Town Centre, and moving forward to create a town that is vibrant, prosperous and thriving, maintaining the balance of the new and the historic. | <p>Peach Place Corner - The first phase of the development has been completed on time and budget, and the apartments created have all been sold.</p> <p>Peach Place - A planning application was submitted in December 2014, and accepted in March 2015. In September 2015 the Council made the Compulsory Purchase Order for Peach Place.</p> <p>Carnival Pool - The council submitted a planning application for the site in April 2015, and was granted consent in July 2015.</p> <p>Elms Field - Public consultation for the types of retailers desired in this space, and the final designs of units and public spaces in the redevelopment closed in April 2015.</p> | <p>Work on Peach Place is scheduled to start in late 2016.</p> <p>Work is expected to start on the Carnival Pool site in Spring 2016.</p> |
| | We will encourage a great mix of new retailers to come to the town to occupy the new shops as we build them, so that as we build units, we will fill them. | Initial communication with retailers has been extremely promising; a wide range of companies, both national and local, have indicated their interest in the new development. | Conversations with retailers will be picked up formally later in the redevelopment process. |
| | We will progress the design for the Carnival Pool site, to create a new and exciting leisure led offer at the heart of the town. We plan to engage and consult widely with you, so that what we develop reflects what you tell us you want to see. | Public consultation ran throughout February 2015, and was used to inform the planning application for which consent was given in July 2015. | Work is expected to start on the Carnival Pool site in Spring 2016. |
| | We will implement the City Deal to enhance the support business receives, to improve our local training offers, and to support a commitment to getting local people into locally created jobs. | We set up the Elevate Wokingham careers information and advice hub. As well a programme of initiatives to support vulnerable young people into work. | We will work more closely with local businesses and training providers to encourage sustainable employment opportunities for some of our most vulnerable residents of all ages. |

| | | | |
|--|--|---|--|
| | | <p>We are now delivering a supported employment service offering work experience and apprenticeships to vulnerable young people aged 16 to 24.</p> <p>Major developments within the Borough are now requested to provide employment skills plans on planning permissions; these provide additional work experience, employment and apprenticeship opportunities that can be targeted at our most vulnerable young people.</p> | |
| | <p>We will focus support for our local businesses, and continue to work with the Thames Valley Berkshire Local Enterprise Partnership to drive growth and make sure that the infrastructure needs of the borough are recognised in all strategic plans and bids for funding.</p> | <p>We have worked with Thames Valley Berkshire Local Enterprise Partnership to develop a list of priority infrastructure projects in Wokingham Borough that can apply for funding through the anticipated Growth Deal 3 fund.</p> <p>A successful funding bid has been submitted to Thames Valley Berkshire Local Enterprise Partnership including a low interest loan through the Public Works loan board for £18m.</p> | <p>Through the new Economic Development strategy and local plan we will ensure that economic development is at the heart of infrastructure planning.</p> <p>We will build strong working partnerships with other Berkshire Authorities and the Thames Valley Berkshire Local Enterprise Partnership to deliver infrastructure that will support the Berkshire Economy.</p> |
| | <p>We will work closely with our town and parish councils to support local communities, including developing some early pilots for joint/delegated service delivery.</p> | <p>We are in partnership with Shinfield Parish Council working on the delivery of a new community facility; we are working with two Parish Councils to look at asset transfer. In addition we have made provision within our new Grounds Maintenance contract to either include or exclude elements of service to support these ongoing discussions.</p> | <p>We will continue to have discussions with Town/Parish Councils about land/asset transfer.</p> |

New Actions:

We will explore the possibility of setting up a start-up business centre situated at the Carnival Pool site for small, tech businesses looking to for their first commercial premises.

Our update to the Local Plan will be taken forward, working with our neighbouring authorities in the West of Berkshire Housing Market Area to take a collective approach to planning our development needs through to 2036.

We will review and strengthen our approach to securing training, apprenticeships and jobs as part of our review of the Local Plan.

Working with the Department for Transport we are developing business plans to secure the delivery of £24m in grant funding for our strategic roads at North and South Wokingham and Arborfield.

Shinfield Parish Council will submit a business plan for the new Community facility in March 2016. We will work with other interested Town/Parish Councils regarding more localised service delivery.

| Key Action | We said we would... | ...So we did | What's next? |
|--|--|---|---|
| Ensure strong communities that are vibrant and supported by well-designed development | We will implement the Council's Community Infrastructure Levy (CIL) in order that funding for vital infrastructure in the Borough can be secured and we will work our Towns and parishes to make sure that local infrastructure provision reflects our joint local priorities. | The CIL was implemented in April 2015. Town and Parish Councils will receive up to 25% of the Levy in areas that have adopted a Neighbourhood Plan, and up to 15% (capped at £100 per existing Council Tax dwelling) in areas without a Neighbourhood Plan. | The CIL collections are being progressed, as are discussions with the Town and Parish Councils about how the monies are to be spent on community priorities. As an example although early in the process, some preliminary discussions around using CIL payments to increase the primary healthcare provision within the Borough have taken place, with the aim of supporting the population as the average age increases and the population expands into new developments. |
| | We will adopt and implement the Local Flood Risk Management Strategy (LFRMS) in 2014/15 to raise awareness of flood risks and help to develop proposals for reducing those risks across communities. | Following a consultation in September 2014, Wokingham's LFRMS was approved by the Executive in January 2015 to ensure that we continue to improve knowledge on local sources of flood risk, put in place emergency plans to increase resilience and identify all funding available to us to improve outlooks. We have also appointed a new Flood Risk Manager. | A review of the National Strategy is due to take place in 2016, and as such Wokingham's initial review of the document will be undertaken in 2017. We will progress the Flood Action Plan to reduce the chances of flooding of properties, businesses and roads |
| | When considering planning and related applications we will promote the highest quality of design and secure the greatest amount of new infrastructure we can justify. | We have up to date policy design guidance, in the form of the Borough Design Guide, and have been working with staff and members on regular training updates. This has allowed us to push for more parking provision to be included in the planning applications for the SDLs to ensure they are fit for purpose now and in the future, and to ensure that the SDLs are built with good design principles, focusing on character, | This is an ongoing policy and training commitment. |

| | | | |
|--|--|--|--|
| | | secure and natural surveillance and diversity amongst others. Public health worked with the Town and Country Planning Association and Public Health England on a training day for planners and public health staff on designing environments to reduce obesity. | |
| | We will work with Towns and Parishes and the SDL Forums so that as the new developments are delivered, both existing and new communities are well supported and have access to the high quality community facilities they require. | The forum programme is planned in advance and agendas set to suit current engagement requirements. One such example of how we have been able to include residents in our decision making relating to the SDLs is by engaging with you over the location of the South Wokingham Distributor Road. 81% of respondents preferred the central route, which was approved by members. A planning application will be submitted during 2016/17. | Public health will continue to identify the best practice on healthy environments and seek to build this into local plans. |
| | | Internal and stakeholder governance arrangements are in place and will be maintained. | This is an ongoing engagement programme. In 2016, the Council will begin a shopfront engagement process for the Wokingham town centre regeneration to ensure that the facilities delivered in the new development are of the high quality design expected. |
| | We will develop a modern vision for our libraries including local access to high quality services. | Over the last year we have spent time developing a new Offer for the Borough's libraries. | The Library Offer is being presented to the Council's Executive in January 2016. |
| | We will work with our Waste Board partners to further develop our local waste strategy and we will work with our communities and our partners to raise recycling rates. | In partnership with the other Re3 councils (Bracknell Forest, Reading and Wokingham), we have restructured the staffing and governance arrangements to facilitate better joint strategic working to achieve our recycling and waste reduction targets. | A number of local waste options to reduce household waste, increase recycling and hold costs are being developed and will be considered over the forthcoming months, and agreed options will be taken forward. |

New actions:

We are in the process of agreeing terms of reference for joint working with Towns and Parish Councils around the delivery of joined up infrastructure.

We are providing ongoing communication about capital planning, programming and delivery of new community infrastructure to enable effective investment opportunities which the T&PCs can help shape and sponsor.

We will work to promote lively and supported communities in our SDL's which are more than bricks and mortar

We will continue to develop opportunities for new open spaces, increased activities within our country parks as well as attractive leisure centres.

We will be progressing the Local Plan Update, which will include consultation next year. Ultimately, the Local Plan Update will set a new housing target for the Borough up to 2036, will provide planning policies to guide development and will allocate new sites for different uses, including housing.

Following consultation, the Library offer will be implemented within the Borough.

| Key Action | We said we would... | ...So we did | What's next? |
|---|---|--|---|
| Tackle traffic congestion in specific areas of the borough | Make sure that new developments have the necessary transport infrastructure to have minimal impact on the existing transport network, and we will protect the existing highway network by resisting development that will have a significantly harmful and unmitigated impact on it. | <p>We secured funding in the form of S106 agreements to support transport improvements.</p> <p>We agreed planning applications that include significant transport enhancements.</p> <p>We started work on major projects including new park and ride sites, Shinfield Eastern Relief Road and Coppid Beech roundabout.</p> | <p>Work on developing the plans for Winnersh Relief Road, Arborfield Cross bypass, North and South Wokingham Distributor Roads.</p> <p>Initiatives to enhance permeability around Wokingham Town Centre such as Wiltshire Road returning to 2 way movements being considered.</p> |
| | Also make sure that new development provides funding for strategic transport infrastructure (e.g. improvements to the rail network; funding for distributor roads) to alleviate pressure on our roads and that all opportunities to secure further funding from Central Government, the Local Enterprise Partnership and elsewhere are exploited. | <p>CIL provides the income and flexibility in funding to address infrastructure requirements.</p> <p>Existing governance arrangements exist to ensure that infrastructure programmes are supported by appropriate bidding for all known grants and loan facilities.</p> | <p>Maintaining established funding via CIL monitoring and bidding.</p> <p>Continue to develop bids for funding more transport improvements with the LEP.</p> <p>Continue networking with the government funding agencies and the Local Enterprise Partnership to ensure our plans are understood and supported by them to secure early inclusion in any funding streams emerging.</p> |
| | Deliver the Local Sustainable Transport Fund projects, including cycle paths on the A329, traffic signal improvements on the Showcase cinema junction, and further personal and business travel planning on the A329 corridor. | <p>We have delivered the cycle paths between the Reading Borough boundary and Winnersh crossroads.</p> <p>We have replaced and enhanced the traffic signals at Showcase cinema junction.</p> <p>We have liaised with numerous businesses across the Borough to support their staff sustainable travel initiatives.</p> | <p>Deliver the final part of the project – including the next stage of the A329 cycle way.</p> <p>Continue to deliver the aspirations of the Local Transport Plan by supporting sustainable transport across the Borough.</p> |
| | Deliver Park and Ride sites at Mere Oak | Mere Oak Park and Ride opened in August | We will continue to work with Bracknell |

| | | | |
|--|---|---|---|
| | and Winnersh. | 2015, providing 600 car park spaces as well as bicycle storage and motorcycle parking. Winnersh Park and Ride opened in October 2015, providing 390 car park spaces, as well as bicycle storage and motorcycle parking. | Forest and Reading with regards to the provision of a Park and Ride service near to the Coppid Beach roundabout on the A329, and another located in the Thames Valley to compliment services along the A4 and A329 corridors. |
| | Work with Towns and Parishes to identify local solutions to issues of congestion. | We have worked with local SDL forums to understand needs around new development proposals and consulted with towns and parishes as new schemes have been developed. | Joint working with Finchampstead Parish Council around the options for delivery of the California Crossroads enhancement funded by Arborfield SDL. |
| | Increase choice of transport options including public transport, cycleways and footpaths. | <p>We have maintained and improved the public transport offer across the Borough for reduced cost to the Council.</p> <p>We have designed and built a wholly new park and ride site at Winnersh and at Mere oak. Improved cycleways across the Borough have been developed and we have delivered substantial number of bikeability training programmes for schools.</p> | Continue to develop a broad range of transport options for Borough residents including improved cycle facilities on all new developments, developer supported enhanced bus routes and improved facilities for walking. |

New Actions:

The initiatives and options available to address the impact of Crossrail and the Western Rail Link to Heathrow on Twyford Station including enhanced parking in association with the Parish Council will be looked at.

Collaborative work with our partners will be continued in the West of Berkshire Housing Market Area to select development options for the future through the Update to the Local Plan up to 2036.

We will work with the Keeppatch Beech development consortia to secure the Coppid Beech Park and Ride.

Plans for California Crossroads with Finchampstead Parish Council will be progressed.

We will deliver a network of off road greenways to make walking, cycling and horse riding easier on key routes between the SDL sites.

| Key Action | We said we would... | ...So we did | What's next? |
|-------------------------------------|--|--|---|
| Look after vulnerable people | Use the Better Care Fund to improve outcomes and reduce hospital stays for vulnerable people by integrating Health and Social Care services. | Appointed a new head of service to our newly, integrated short-term health and social care service, established 3 Step Up/Step Down units flats as alternatives to hospital admissions and reducing delayed discharge from hospital, developed night care services, developed care 'navigators' to ease public access to preventative health and social care information and services. Developed new IT systems that allow health professionals to share records more easily with public consent. Provided additional health care support to residential and nursing care homes to avoid unnecessary hospital admissions. | Develop plans to integrate health and social care services for long term care on a more local, neighbourhood basis. Based on the successful outcomes from our existing flats. Develop 5 additional Step Up/Step Down flats to provide alternatives to hospital admissions and reduce delayed hospital discharge will be developed. Increase the usage of assistive technology in the community to enable people to be as independent as possible. Pilot night domiciliary care services. Further develop IT systems to allow health and social care staff to share records more easily with public consent. |
| | Help our communities work towards becoming dementia friendly. | Throughout 2014/15, we trained 35 Councillors and Social Care Staff to become Dementia Friendly. This has increased significantly in 2015/16, with a further 99 receiving training during the first half of 2015/16. | A preliminary Dementia Friends session is planned for Councillors, and ongoing discussions with Human Resources continue around the inclusion of Dementia Friends into the staff induction. |
| | Focus on outcomes based assessment and improved re-ablement services so that everyone is helped to be as independent as possible. | All assessments have been redesigned to comply with the Care Act, and are outcomes focussed and seek to maximise independence. All safeguarding processes are also outcomes based to focus on what is best for the individual concerned. | We will continue to monitor the impact of the Care Act to ensure that people are fully supported by the services we offer them. |
| | Develop and implement an early intervention strategy building on what works | Through the multi-agency Children's Partnership we agreed and implemented | All staff will complete their additional training by February 2016. The changes in |
| | | | |

| | | | |
|--|--|---|--|
| | <p>well now to support and enable children and family's needs to be identified and met at the earliest opportunity, to empower families to meet the welfare and emotional health needs of their children, and make sure children are kept safe and their welfare promoted; including reviewing and re-commissioning emotional health and wellbeing services including primary CAMHS to improve the emotional health and wellbeing of vulnerable children and young people.</p> | <p>our Early Help strategy. We trained staff across the partnership in a single practice framework to ensure effective support to families. We launched our Early Help Hub as a single point of contact for children and families in need.</p> <p>We agreed a joint Health and WBC Emotional Health and Wellbeing strategy for children. Working with Health we have secured additional investment to support improved CAMHS through a joint CAMHS transformation plan which will deliver our strategic objectives of improved access and effectiveness of CAMHS.</p> | <p>practice will be seen system wide from February 2016.</p> <p>We have launched a joint commission with Health for counselling services for young people.</p> <p>We will monitor the impact of investment in CAMHS to ensure that waiting times are reduced.</p> |
| | <p>Implement the Young People's Housing Strategy in order that children at risk of homelessness are prevented from becoming homeless; that vulnerable young people who cannot live at home are able to access safe, supportive accommodation and care leavers have access to suitable accommodation that supports them to become full members of a stable community into adulthood.</p> | <p>The Young People's Housing Strategy was agreed and we have implemented the actions. We have established joined up, targeted, early housing advice and guidance and employment advice for children in care, young people at risk of homelessness and being taken into care. We have established closer partnership working, involving Targeted Youth Services and Family</p> <p>Support Services to provide support and guidance through existing arrangements to address the fundamental causes of homelessness. We have improved temporary housing arrangements that include the support necessary to help young people make the transition to secure, sustainable accommodation.</p> | <p>We will recommission supported accommodation for young people at risk of homelessness and being taken into care. We will work with providers and partners to improve recruitment of Supported Lodgings carers.</p> <p>We will develop better temporary housing arrangements for vulnerable young people that include support.</p> |

New Actions:

We are developing a Wokingham Multi Agency Safeguarding Hub to ensure that we share our information and support in a timely way so that children are protected. This will go live in April 2016 with partners including Health, probation and the Police.

In partnership with Health, we will develop opportunities that the additional Health investment brings to improve support for children's emotional health and wellbeing.

We will continue to develop and promote access to opportunities for our children in care through apprenticeships and other employment. This will include extending our successful Shutters café enterprise to support children in care and care leavers to access employment.

For those in housing need or crisis, the council has an aspiration to be self-sufficient in its use of temporary accommodation. When we achieve this it will lead to improved outcomes for families and their children. We will achieve this by refurbishing the Foxwood Facility to bring online 5-6 units of self-contained family and single accommodation, bring back into use Grovelands temporary accommodation pitches and use Housing Revenue Account funding to purchase properties using retained Right to Buy receipts for use as temporary accommodation.

Wokingham Housing Limited will continue to be used as a vehicle for the council to develop additional affordable housing in the Borough. Phoenix Avenue will deliver 68 general needs units, Fosters will deliver 34 units of extra care and the pipeline of land supply will deliver additional units using General Fund and land bought using Housing Revenue Account funds.

We will implement the provisions of the Care Act. This will involve ensuring all Adult Social Care services meets the requirements of the Care Act, embedding new assessment and support planning processes, implementing changes to transition arrangements for young people becoming 18, ensuring safeguarding changes are embedded, the commissioning of services to meet people's eligible care and support needs, review and commission prevention services, review and develop young carers' services and monitor the impact to the Care Act.

| Key Action | We said we would... | ...So we did | What's next? |
|--|--|--|---|
| Improve the customer experience when accessing council services | Implement the Council's Customer Strategy that seeks to maximise the customer and residents perception across all Council Services and maximise first point resolution. | We have consulted with residents at events. We have redesigned many service processes to make them as simple and efficient as possible and applied new technology to these processes so we can track customer requests and have information at hand to serve people better. Most of the Council website has been redesigned with digital services which are easy to use and accessible on mobile phones and tablets. We have launched a trial version of a customer portal which will evolve to ensure residents can log requests, get feedback on progress and confirmation of when we have completed the response. | We will continue to apply this approach across all customer services, dealing with high volume areas first so we have the most impact. We will make resident consultation a key feature of our work so we continue to understand resident's priorities and views. We will make savings by delivering services more efficiently. |
| | Adopt a revised Statement of Community Involvement to assist local residents and our partners in knowing to comment on and influence our approach to land use planning, and use the results of our new homes survey to improve the quality of future development the in borough. | The revised Statement of Community Involvement was adopted in July 2014. | |
| | Develop an engagement strategy so that the voice of children, young people , parents and carers are understood and taken into account in service design and delivery across all parts of the Council. | We agreed our Engagement Strategy for children, parent/carers and staff and have implemented its actions. We have built on our Children in care Council and involved children's views directly in our Local Safeguarding Children's Board. We have established our Council wide framework to capture what actions we have taken in response to children's views. We have appointed to a team of Young Commissioners who have supported the | We want to further develop the actions that we take as a direct result of children and parent/carers views and will monitor the impact of this through our regular monitoring of "You said, We Did." |

| | | | |
|--|---|--|---|
| | | review and commissioning of services. We have built on existing parent/carer engagement through Reach and commissioned our Special Educational Needs and Disability Information and Advice Service, ensuring Children and Family Act implementation has been informed by views of children with Special Educational Needs and Disability and parents and carers. | |
| | Rationalise Council assets and establish the new community asset in areas of regeneration in a way that maximises service delivery (e.g. through co-location of services) and minimises operational running costs of services for service reinvestment or reducing the cost of council tax. | <p>Set up an asset review board to take a Council-wide approach, to rationalising our assets.</p> <p>Identified surplus assets. Introduced flexible-working. Obtained capital receipts through the sale of surplus assets, and reduced our running costs through reducing our operational property. So far this has delivered over £377k in savings.</p> | We will seek to complete the work being undertaken to review all of our assets and those of our partners, in each area within the Borough and consider how these can be better organised to better meet the needs of our services, communities and customers. |

New Actions:

We will deliver area reviews across the Borough.

A second phase of flexible working will be implemented.

We will introduce a Corporate Asset Management Plan and implement a model for community asset transfers.



WOKINGHAM
BOROUGH COUNCIL

| | |
|-----------------------------|---|
| TITLE | Model for Community Asset Transfers |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None Specific |
| DIRECTOR | Graham Ebers, Director Finance and Resources |
| LEAD MEMBER | Philip Mirfin Executive Member for Regeneration and Communities |

OUTCOME / BENEFITS TO THE COMMUNITY

The customers and users of community assets will be able to deal with use related matters at a local level through Town or Parish Councils or Community Groups.

RECOMMENDATION

That the Executive:

- 1) approves of the aim to transfer assets identified through Area Reviews to Towns, Parishes or Community organisations through a Model for Community Asset Transfer to be approved by the Task and Finish Group and presented to Executive in March 2016;
- 2) then recommends to Full Council, via the Constitution Review Working Group, that a change be made to the Constitution whereby following consultation with Services and Ward Members, approval for Community Asset Transfers under leases of 14 -30 years be delegated to the Director of Finances and Resources in consultation with the Executive Member for Regeneration and Communities, the Executive Member of the current service and Local Ward Members;
- 3) notes that the use of these delegated powers is to be based on the overall financial benefit to the Council and to enable the best community use of property assets. In cases where it appears that a proposal is not in the Council's best financial interest and/or the capital value of an individual asset exceeds £250,000, then they will be referred to Executive for approval.

SUMMARY OF REPORT

There have previously been examples of Towns, Parishes and community groups making requests to the Council to lease assets where agreements have failed to maximise the use of the asset and maximum benefits have therefore not been delivered. This has involved the Council in more financial support/exposure than had originally been anticipated.

The Model for Community Asset Transfers will be designed by the Task and Finish Group to deliver a more effective use of community assets in the future and in particular to avoid arrangements that do not generate an optimal position for the Council.

The adoption of the Model and extension of delegated powers will save Member and officer time in respect of processing applications and will establish a consistent

approach to the transfer of properties.

This proposal supports the Efficient Government agenda in streamlining the processing of applications, approvals and service delivery for community asset transfers. As a proposed new policy and procedure, this requires Executive approval.

The Council's Constitution currently states that leases over 14 years require approval from the Executive. The proposal in recommendation 2 is a change to the Constitution and therefore requires approval by full Council via the Constitution Review Working Group.

The Strategic Assets Team is currently reviewing all of the Councils' assets on an area by area basis. These reviews will identify assets suitable for transfer to the Towns and Parishes or Community Groups.

Whilst potential savings in revenue costs and increased income may be small on an individual basis, the cumulative financial effect of the programme could be significant in terms of reduced overheads and increased income.

Background

What is Community Asset Transfer?

Community Asset Transfer is an established mechanism used to enable community ownership and management of publicly owned land and buildings. The General Disposal Consent allows a range of public bodies to transfer the ownership and management of land and buildings they own to local communities at, where appropriate, 'less than best consideration' – i.e. at less than full market value. This may be through the sale or long-term leasing of land or premises.

Although its evolution pre-dates current Government policy, the potential opportunities and benefits of Community Asset Transfer have been brought back into focus by more recent national policy developments encouraging community self-help and ownership through initiatives such as the Big Society and a number of powers introduced via the Localism Act 2011.

What is WBC's current position?

Central government is encouraging local authorities to reduce the number of assets in its control and to empower communities to deliver services at a local level. These goals can be addressed by transferring assets from Borough Council control to local Town Council and Parish Council (TC/PC) or Community Groups control in accordance with Borough requirements through the terms of the lease. This has the advantage of devolving powers to attract funding, utilising Section 106 funds and support at a local level and delivering revenue savings for WBC, with a potential for shared profit for both parties.

In this connection, it is proposed that consideration be given on a case by case basis to commuted sums under S106 agreements being transferred with the asset to the relevant Town or Parish Council or Community Groups.

WBC currently does not have a policy regarding this method of transfer, but a number of recent initiatives and some emerging requests suggest that we should explore whether we develop a policy around Asset Transfer. This policy would need to satisfy our ambition to both generate income and reduce revenue costs to achieve value for money, but also to enable us to serve broader community outcomes.

Whilst it is incumbent on the Council to secure best value for the community there have previously been examples of Towns, Parishes and community groups making requests to the Council to lease assets where agreements have failed to maximise the use of the asset and maximum benefits have therefore not been delivered. This has involved the Council in more financial support/exposure than had originally been anticipated. The proposed Model for Community Asset Transfers through lease agreements for up to 30 years, is designed to deliver a more effective use of community assets in the future and in particular to avoid the mistakes of the past.

As a proposed new policy and procedure, this requires Executive approval.

Currently:

- Leases up to 14 years can be approved by the Service Manager, Strategic Property in consultation with Director of Finance & Resources.
- All leases over 14 years require approval from the Executive.

This report proposes that powers be delegated to the Director of Finance & Resources in consultation with the Executive Member for Regeneration and Communities, and the Executive Member of the current service to approve Community Asset Transfers under leases of 14-30 years that comply with this recommended policy framework.

Proposals for community lease disposals/projects will need a robust business case based on a pro forma produced by Borough Council officers and backed by feasibility studies and option appraisals. All bids will be evaluated to establish that overall the best community and commercial value is being achieved. This information will also be required to support any capital or revenue bid if the Council is making a financial contribution. Tenancies at Will pending a formal lease will no longer be granted in order to protect the Council's interest and occupation will not be permitted prior to a formal lease being completed.

Lease disposals at nil or less than market value under the social wellbeing powers of Circular 06/03 should be the exception. In these circumstances the loss of value must be fully justified by identified and tangible benefits to the Council in bringing forward a specific priority.

If there are competing groups seeking to occupy the Council's assets, a tender process may be required and preference will be given to the proposal that offers the best value for Wokingham Borough Council.

Where do we want to go?

Where mutually beneficial, the business case for making this recommendation is that incremental savings will be achieved by the Council from the reduced cost of providing community beneficial facilities with the potential opportunity of receiving income on a profit sharing basis in the future. Moreover, further savings in the Council's staff resources could be made from reduced day to day management requirements.

Much of this runs in parallel with discussions concerning the relationship between the Borough and the Town and Parish Councils and how we can improve joint working in the future to provide community facilities and services. Equally, we will want to debate the advantages and disadvantages of transferring assets to community groups. The Community Asset Transfer Model facilitates such transfers without detriment to either party.

Policy Framework

| | |
|---|---|
| | The Policy Framework under which the model will operate is proposed as; |
| 1 | Safeguarding of the Council's financial interest by securing the best financial return. |
| 2 | Seek best use of Council owned assets and to ensure services and community value is delivered by the local community for the benefit of the community |
| 3 | To support third party public sector bodies in taking over the responsibility of assets where this is in the best interests of the Borough Council. |

The recommended process for delivering this objective includes:-

- 1) Completion of Area Reviews, consultation with Service Heads and consideration of findings by the Asset Review Programme Board.
- 2) Consult with Ward Councillors and Lead Members and publicise to all other Members via the Political Assistant Officers.
- 3) Communication with Towns and Parishes and then other public sector bodies to seek expressions of interest. If property is already occupied by a viable Community Group, then they will be approached first.
- 4) Review expressed interest.
- 5) Public bodies or Community organisations to create a business case (based on a pro forma produced by Borough officers) and draft terms to be agreed through negotiation with the third party using the Asset Transfer Model as a starting place.
- 6) If draft terms are acceptable and agreed, proceed and finalise by way of a legal agreement.

Analysis of Issues

The options are:-

- 1 - To do nothing and continue to process each application on an individual basis without consistency or policy or procedures in place.
- 2 – To refuse all applications and retain the assets within WBC control at the risk of failing to comply with government guidance and appeals by community bidders.
- 3 – To adopt a model for community asset transfer that provides a framework for Officers and community bidders.

Task and Finish Group

The Group met on 9 December and has agreed to work up a Model for Community Asset Transfer for Executive in March 2016.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) Income Generated | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|--|---|--|
| Current Financial Year (Year 1) | N/A | N/A | N/A |
| Next Financial Year (Year 2) | See Other Financial Information | Depends on the assets that come forward for transfer | Depends on the assets that come forward for transfer |
| Following Financial Year (Year 3) | See Other Financial Information | Depends on the assets that come forward for transfer | Depends on the assets that come forward for transfer |

Other financial information relevant to the Recommendation/Decision

Currently budgets are provided for the management of community assets with little or no income being received to offset the costs. It is anticipated that use of a Model for Community Asset Transfer will reduce revenue costs.

The overall financial impact will depend upon the number and nature of Asset Transfers agreed.

Cross-Council Implications

Staff resources will no longer be required to deal with day to day management of the community assets that are transferred and this resource can be directed towards support in line with WBC policies and aspirations.

List of Background Papers

None

| | |
|----------------------------|--------------------------------------|
| Contact Chris Gillett | Service Strategic Assets |
| Telephone No 0118 974 6688 | Email chris.gillett@wokingham.gov.uk |
| Date 15 January 2016 | Version No. 10 |

| | |
|-----------------------------|---|
| TITLE | Elms Field Development – Payment of Infrastructure Contributions |
| FOR CONSIDERATION BY | The Executive on 28 January 2015 |
| WARD | Wescott |
| LEAD OFFICER | Andy Couldrick, Chief Executive |
| LEAD MEMBER | Philip Mirfin, Executive Member for Regeneration and Communities |

OUTCOME / BENEFITS TO THE COMMUNITY

The decision will secure the release of monies to help fund infrastructure projects which contribute towards the mitigation of the impacts of the Elms Field development and which support the wider regeneration of the town centre will ensure that the redevelopment scheme is sustainable and contributes to achieving the Council's regeneration objectives

RECOMMENDATION

That the Executive agree to the payment of monies from the Elms Field redevelopment scheme to the Local Planning Authority in accordance with the values and timing of payments set out in the report.

SUMMARY OF REPORT

The Council, in conjunction with Wilson Bowden Developments, submitted a planning application to the Local Planning Authority for the redevelopment of land between Wellington Road and Shute End, Wokingham (known as "Elms Field") in November 2015 (application number 153125).

For applications submitted by an external developer, and in parallel with the Community Infrastructure Levy, the Local Planning Authority can enter into a Section 106 Agreement with an applicant to secure site-specific mitigation measures. In this case, as the Council is one of the joint applicants (and owns a significant proportion of the land), the standard mechanism for securing planning related benefits under Section 106 of the Planning Act cannot be used. Instead, approval is sought through this report from the Council's Executive to the release of funds for mitigation measures.

Three elements of financial contributions are required to be paid to mitigate the impact of the development:

a) Community Infrastructure Levy

In February 2015 Wokingham Borough Council adopted the Wokingham Community Infrastructure Levy. The Elms Field scheme is subject to this levy and in accordance with the adopted Charging Schedule the applicant is required to pay £ 4,826,030 to the Local Planning Authority.

b) Thames Basin Heath Special Protection Area

In line with European, national and local planning policy the development is required to mitigate its impact on the Thames Basin Heath Special Protection Area through financial payments towards the provision of Suitable Alternative Natural Green Space (SANG) and Strategic Access Monitoring & Management fee (SAMM). In line with adopted policy the value of this contribution is £94,796.74.

c) Loss of tennis court provision

In line with national policy the development is required to mitigate the loss of the four existing tennis courts on Elms Field. It has been agreed with the Local Planning Authority that this loss will be mitigated by a financial payment towards the re-provision of the tennis courts at an alternative location. The value of this payment has been calculated at £320,000 (in line with Sport England costs).

The total financial contribution to be paid to the Local Planning Authority is set out in the Table below:

| | |
|-------------------------------------|----------------------|
| Community Infrastructure Levy | £ 4,826,030 |
| Thames Basin Heath SPA mitigation | £94,796.74 |
| Loss of tennis courts mitigation | £320,000 |
| Total Financial Contribution | £5,240,826.74 |

The value of the infrastructure contributions identified above will be funded through the development scheme and will not require any recourse to Council funds. The costs of these infrastructure costs have been identified within scheme costs and are included within the financial appraisal which accompanies the planning application.

In addition to the financial contribution identified above the scheme also delivers significant environmental and socio-economic benefits to the town and its residents and businesses through development.

Background

The Council, in conjunction with Wilson Bowden Developments, submitted a planning application to the Local Planning Authority for the redevelopment of land at Wellington Road and Shute End, Wokingham (known as “Elms Field”) in November 2015 (application number 153125).

This report sets out the proposed approach to securing financial contributions from the scheme to contribute towards off-site scheme mitigation measures.

Requirement for scheme mitigation

The Town and Country Planning Act 1990 (as amended) provides a mechanism for linking new development proposals and the need to mitigate the impacts of the scheme (both on and off-site). Within Wokingham Borough the assessment of what is reasonable mitigation is founded upon the operation of the Community Infrastructure Levy Charging Schedule, Core Strategy policies CP4 *Infrastructure Requirements* and CP5 *Housing mix, density and affordability* of the adopted Core Strategy. Policy CP4 of the Core Strategy makes it clear that infrastructure components, as well as direct impacts arising from developments, should be mitigated.

Process for ensuring scheme mitigation is delivered

In parallel with the Community Infrastructure Levy, the Local Planning Authority can also enter into a Section 106 Agreement with an applicant to secure site-specific mitigation measures. In this case, as the Council is one of the joint applicants (and owns a significant proportion of the land), the standard mechanism for securing the planning related benefits under Section 106 of the Planning Act cannot be used.

Instead, approval is sought through this report from the Council’s Executive to the release of funds for mitigation measures. This approval is being sought prior to the determination of the application so that the commitment to release funds is in place prior to consideration by the Planning Committee.

Analysis of Issues

The financial value of infrastructure contributions

Three elements of financial contributions are required to be paid to mitigate the impact of the development:

a) Community Infrastructure Levy

The Elms Field scheme is subject to payment of the Community Infrastructure Levy in line with the Charging Schedule adopted by the Borough Council in February 2015.

The chargeable development (floor area that is subject to the levy) is the residential element of the scheme. The table below sets out the calculation to identify the value of the scheme’s CIL contribution

| | |
|--|-----------------------|
| Charging Schedule residential rate (£ per square metre) (Rest of Borough) | £365 |
| Chargeable residential floor area within Elms Field scheme | 13,322 m ² |
| Total CIL contribution (£365 * 13,322m²) | £4,826,030 |

b) Thames Basin Heath Special Protection Area

Proposed development within the Borough that is within 5km or 7km of the Thames Basin Heath Special Protection Area (SPA) is required, through European, national and local policy, to pay a financial contribution to mitigate the impact of new development on the SPA. Financial contributions contribute towards the provision of Suitable Alternative Natural Greenspace (SANG) and Strategic Access and Monitoring & Management fee (SAMM).

The Elms Field scheme is within 7km of the SPA and therefore is required to pay a financial contribution towards mitigating its impact. The value of this contribution is calculated using the Borough Council's *Planning Advisory Note* and is based on the scale and type of development proposed.

For the Elms Field scheme the following contribution to mitigation is required:

| | |
|---|-------------------|
| Suitable Alternative Natural Greenspace (SANG) | £76,363.70 |
| Strategic Access and Monitoring & Management fee (SAMM) | £18,433.04 |
| Total | £94,796.74 |

c) Mitigating the loss of tennis courts

Consultation with the Local Planning Authority and Sport England have indicated that mitigation is required for the loss of the existing four tennis courts on the site, despite that they are currently not in use. The Local Planning Authority has confirmed that this mitigation can be in the form of a financial payment towards the re-provision of the four courts elsewhere within the Borough. The value of this financial payment is determined by Sport England's standard facility costs which are updated each quarter and at the time of this report (2015 Quarter 1) the costs of providing four tennis courts with flood lighting is £320,000. Therefore the development is proposing a financial payment of £320,000 to the Local Planning Authority to mitigate the loss of the tennis courts at Elms Field.

Total financial contribution

The table below sets out the total financial contribution that the Elms Field scheme is required to pay to the Local Planning Authority as mitigation for the impact of the development.

| | |
|-------------------------------------|----------------------|
| Community Infrastructure Levy | £ 4,826,030 |
| Thames Basin Heath SPA mitigation | £94,796.74 |
| Loss of tennis courts mitigation | £320,000 |
| Total Financial Contribution | £5,240,826.74 |

Payment of contributions

The value of the infrastructure contributions identified above will be funded through the development scheme and will not require any recourse to Council funds. The costs of these infrastructure costs have been identified within scheme costs and are included within the financial appraisal which accompanies the planning application.

The CIL contribution will be paid in line with the Council's adopted CIL Instalments Policy. The SPA and tennis courts contributions will be paid on the commencement of the development. The timing of these payments has been taken into account in the financial forecasting contained within the scheme appraisal.

Prioritisation of funds

The Executive is not being asked to decide how these funds are allocated to mitigation schemes. This will be undertaken by the Council as Local Planning Authority.

Non-monetary financial contributions

As well as financial contributions that the scheme provides, the development of Elms Field delivers significant environmental and socio-economic benefits to the town. The proposals will deliver the realisation of the long standing strategic ambition to regenerate the town centre and will secure its sustained health. Much needed new retail provision along with public realm and other physical infrastructure is to be provided.

The redevelopment of Elms Field is being promoted by Wokingham Borough Council as a regeneration project designed to deliver the objectives for the town centre as set out in Core Strategy policies CP13 Town Centres and Shopping and CP14 Growth and Renaissance of Wokingham town centre and the Town Centre Masterplan SPD and in line with the allocation of the Elms Field site in Policy SAL08 of the Managing Development Delivery Local Plan, through the provision of new retail space, leisure facilities, hotel and residential uses that frame a much enhanced town park.

The approach therefore has been to provide a range of socio-economic benefits to the town and its residents and businesses through development, rather than a commercial level of financial return. To achieve the regeneration objectives the scheme incorporates a number of elements which are essential to the appeal and vitality of the town centre and could create longer-term socio-economic benefits to the town, but at a cost that

does not necessarily generate direct monetary return to the developer. These include:

- 1.343ha green space
- 0.245ha play area
- 0.287ha hard landscaping; including high quality paving

Together these generate:

- Significant investment in the town centre infrastructure and fabric
- 152 (net) construction jobs per annum during the construction phase (30 months)
- 283 (net) operational jobs
- New residents spend of £2.2m gross per annum
- Significant retail spend 're-capture' increasing footfall, market share and vitality of the centre
- An improved leisure and evening economy with a new cinema and more family focused restaurants and cafes
- Hotel provision catering to the needs of business and the leisure market
- Quality public spaces at Elms Field
- Investment in the town centre and the expansion of the retail and leisure will provide a much improved and positive image of the town centre and encourage further investment

The proposed scheme also contributes significant investment in the town centre that will benefit the wider community. This investment includes a high quality new park with play equipment; new highway and pedestrian facilities. Indeed these items can be considered as significant material benefits in the consideration of the applications.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £0 | yes | capital |
| Next Financial Year (Year 2) | £0 | yes | capital |
| Following Financial Year (Year 3) | £0 | yes | capital |

Other financial information relevant to the Recommendation/Decision

The value of the infrastructure contributions will be funded through the development scheme and will not require any recourse to Council funds. The costs of these infrastructure costs have been identified within scheme costs and are included within the financial appraisal which accompanies the planning application.

| |
|-----------------------------------|
| Cross-Council Implications |
|-----------------------------------|

| |
|--|
| The payment of infrastructure contributions to the Local Planning Authority will support the authority's priority to deliver infrastructure to support the growth and development of the Borough and ensure that development is delivered sustainably. |
|--|

| |
|----------------------------------|
| List of Background Papers |
|----------------------------------|

| |
|------|
| None |
|------|

| | |
|-------------------------------------|---|
| Contact Bernie Pich | Service Town Centre Regeneration |
| Telephone No : 0118 974 6700 | Email Bernie.Pich@wokingham.gov.uk |
| Date 7 January 2016 | Version No. 3 |

This page is intentionally left blank

| | |
|-----------------------------|--|
| TITLE: | Request for the Temporary Closure of Footpath 4 Remenham (part) |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | Remenham, Wargrave and Ruscombe |
| DIRECTOR : | Heather Thwaites, Director of Environment |
| LEAD MEMBER: | Angus Ross, Executive Member for Environment |

OUTCOME / BENEFITS TO THE COMMUNITY

The temporary closure will allow the Henley Festival to be organised and run in a safe manner whilst enabling residents and visitors to continue to use Remenham Footpath 4 via a short detour.

The Festival Trust applies annually for this closure to enable the safe management and execution of a locally and regionally enjoyed festival.

RECOMMENDATION

The Executive is recommended to:

- 1) approve the making of an Order for the closure of Footpath Remenham No 4, for a closure of an 80m section of the footpath for the set up and de rig of the Festival stage from Monday 4th July to Wednesday 6th July 2016 inclusive and from Monday 11th July to Tuesday 12th July 2016 inclusive.
- 2) include within the closure a 488m section for evening performances from Wednesday 6th July to Sunday 10th July 2016 inclusive, under Section 16A of the Road Traffic Regulation Act 1984, subject to the receipt of the requisite consent of the Secretary of State for Transport.

SUMMARY OF REPORT

The Authority is required to consider whether it is necessary for traffic to be restricted for the purpose of facilitating the holding of a relevant event and whether it is reasonably practical to hold the event otherwise than on the highway (in this case a footpath). The applicant has stated that it is necessary to restrict traffic for the holding of the event and that it is not reasonable for the organisers to hold the event other than on the road in question. Therefore a decision is needed on whether to approve the making of the Closure Order if the event is to proceed. The duration of the closure is also required to be approved by the Secretary of State for Transport.

Background

1. A request has been received from the organisers of the Henley Festival of Music and the Arts for the closure of Footpath No. 4 Remenham between the hours of:

| Day (2016) | Times | Length of closure (metres approx) |
|--------------------------------|-------------------|-----------------------------------|
| Monday 4 th July | 00.01- midnight | 80m |
| Tuesday 5 th July | 00.01- midnight | 80m |
| Wednesday 6 th July | 00.01- 17: 45pm | 80m |
| Wednesday 6 th July | 17: 45 -midnight | 488m |
| Thursday 7 th July | 17: 45 - midnight | 488m |
| Friday 8 th July | 17:45 - 1:00 | 488m |
| Saturday 9 th July | 17: 45 – 2:00 | 488m |
| Sunday 10 th July | 17:45 - 23:30 | 488m |
| Monday 11 th July | 06:00 - midnight | 80m |
| Tuesday 12 th July | 00: 01- 23:59 | 80m |

The closure periods from Monday 4th July to Wednesday 6th July 2016 and from Monday 11th July to Tuesday 12th July 2016, are for the build and dismantling periods when there will be movement of equipment and vehicles on the footpath. The closures required for the set up and dismantling of the stage will be for the shorter length of footpath approximately 80m. An alternative route will run parallel to the closed section of the right of way at a distance of approximately 10m from the footpath. Henley Festival will make every effort to re-open the towpath sooner on Tuesday 12th July, as long as it is safe to do so.

2. The Festival takes place after the Henley Regatta. The Festival's organisers make use of the Regatta's infrastructure such as marquees and stands, which are already in situ. The main Festival events are held on a large 'floating stage' constructed in the river bed, the building of which takes place on and adjacent to Footpath No.4.
3. As Highway Authority, this Council has a statutory duty under the Highways Act 1980 to assert and protect the rights of the public to the use and enjoyment of any highway for which they are the Highway Authority. As such, it is for the Council to consider any application for the closure of a highway, albeit on a temporary basis, in conjunction with this statutory duty.
4. Notwithstanding the above, in its capacity as a Traffic Authority, the Council is empowered by the Road Traffic Regulation Act 1984 to make an Order to regulate traffic on a temporary basis in order to facilitate the holding of certain events (a "relevant event") on the highway, provided that it is satisfied that the event cannot be held otherwise than on a road. At section 142(1) of the Act the term "road" is defined as any length of highway or any other road to which the public has access and therefore includes any footpath.
5. If the Order is made as recommended, it would continue in force for more than three days. Section 16B(1)(b) of the 1984 Act provides that, before the Order can be made, the consent of the Secretary of State for Transport would be required. In 2009, 2010, 2011, 2012, 2013, 2014 and 2015 the Secretary of State, after detailed consideration of the material facts, approved the making of a similar length closure order.

6. Whilst there is no legal requirement to consult in respect of the application, the Council agreed at Executive on June 25th 2015, that for applications for temporary closures on rights of way affecting the Thames Path and the Blackwater Valley Footpath, (for special events) the following policy will be adopted: 1) prior consultation will be carried out with the following groups: The Ramblers' Association, The Open Spaces Society, Natural England, the relevant Parish Council and the ward member for the area through which the path is situated; and 2) the decision as to whether a closure will be made will be taken by the Executive unless it is agreed by the Executive Member for Environment that such referral to the Executive is not required.
7. Consultations were sent out in October to those organisations agreed by the Executive as well as Henley Town Council, who has asked to be consulted in previous years. The deadline for comments was 6th November 2015. Henley Town Council's Recreation and Amenities committee and the Full Henley Town Council resolved that: The Town Council supports the diversion of the footpath along the towpath to accommodate the Henley Festival 2016. Remenham Parish Council has no objection to the Order. The Ramblers' Association has no objection to the Order. Natural England has no objection to the Order. The Member for Remenham and Wargrave has no objection to the Order. However, the Open Spaces Society has objected. In 2015 there were no complaints or objections to the Temporary Closure of part of footpath Remenham 4, from members of the public, local clubs or Remenham residents.

Analysis of Issues

| Open Space Society issues | WBC response |
|---|--|
| The event could be held elsewhere. | The event uses the same infrastructure as used during the Henley Regatta. It is not a matter for the Authority to state where the organisers should hold the Festival but whether it is necessary to close the footpath or not where they chose to hold the event. |
| The council must satisfy itself that it is not reasonably practicable for the event to be held otherwise than on a road. | The stage is next to the footpath where ticket holders watch the performances. Access needs to be limited to satisfy the licensing requirements and because electrical cabling etc is placed across the footpath. It is therefore considered that it is necessary that the relevant event encompasses the use of the adjoining footpath. |
| The council needs to be aware of its statutory duty, under section 130 of the Highways Act 1980, 'to assert and protect the rights of the public to the use and enjoyment of the highway. | The duty is effectively suspended during such times as the Council uses its available statutory powers to close the path by legal order, |
| This is the Thames Path National Trail, a route of international importance, which should not be interfered with merely for a private event. | The legislation does not preclude the making of orders for commercial events or on national trails. Natural England has not objected to the proposed closure. |

| | |
|---|---|
| The council needs to 'have regard to the safety and convenience of alternative routes suitable for traffic which will be affected by the order. | The alternative routes identified for use by the public during the closure period is considered to be appropriate for this relatively short term diversion. |
| The Society urges the council 'to challenge the festival to demonstrate why it cannot operate with the path left in place'. | The council is satisfied that the event cannot be held without the closure of the footpath for the reasons given above. |
| The OSS states that the alternative route needs to be a public highway. | This is not the case. WBC should only have regard to the suitability and convenience of the alternative route for the traffic affected by the order. |

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|--|---|---------------------|
| Current Financial Year (Year 1) | The organisers of the Henley Festival pay all legal, advertising and inspection costs of the Closure Order | | |
| Next Financial Year (Year 2) | | | |
| Following Financial Year (Year 3) | | | |

Other financial information relevant to the Recommendation/Decision

N/A

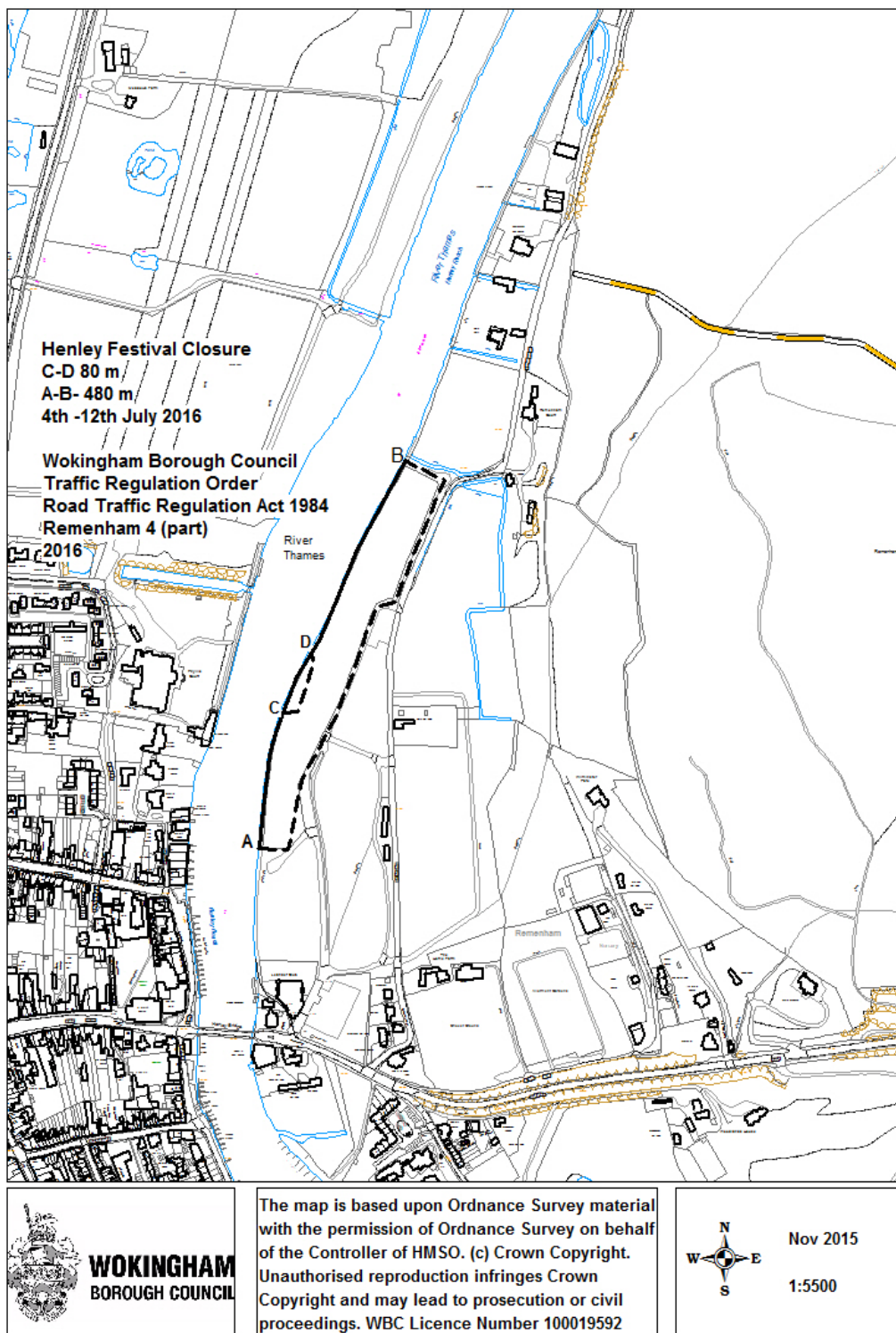
Cross-Council Implications

N/A

List of Background Papers

Letter of application.
Road Traffic Regulation Act 1984.
Letter of permission from the Stewards of the Henley Regatta
Letter of objection from the Open Spaces Society

| | |
|----------------------------------|--|
| Contact Rebecca Walkley | Service Green Infrastructure |
| Telephone No 0118 9746295 | Email Rebecca.walkley@wokingham.gov.uk |
| Date 18 January 2016 | Version No. |



This page is intentionally left blank

| | |
|-----------------------------|---|
| TITLE | Library Offer – Consultation |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None specific |
| DIRECTOR | Heather Thwaites, Director of Environment |
| LEAD MEMBER | Pauline Jorgensen, Executive Member for Resident Services |

OUTCOME / BENEFITS TO THE COMMUNITY

Library Services support the achievement of vibrant and self-sustaining communities through the provision of materials and services for enjoyment, education, creative and engagement activities. The proposed Library Offer and Delivery Model present an exciting and sustainable solution for the Wokingham Borough Council Library Service.

RECOMMENDATION

That the Executive agree to:

- 1) consult with residents on the proposed **Library Offer** which sets out what residents can expect and enjoy from the Wokingham Borough Council Library Service;
- 2) consult with residents on the proposed **Delivery Model**, including implementing the capability for some self-service (phase 1) and unstaffed opening (phase 2) within the Wokingham Borough Council Library Service

SUMMARY OF REPORT

The establishment of a clear ambition for the Libraries Service has been identified as an opportunity to demonstrate its current and future contribution to the Vision and Priorities of the Council.

The Council operates a very successful Library Service which has increased its usage against a national picture of declining activity within libraries. We have done this by responding to what residents have told us and by looking at new ways to make our libraries more welcoming and flexibly places that offer a broader range of services and activities.

The Library Service has a substantial amount of contact with residents each year, going beyond the historical role of libraries to enable a broad range of services and activities that support the vision priorities of the Council. A core element of this work involves supporting children and parents with learning support, providing access to post education and adult learning opportunities, and supporting engagement with elderly and isolated residents.

The **Library Offer** is the next stage of this journey in continuing to maintain the elements of the library service which resident's value and enabling more opportunities for connecting with new users. It establishes a purpose and direction of travel for the

Library Service, providing residents with a clear understanding of its current contribution to the borough and an expectation of how it might evolve in the coming years.

Our Library services are already achieving a great deal and this offer increases accessibility, encourages greater usage and enhances services whilst being sensitive and responsive to the financial challenges the Council faces.

The Council has also identified a preferred **Delivery Model** for the proposed Library Offer which establishes a new hub and spoke model for its library services. The hub libraries will operate using a combination of traditional staffed opening hours and implementing self-service and some unstaffed opening hours. This combination allows for those customers who are more vulnerable or need more support to access services whilst staff are there to support them, and also allows the overall service hours to be increased for the more independent library users.

It is proposed that the Council consults and engages with residents on the attached Library Offer and Delivery Model for eight weeks in order to fully understand residents' views.

Background

Libraries are a statutory service for councils and Wokingham Borough Council has a long history of implementing this statutory duty robustly, economically and flexibly. For many years, we have developed creative ways to not only encourage users into the Libraries themselves, but also to take the Library to those who cannot always make a physical visit. Our footfall bucks national declining trends, and when other local authorities have closed Libraries, Wokingham Borough has opened new ones. It is this broader recognition of the worth of a Library which the Council has long valued and provides the strong foundation from which to build a future **Library Offer**.

The financial backdrop for local authorities means that the Council has to be pragmatic about how its libraries continue to offer valued services whilst not being isolated from the reality of the need for efficiency. This point drives some of the themes within the Library Offer; and particularly the proposed **Delivery Model** which makes as much use of our assets and resources (make them work harder and more flexibly for our residents) and the ability to generate income. The challenge will be to maximise what the Library service can offer within its means, by balancing different needs, making wise use of any S106 contributions and generating income to support service delivery.

In this context therefore, the emerging Library Offer and Delivery Model recognise two things:

1. The value to residents of the flexible service already on offer
2. The need to maximise viability and enhance service delivery

Statutory Requirements

Local councils have to abide by the Public Libraries & Museums Act 1964 which makes public library services a statutory duty for local authorities.

The Act requires the Council to:

- Provide a comprehensive and efficient library service for all persons in the area that want to make use of it.
- Lend books and other printed material free of charge for those who live, work or study in the area.

Aside from this general requirement for local authorities there are very few additional regulations which dictate what and how local authorities are required to provide.

The key elements that have to be included within a library service can be summarised as:

- Lending of books has to be free.
- Internet usage should be free of charge.
- Lending of ebooks should be free.
- Be able to obtain books we don't have in stock.
- A duty to encourage usage.

Whilst we are unable to charge for library membership or for the loan of books, we are not restricted in generating income through libraries in other ways.

Current National Good Practice

As recently as December 2015, the Department for Culture, Media & Sport has issued further guidance on good practice within local authority library services. This guidance is clear on the worth to local residents, the local community and to local businesses of effective and well-run library services.

In particular, the guidance highlights the need for local authorities to ensure that they can provide an efficient library service that listens to and reflects the changing needs of their communities. Within this, local authorities should understand the value of exploring new and smarter models for service delivery that embrace using new technologies and enhance the range of services and activities that are available to all their residents.

The full guidance can be found here:

<https://www.gov.uk/government/publications/libraries-shaping-the-future-good-practice-toolkit/libraries-shaping-the-future-good-practice-toolkit>

Analysis of Issues

The Current Library Service

The Library Service has a substantial and increasing amount of contact with residents each year, going beyond the historical role of libraries to offer a broad range of services and activities that support the vision priorities of the Council.

A core element of this work involves supporting children and parents with learning support, providing access to post education and adult learning opportunities, and supporting engagement with elderly and isolated residents.

The library service is delivered in each major population centre in the borough, within premises that range from large purpose built libraries to schools, community centres and porta cabins.

Some background information on current library use and service delivery issues are presented in Appendix 2.

The Library Offer

The Library Offer (Appendix 1) establishes and promotes the activities that our residents can expect when visiting or using our libraries, including a clear understanding of their contribution to the borough and how they will evolve within the future means of the Council.

The ambition is for our libraries will be welcoming and vibrant places that people are drawn to. They will protect the clearly valued heritage of our library services whilst evolving naturally to offer more and more opportunity for residents of all ages to engage in activities and access services. The libraries themselves will be flexible and adaptable in terms of their space and their uses, aligning seamlessly with other provision in their area.

The library offer has been developed by considering a range of information that includes:

- usage data
- previous consultation results
- recognised good practice
- new technological capabilities

The Delivery Model

The Delivery Model will establish a 'hub and spoke' approach between the larger full-time libraries at Wokingham, Woodley and Lower Earley and the other smaller branches delivering service in the community around them.

The hub libraries will operate using a combination of traditional staffed opening hours and implementing self-service and some unstaffed opening hours. This combination allows for those customers who are more vulnerable or need more support to access services whilst staff are there to support them, and also allows the overall service hours to be increased for the more independent library users.

These sites will also be developed and adapted to give more flexible usage of space, allowing community groups and strategic partners to make use of the building whilst it is not operating as a library. In addition, space will be modified and adapted to attract business income and paying clients.

Within the first phase of the new Delivery Model we will enable customers to use self-service terminals to borrow and return books and other items. If customers leave the building with books which they have not issued to themselves this will be identified as the pass through the doors, and recorded by CCTV.

The second phase of the Delivery Model will include unstaffed access to buildings which will be controlled by an electronic door lock which only opens when presented with a valid library ticket together with a PIN – it will allow for specific library users to be granted access, or have access restricted if necessary. The site will be monitored by CCTV, recording key actions such as customers entering and leaving the building. Pre-recorded tannoy messages warn customers when closing time is approaching, and lights can be set to automatically start dimming in the lead up to closure times. The process of building closedown is also more streamlined, and can be automated or done by a single member of staff to turn all lighting and all computers off with single key turn.

The spoke libraries will operate a more regular set of opening hours focused on the times when there is most demand within the community, rather than the existing historic and rather confusing opening hour patterns operated at some sites.

Spoke libraries would initially consist of the existing smaller branches, however, not all libraries are well positioned, and not all libraries work sufficiently well alongside other local service offerings. It is important that all our spoke libraries offer the necessary services and are provided in such a way that make best use of the buildings in which they are located (whether these are Council buildings or in partnership with other services in the area). This approach would mean taking different or more pragmatic approaches to the buildings stock and a broader offer of local library services whilst not

relying on a single asset.

This approach is tried and tested, with over 200 libraries operating the model on mainland Europe, and a growing number adopting the approach in the UK, including Peterborough, Brighton & Hove, Trafford and London Borough of Barnet. More information on each of these can be found via their websites:

<http://www.vivacity-peterborough.com/libraries-and-archives/>
<http://www.brighton-hove.gov.uk/content/leisure-and-libraries/libraries>
<http://www.trafford.gov.uk/residents/leisure-and-lifestyle/libraries/libraries.aspx>
<https://www.barnet.gov.uk/citizen-home/libraries.html>

Consultation

It is proposed to run a consultation on the Library Offer and delivery Model for eight weeks between 1st February 2016 and 1st April 2016. The consultation will include a combination of an online questionnaire and specific consultation events held across the borough so that we can obtain the views of both users and non-users of the library service. This approach has proven very successful in other recent consultations within the Council and will enable thorough testing of the ideas with residents.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | tbc | tbc | tbc |
| Next Financial Year (Year 2) | tbc | tbc | tbc |
| Following Financial Year (Year 3) | tbc | tbc | tbc |

Other financial information relevant to the Recommendation/Decision

Cross-Council Implications

The Library Offer supports the activities and priorities of all services of the Council.

List of Background Papers

Library Offer Document

| | |
|---------------------------------|---|
| Contact Mark Redfearn | Service Community Services |
| Telephone No 01189746012 | Email mark.redfearn@wokingham.gov.uk |
| Date 18 January 2016 | Version No. 1 |



WOKINGHAM
BOROUGH COUNCIL

Library Offer

JANUARY 2016

Contents

| | <i>Page</i> |
|-------------------------|-------------|
| Basis of offer | 3 |
| Underpinning Principles | 4 |
| Delivery Model | 5 |

Basis of Offer

Whilst it is true to say that the central requirements for the provision of library services has changed little since their inception in the Public Libraries and Museums Act 1964, the expectations and value of library services has grown since this time to encompass a much broader range of services and activities that contribute to the overall wellbeing of our towns and villages.

Libraries are now centre points within their communities, places where people of all ages come to do more than borrow books for pleasure and learning. They are places for parents and children to bond and grow, places for groups and clubs to meet, a respite for the isolated, they are champions of local creativity and gateways to all the public services that we use.

It is vital when establishing The Library Offer to recognise the increasing ways in which our library services and library buildings help sustain and elevate the quality of life for our residents.

In the 21st century, our libraries will be welcoming and vibrant places that people are drawn to. They will protect the clearly valued heritage of our library services whilst evolving naturally to offer more and more opportunity for residents of all ages to engage in activities and access services. The libraries themselves will be flexible and adaptable in terms of their space and their uses, aligning seamlessly with other provision in their area.

The Library Offer establishes and promotes the activities that our residents can expect when visiting or using our libraries.

This offer is intended to establish a framework of underpinning principles and a delivery model which:-

- Extend the offering and give increased access to the library service.
- Provide as much as we can with the resources we have available

Underpinning Principles

Access to Services

- The Library Service will adapt to meet the growing population and changing behaviours of our residents.
- The Library Service will utilise opportunities to provide residents with a flexible mix of physical and virtual options for accessing all services
- Improve access to other Wokingham Borough Council services in line with Customer Services vision
- Strong partnership working to ensure flexibility of delivery and access to library services

Library Stock

- Maintain the approach of books being the primary stock type
- Stock purchased will be responsive to the behaviour and needs of our residents
- Increase the numbers of items available in other formats
- Continue to ensure that we hold the books that people most want

Visiting and Using Buildings

- The environment within libraries will be welcoming and enjoyable
- Buildings will be flexible and adaptable to changing demands for their use
- Enable access to other types of services including other council services, health services and local community and voluntary services
- They will provide space for locally focused events and activities that develop a sense of community
- Actively identify events and services that support the broader Council vision

Technology

- The Library Service will continue to grow its online services to provide more opportunity for residents to access services when they want them.
- Invest in technologies that support learning and self-sustaining behaviours in residents.
- Increase the range of services within libraries by enabling payments for other Council services.
- Respond to natural opportunities to deliver a greater range of Council services within libraries.

Income Generation

- Income generation ideas will feel a natural extension of our services and activities
- Where opportunities for investment present themselves we will look to gain the most value from them so as to minimise the need for further investments in the future

Supporting Wokingham Borough Council Vision

- The library service will continue to identify ways to directly support Wokingham Borough Council's vision for the borough
- Maintain or improve on the usage of library services so that they remain a valuable method of supporting and promoting other Council services.

Delivery Model

The delivery model will take a 'hub and spoke' approach. The larger libraries at Wokingham, Woodley and Lower Earley will act as hubs, with smaller branches delivering service in the community around them.

Hub Libraries

The hub libraries will operate using a combination of traditional staffed opening hours and unstaffed self-service opening hours. This combination allows for those customers who are more vulnerable or need more support to access services whilst staff are there to support them, and also allows the overall service hours to be increased for the more independent library users. The overall approach results in a reduction of costs as fewer of the opening hours rely on having staff on duty. These sites will also be developed and adapted to give more flexible usage of space, allowing community groups and strategic partners to make use of the building whilst it is not operating as a library. In addition, space will be modified and adapted to attract business income and paying clients. For example, innovative meeting spaces using interactive technologies.

During unstaffed hour's access to buildings will be controlled by an electronic door look which only opens when presented with a valid library ticket together with a PIN – it will allow for specific library users to be granted access, or have access restricted if necessary. The site will be monitored by CCTV, and record key actions such as customers entering and leaving the building. Customers use self-service terminals to borrow and return books and other items. If customers leave the building with books which they have not issued to themselves this will be identified as the pass through the doors, and recorded by CCTV. Pre-recorded *tannoy* messages warn customers when closing time is approaching, and lights can be set to automatically start dimming in the lead up to closure times. The process of building closedown is also more streamlined, allowing a single member of staff to turn all lighting and all computers off with single key turn.

The approach is tried and tested, with over 200 libraries operating the model on mainland Europe, and a growing number adopting the approach in the UK, including Peterborough, Brighton & Hove, Trafford and London Borough of Barnet.

Spoke Libraries

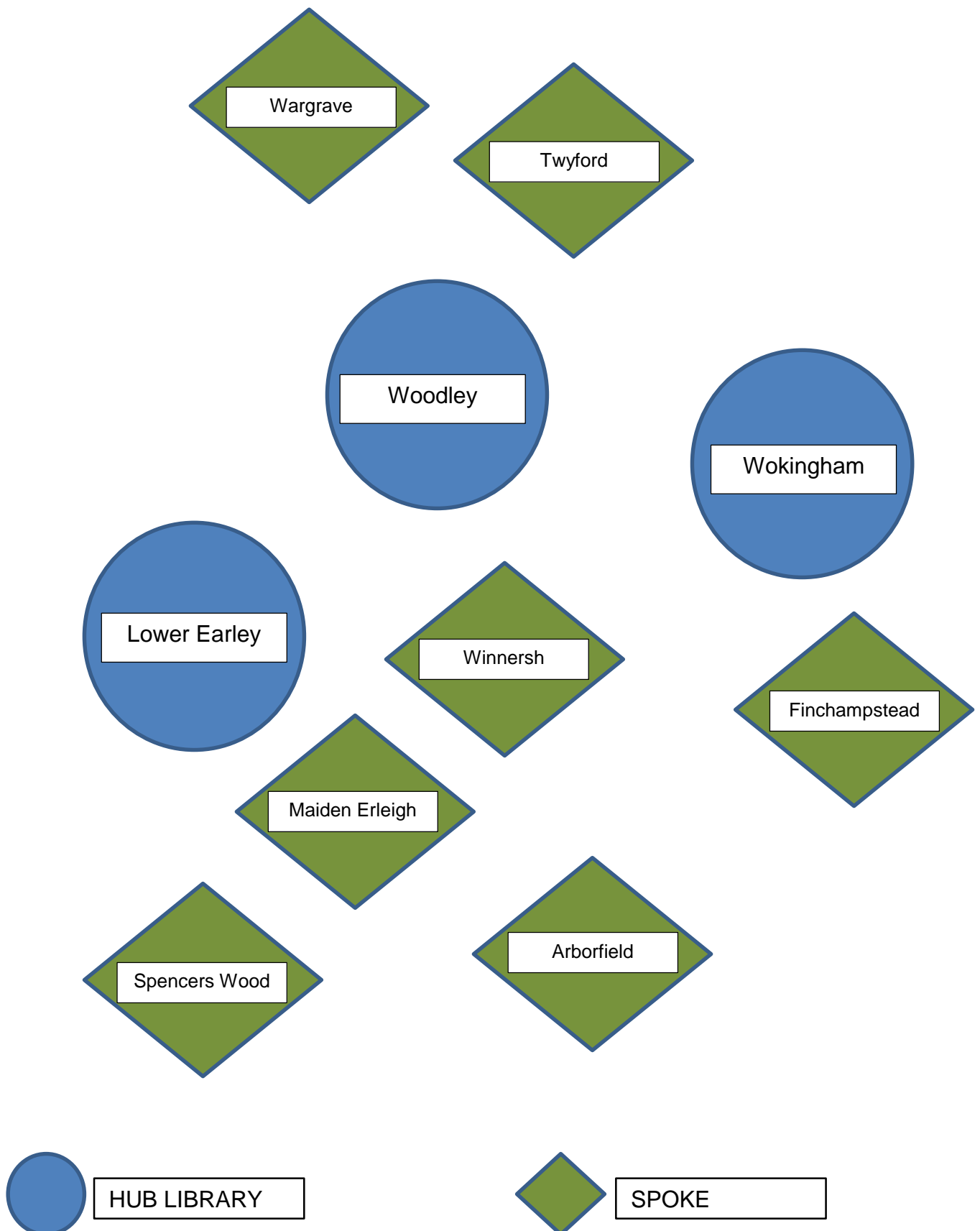
The spoke libraries will operate a regular set of opening hours focused on the times when there is most demand within the community, rather than the existing historic and rather confusing opening hour patterns operated at some sites.

Spoke libraries would initially consist of the existing smaller branches, however, not all libraries are well positioned, and not all libraries work sufficiently well alongside other local service offerings. It is important that all our spoke libraries offer the necessary services and are provided in such a way that make best use of the buildings in which they are located (whether these are Council buildings or in partnership with other services in the area). This approach would mean taking different or more pragmatic approaches to the buildings stock and a broader offer of local library services whilst not relying on a single asset.

Pop-up libraries

The methodology used for unstaffed opening at the library hubs could also be utilised to develop partnerships to deliver self-service libraries in shared facilities, and also provide temporary libraries. This could allow the service to be extended, provided more flexibly, and closer to the hearts of small communities. In addition the service could be delivered through library space located within existing community facilities – e.g. Community Centres

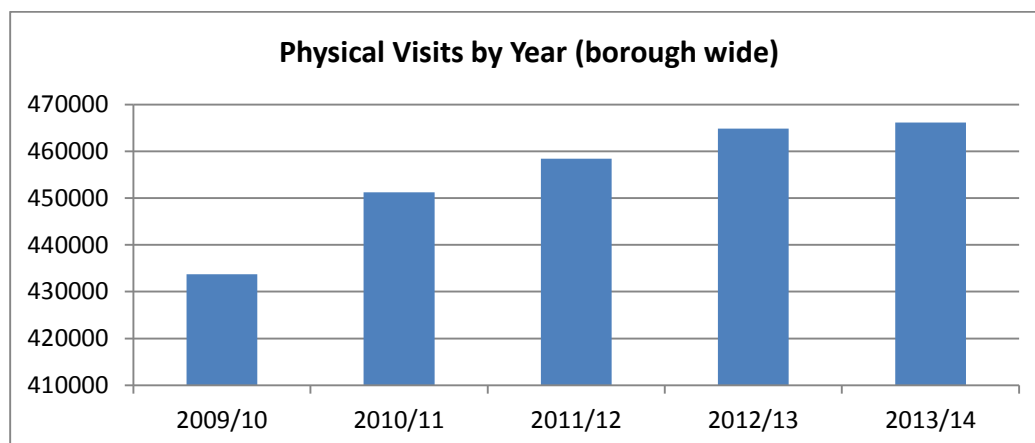
WOKINGHAM BOROUGH COUNCIL LIBRARIES – HUB AND SPOKE MODEL



CURRENT LIBRARY USE AND SERVICE DELIVERY ISSUES

Wokingham Borough Council operates 10 libraries and a Home Library Service within the Borough. Last year the libraries had over 470,000 physical visits and a further 90,000 online contacts, which is part of an increasing local trend in library usage against a national picture of declining usage.

The information summarised below shows that physical visits to libraries are increasing, whilst the numbers of active library users remains high.



The Library Service holds around 187,000 hard copy items in stock, and has approximately 850,000 hard copy issues per annum. There are currently around 4000 eBook, 6500 eMagazine, and 1480 eAudiobook downloads per annum.

Larger libraries are open up to 45 hours per week; smaller libraries are open between 8 and 30 hours per week. Library services are available to all library members; library membership is open to all who live work or study within the Borough. Membership of the library service is free.

Just over 23,000 residents are currently active users of the service.

Book Loan Trends

Items loaned from libraries have shown an increase through to 2010/11. Since 2011/12 there has been a decline in items issued. This change in trend of items issued broadly coincides with changes in visiting trends. In 2010/11 after a period of multiple years of declining visits, physical visits to libraries started increasing.

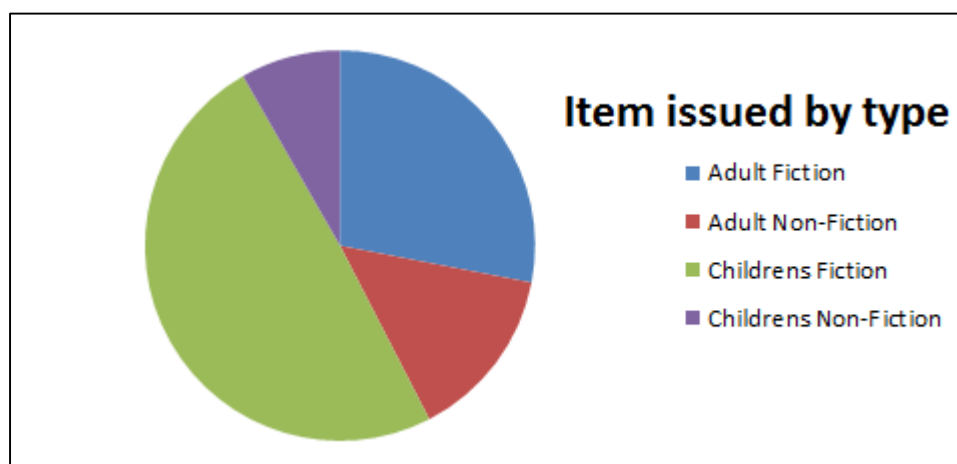
This suggests a change in the way libraries are used by Wokingham residents in that they are using them less for traditional book borrowing services, but visiting libraries more for other uses as they have in recent years become more modernised and offered a wider ranges of services and activities. This hypothesis is ratified by the fact that library members who have actively borrowed a book has also been on a gradual but steady increase year on year since 2012/13.

Breakdown of customers who borrow books/items by age group

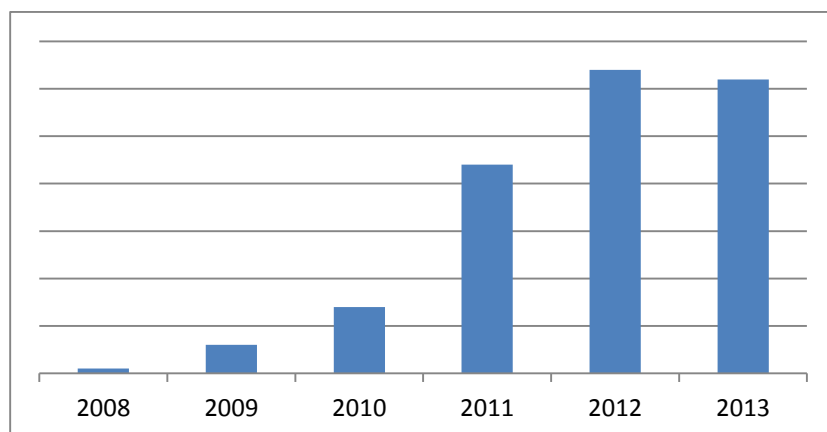
| | |
|-------------|--------|
| 0-4 years | 5.31% |
| 5-17 years | 33.52% |
| 18-39 years | 19.89% |
| 40-59 years | 22.94% |
| 60+ years | 18.34% |

8% have a disability, 10% are from an ethnic minority, 64% are female and 36% are male.

Selections of items purchased for loan is carried out by the suppliers based upon a specification built of population demographics and existing usage.



e-Publication Trends



The graphic above shows ebook sales trends in America 2008 to 2013, the trend is one of rapid growth 2008 through to 2011, with a slight decline, levelling off by 2013. Current expectations within the book trade are that figures for 20014 will remain similar, meaning that sales have levelled off at between 20% and 25% of the overall market.

In recent years growth in the ebook market in the UK has been 95% in 2012, 40% in 2013, and 13% in 2014. The understanding within the book trade press, based upon the most reliable UK books sales data (provided by Nielsen Book Data) is that based upon

available reporting figures, and in comparison to the American ebook sales trend the UK is about 1 year behind the US and following a similar trend.

The ebook market is still relatively young compared with the traditional publishing market, so all trends are not yet understood. It is however already apparent that individual titles can impact on overall sales skewing trends.

Local Picture: Electronically published materials are still a relatively nascent service within public libraries. The main areas of provision within Wokingham's libraries are ebook, emagazines, and spoken word audio books; at present usage of these is as follows:-

- ebooks: 4019 items issued per annum (60% increase on 2013/14 when 2500 items were issued)
- emagazines: 6565 items issued per annum (new service as of 2014/15 so no previous data)
- eaudio: 1480 items issued per year (new service as of 2014/15 so no previous data)

Library Service Management System

The Library service uses a computerised Library Management System (LMS) to administer much of the day to day operation of the library service. The current system used is the Spydus system from Civica, which was implemented 2007.

The system holds details of all library members and also all library resources, and is used to record access and usage by library members.

It currently administers access to and records usage of:

- Customer book stock borrowing (inc. applying policy relating to age restricted material to such as certificated DVDs)
- Calculates hire charges and overdue charges.
- Controls access to public PCs and WiFi within the libraries.
- Controls access to online loans of ebooks, emagazines, eaudio and only subscriptions.
- It provides a public online interface for book searches, book renewals and book reservations.

| | |
|-----------------------------|---|
| TITLE | Risk Management Policies and Guidance |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None Specific |
| LEAD OFFICER | Andrew Moulton, Head of Governance and Improvement Services |
| LEAD MEMBER | Pauline Jorgensen, Executive Member for Resident Services |

OUTCOME / BENEFITS TO THE COMMUNITY

The Enterprise Risk Management (ERM) Policy and supporting guidance provide the framework for sustaining effective management of risk at the Council. A robust risk management process will enable officers and members to make better informed decisions and become less risk adverse through a focus on risk and return. Effective risk management will help to reduce uncertainty and make effective provision for adverse events. These in turn will enhance the value for money delivered to taxpayers.

RECOMMENDATION

The Audit Committee recommend that the Executive approve:

- 1) the Enterprise Risk Management Policy; and
- 2) the Enterprise Risk Management Guidance.

SUMMARY OF REPORT

Both the policy and guidance have been subject to a high level review. They have been found to be sound and present a solid basis for the management of risk going forward. The main changes are:

- The role of the Risk Champions and the Risk Management Group has been split between Departmental Leadership Teams and the Council Risk Facilitator – see section 5 of the Policy
- The Risk Register template has been updated – see section 11 of the Guidance
- Further detail added in explain Risk Appetite – see section 12 of the Guidance

The ERM Policy sets out the Council's approach to risk management. The policy aims to achieve a pragmatic and effective approach to risk management that adds value to decision makers and does not impose an excessive bureaucratic or administrative burden.

Background

Both documents in their current form were last approved by the Executive in January 2015.

Analysis of Issues

The key issue for the Executive is whether the policy and supporting guidance provide a sufficiently robust framework for the management of the Council's key strategic risks.

The Executive may like to use this opportunity to consider the Council's overall approach to risk management and whether this is aligned to the current level of risk the Council is taking.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | N/A | Yes | N/A |
| Next Financial Year (Year 2) | N/A | Yes | N/A |
| Following Financial Year (Year 3) | N/A | Yes | N/A |

Other financial information relevant to the Recommendation/Decision

Risk management will help protect the Council against any unforeseen costs.

Cross-Council Implications

N/A

List of Background Papers

None

| | |
|-----------------------------------|--|
| Contact Julie Holland | Service Governance and Improvement Services |
| Telephone No 0118 974 6630 | Email Julie.Holland@wokingham.gov.uk |
| Date 18 January 2016 | Version No. 1 |

Enterprise Risk Management Policy

A Framework for Managing Opportunity and Risk

Date: 27 November 2015

Version: 13.0

Classification: Unclassified

Authors: Julie Holland - Risk Management Facilitator

Quality Assurance: Paul Ohsan Ellis - Internal Audit Manager

| VERSION | DATE | DESCRIPTION |
|-------------|-------------------------|--|
| 1.0 | 15 February 2009 | Working Draft |
| 2.0 | 3 March 2009 | Working Draft |
| 3.0 | 9 March 2009 | Initial Release |
| 4.0 | 11 March 2009 | Draft for Consultation |
| 5.0 | 25 March 2009 | Draft for SLB Approval |
| 6.0 | 30 April 2009 | Draft for Audit Committee Adoption |
| 7.0 | 13 May 2009 | Draft for Approved Audit Committee |
| 8.0 | 14 May 2009 | Final Adopted Audit Committee 13/5/09 |
| 9.1 | 18 June 2010 | Risk Management Group Refresh 2010-11 |
| 9.2 | 9 July 2010 | Revised Draft for SLB Adoption |
| 9.3 | 9 September 2010 | Revised Draft for Audit Committee Adoption |
| 9.4 | 7 October 2010 | Final Adopted Audit Committee 22/09/10 |
| 10.0 | 31 October 2012 | Revised Draft for CLT Adoption |
| 11.0 | 28 November 2012 | Final Adopted by Audit Committee |
| 12.0 | 4 February 2014 | Final Adopted by Audit Committee |
| 12.1 | 21 November 2014 | Final Adopted by Audit Committee |
| 13.0 | 27 November 2015 | Draft for Audit Committee |

1.0 Introduction

- 1.1 Wokingham Borough Council's environment is complex and dynamic. The Council provides services directly, through partnership working and via contractors to approximately 150,000 residents of the Borough. The Council's gross annual budget is in excess of £280 million. Risks (threats and opportunities) are inherent in all services and activities provided.
- 1.2 The importance of this Policy to the Council will increase given that the Council is becoming less risk adverse (i.e. accepting greater levels of risk) through its ambitious aspirations for the Borough, service delivery models (companies, trusts and partners), and greater use of technology. Managers will be less controlled through rules based management but empowered to take risks and opportunities as they arise.
- 1.3 The Council and its partners are working together to deliver the Council's Corporate Plan and long term Vision for the borough: "A great place to live, an even better place to do business". The Council has identified priorities and underlying principles to enable it to deliver on its Vision for the borough.
- 1.4 This Enterprise Risk Management Policy (ERM) commits the Council to an effective Risk Management Guidance in which it will adopt best practices in the identification, evaluation and control of risks in order to:
 - strengthen the ability of the Council in achieving its vision, priorities, underlying principles and objectives and to enhance the value of the services it provides;
 - adopt best practices in decision making through identification, evaluation and mitigation of risk;
 - integrate and embed proactive risk management into the culture of the Council;
 - heighten the understanding of all the positive risks (opportunities) as well as negative risks (threats) that the Council faces;
 - manage risks cost-effectively and to an acceptable level;
 - reduce the risk of injury and damage;
 - help secure value for money;
 - help enable the Council to be less risk adverse;
 - enhance partnership and project working; and
 - raise awareness of the need for risk management.
- 1.5 This policy will allow management to make better informed decisions and become less risk adverse through a focus on risk and return which in turn will enhance the value of money provided to our taxpayers (domestic and non-domestic). This policy will be implemented through the development and application of an ERM Guidance. The ERM Guidance shall be approved by Corporate Leadership Board and the Audit Committee and Executive on behalf of the Council.

2.0 Scope

- 2.1 The importance of ERM within the Council transcends every policy, Guidance and individual transaction, since losses arising from the failure to manage risk or take opportunities can have systemic repercussions for the Council. As such, effective ERM is of interest to all our stakeholders including Members, managers, inspectors, residents, taxpayers and suppliers.



- 2.2 This policy is also applicable to the council's interests in its wholly-owned subsidiaries. The officer responsible for the council's interest in the subsidiary should be familiar with this policy and remains accountable for the management of all such risks.
- 2.3 Nothing in this policy overrides the Health and Safety risk assessment process which aligns with Health and Safety Executive guidance and are recorded in WISER. Significant project and H&S risks should be identified on risk registers where appropriate.
- 2.4 The Chief Executive, the Corporate Leadership Team, Extended Corporate Leadership Team, 2nd and 3rd Tier Managers, Members of the Audit Committee, Members of the Overview and Scrutiny Committee and the Executive should be fully familiar with this policy.
- 2.5 All other staff and elected Members should be aware of it.

3.0 ERM Principles

- 3.1 This policy and the ERM Guidance shall be premised upon a common understanding and application of the following principles:

| | |
|--------------------|--|
| PRINCIPLE 1 | The informed acceptance of risk is an essential element of good business guidance. |
| PRINCIPLE 2 | Risk management is an effective means to enhance and protect the Council over time. |
| PRINCIPLE 3 | Common definition and understanding of risks is necessary, in order to better manage those risks and make more consistent and informed business decisions. |
| PRINCIPLE 4 | The management of enterprise risk is an anticipatory, proactive process, to be embedded in the corporate culture and a key part of strategic planning, business planning and operational management. |
| PRINCIPLE 5 | All risks are to be identified, assessed, measured, managed, monitored and reported on in accordance with the Enterprise Risk Management Guidance based on best available information. |
| PRINCIPLE 6 | All business activities are to adhere to risk management practices which reflect effective and appropriate levels of internal controls. |
| PRINCIPLE 7 | 2 nd Tier Managers should bring to the attention of their respective executive portfolio holders all significant risks on a timely basis. |

4.0 Approach to ERM

- 4.1 This policy is aligned with the Council's Corporate Governance Framework. This policy recognises the actions that Council makes with respect to the achievement of its Vision, priorities, underlying principles and business objectives are ultimately tied to decisions about the nature and level of risk it is prepared to take and the most effective means to manage and mitigate those risks. ERM covers all the council's risks in a unified and consistent manner.
- 4.2 Risk management at the Council shall be based on an understanding of the quality and nature of the Council's assets and its sources of revenue, and the impact of any associated potential liabilities. This policy, the ERM Guidance, the related management policies and procedures and management committees, shall enable management and the Corporate Leadership Team to meet their ERM responsibilities.
- 4.3 The Council's approach to risk management is detailed in its ERM Guidance which is available on the Council's internet and intranet.

5.0 Assignments and responsibilities

- 5.1 Where possible, ERM shall be integrated into existing corporate processes, thus becoming part of regular day-to-day business and activities. ERM shall be a collective and collaborative effort by the Council in order to achieve an effective system for the management of risk.
- 5.2 The following describes the roles and responsibilities that Members and Officers will play in introducing, embedding and owning the risk management

process and therefore contributing towards the best practice standards for risk management.

5.3 **Chief Executive**

- The Chief Executive has overall responsibility for the management of all significant risk within the Council including the creation, membership and functions of management committees with risk management roles. This includes the Corporate Leadership Team and the assignment and performance review of 2nd tier managers with responsibility for the management of identified risks;
- The Chief Executive also has a critical role in reporting to the Executive on identified strategic risks and communicating the strategic value of effective risk management to the Executive. The Chief Executive also has a role to play in ensuring adequate funding and resources are available for risk management activities.

5.4 **Corporate Leadership Team**

- To collectively ensure that effective systems of risk management and internal control are in place to support the Corporate Governance of the Council;
- To approve the risk appetite for each risk detailed in the Council's Corporate Risk Register and monitor the total risk faced by the Council;
- To take a leading role in identifying and managing the risks and opportunities to the Council and to set the example and standards for all staff;
- To identify, analyse and profile high-level strategic cross-cutting and emergent risks on a regular basis as outlined in the monitoring process;
- To ensure that appropriate risk management skills training and awareness is provided to appropriate elected Members and staff.

5.5 **Council Risk Facilitator**

- To facilitate the communication and implementation of this Policy and ERM Guidance to all elected Members, managers and staff to fully embed them in the Council's business planning and monitoring processes (as per their respective roles and responsibilities);
- To report to Corporate Leadership Team and Audit Committee on the management of corporate and other significant risks and the overall effectiveness of risk management;
- To provide training and support to relevant members and managers with regard to risk management;
- To co-ordinate all of the Council's risk management registers.

5.6 **2nd Tier Managers**

- Each 2nd Tier Manager is individually responsible for proper monitoring of the risks identified in their relevant service plans, local action plans and for embedding risk management into the business and service planning of their relevant services;

- Ensuring that the risk management process is part of all major projects, partnerships and change management initiatives;
- Ensuring that all reports of a strategic nature written for Executive Members include a risk assessment of the options presented for a decision;
- Report regularly to the Corporate Leadership Team on the progress being undertaken to manage their risks and provide updates on the nature of the significant risks in their relevant service areas;
- To determine the risk appetite for each risk detailed in their Service Risk Register;
- Provide assurance on the adequacy of their relevant service's risk and control procedures;
- Bring to the attention of their respective Executive portfolio holders all significant risks on a timely basis.

5.7 **3rd Tier Managers**

In respect of risk management, each 3rd Tier Manager is individually responsible for:

- the proper identification, assessment and monitoring of the risks associated in their area of activity;
- bringing to the attention of their 2nd Tier Manager all significant risks on a timely basis;
- ensuring that all reports of a strategic nature written for Executive Members include a risk assessment of the options being presented for a decision;
- recommending (to the Council Risk Facilitator) risk management training for their staff (where relevant);
- implementing approved risk management action plans;
- maintaining an awareness of risks and feed them into the risk identification process;
- embedding a culture of pro-active risk assessment in their area of activity.

5.8 **Audit Committee**

To provide independent assurance of the adequacy of the ERM Policy and Guidance and the associated control environment. In particular:

- to receive the annual review of internal controls and be satisfied that the Assurance Statement properly reflects the risk environment and any actions required to improve it;
- to receive regular reports covering implementation of the Council's ERM Policy and Guidance to determine whether strategic risks are being actively managed;
- to review, revise as necessary and recommend adoption of the ERM Policy and Guidance to Executive on a regular basis;
- to have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified.

5.9 **Executive Members**

- Executive members are responsible for governing the delivery of services to the local community. Executive Members therefore have a responsibility to be aware and fully understand the strategic risks that the Council faces;
- Executive members have the responsibility to consider the risks associated with the decisions they make and will be informed of these risks in the reports that are submitted to them. They are required to consider the cumulative level of risk faced by the authority. They cannot avoid or delegate this overall responsibility, as it is vital to their stewardship responsibilities;
- To have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified;
- To receive regular reports, as presented to the Audit Committee covering the implementation of the Council's Risk Management Policy and Guidance, including updates over the management of all strategic risks.

5.10 **Overview and Scrutiny Committee**

To have due regard for this policy, and specifically, when undertaking scrutiny reviews to consider the Executive's risk identification and evaluation process.

5.11 **Members**

To have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified.

5.12 **Departmental Leadership Teams**

- To collate on a quarterly basis the key and consistent themes from service, project and partnership risk registers and feed these to Corporate Leadership Team and give feedback to the services;
- To collate the highest level and most common operational risks (including those risks of a more health and safety or liability perspective) from a service level for communication and if required, consideration by Corporate Leadership Team;
- To monitor the implementation and embedding of risk management within key Council processes;
- To identify risk management training needs, approve training programmes and presentations;
- To facilitate services on an ongoing basis with maintaining their risk registers and matrix;
- To implement the detail of the Enterprise Risk Management Guidance;
- To ensure that risks and action plans are updated in the Corporate Risk Register;
- To share/exchange relevant information with colleagues in other service areas.

5.13 **Internal Audit**

Internal audit will

- provide assurance to the Council through an independent and objective opinion on the control environment comprising risk management, control procedures and governance;
- report to Members on the control environment; and
- provide an Internal Audit Plan (on at least an annual basis) that is based on a reasonable evaluation of risk and to provide an annual assurance statement to the Council based on work undertaken in the previous year.

5.14 **Staff**

Staff have a responsibility to identify risks surrounding their every day work processes and working environment. They are also responsible for:

- participating in ongoing risk management within service areas;
- actively managing risks and risk actions (where appropriate); and
- demonstrating an awareness of risk and risk management relevant to their role and to take action accordingly.

6.0 Review and Continual Improvement

6.1 The Audit Committee shall review and recommend adoption of the ERM Policy to the Council on a regular basis or when significant changes require a revision of it.

6.2 The Council should continue to improve the effectiveness of its risk management arrangements through:

- learning from risk events and the application of controls;
- review risk occurrences to identify emerging trends; and
- learn from other organisations about their risk occurrences in order to consider whether there is a likelihood of the Council experiencing a similar occurrence.

Andy Couldrick
Chief Executive

Councillor Guy Grandison
Chairman Audit Committee



WOKINGHAM
BOROUGH COUNCIL

Enterprise Risk Management Guidance

A Framework for Managing Opportunity and Risk

Date: 26 November 2015

Version: 15.0

Classification: Unclassified

Authors: Julie Holland - Risk Management Facilitator

Quality Assurance: Paul Ohsan Ellis - Internal Audit Manager

| VERSION | DATE | DESCRIPTION |
|---------|-------------------|---|
| 1.0 | 15 February 2009 | Working Draft |
| 2.0 | 3 March 2009 | Working Draft |
| 3.0 | 9 March 2009 | Initial Release |
| 4.0 | 11 March 2009 | Draft for Consultation |
| 5.0 | 25 March 2009 | Draft for SLB Approval |
| 6.0 | 30 April 2009 | Draft for Audit Committee Adoption |
| 7.0 | 13 May 2009 | Draft for approval by Audit Committee |
| 8.0 | 14 May 2009 | Final approved by Audit Committee |
| 9.0 | 18 June 2010 | Refresh by Corporate Governance Group |
| 10.0 | 3 September 2010 | Refresh for approval by Audit Committee |
| 11.0 | 22 September 2010 | Final approved by Audit Committee |
| 12.0 | 14 November 2012 | Final approved by Audit Committee |
| 13.0 | 22 January 2014 | Final approved by Audit Committee |
| 14.0 | 21 November 2014 | Draft for Audit Committee Approval |
| 15.0 | 26 November 2015 | Draft for Audit Committee Approval |

Contents

| Chapters | | Page Numbers |
|-------------------|---|--------------|
| 1 | Introduction | 1 |
| 2 | Purpose of the Guidance | 1 |
| 3 | Approval, Communication, Implementation and Review | 1 – 2 |
| 4 | What is Enterprise Risk Management? | 2 – 3 |
| 5 | Benefits of Risk Management | 3 |
| 6 | Critical Success Factors | 4 |
| 7 | Relationship between Risk Management and Internal Controls | 4 |
| 8 | Risk Management, Business Continuity and Emergency Planning | 4 – 5 |
| 9 | Risk Management in Projects and Partnerships | 5 |
| 10 | Strategic Approach to Risk Management | 5 – 6 |
| 11 | Implementation Guidance Risk Management | 7 – 13 |
| Appendix 1 | Overview of Risk Management Framework | 14 |
| Appendix 2 | Examples of Risk Categories | 15 |
| Appendix 3 | Impact Scores | 16 |
| Appendix 4 | Likelihood Scores | 17 |

1.0 Introduction

- 1.1 Risk Management is about managing opportunities and threats to objectives and in doing so helps create an environment of “no surprises”. It is a crucial element of good management and a key part of corporate governance. It should be viewed as a mainstream activity and something that is an integral part of the management of the organisation; an everyday activity.
- 1.2 Risk Management is already inherent in much of what the Council does. Good practices like good safety systems, procurement and contract regulations, financial regulations and internal control are not labelled Risk Management but these and many other processes and procedures are used to manage risk.

2.0 Purpose of the Guidance

- 2.1 The purpose of this Enterprise Risk Management Guidance is to establish a framework for the systematic management of risk, which will ensure that the objectives of the Council’s Risk Management policy are realised.

| The Purpose of this Guidance |
|---|
| Define what Risk Management is about and what drives Risk Management within the Council |
| Set out the benefits of Risk Management and the strategic approach to Risk Management |
| Outline how the Risk Management will be implemented |
| Formalise the Risk Management process across the Council |

- 2.2 An overview of this framework is detailed in Appendix 1.

3.0 Approval, Communication, Implementation and Review

- 3.1 The Enterprise Risk Management Guidance has been adopted by the Corporate Leadership Team and has been approved by the Council via the Audit Committee. It has been issued to:
- All Members of the Council
 - Corporate Leadership Team
 - All Heads of Service
 - Key Stakeholders
 - Other interested parties such as External Audit
- 3.2 It has been placed on the Council’s intranet site so that all members of staff can have access and easily refer to it. It is included on all new staff’s corporate induction. Therefore all individual members of staff are aware of both their roles and responsibilities for Risk Management within the Council and their service (depending on their own role within the Council). Risk Management is included within the Council’s performance management framework so that staff and managers are aware of how Risk Management contributes to the achievement of the Council’s and Service objectives.
- 3.3 All elected Members have been issued with a copy of the Guidance. It is part of all newly elected Members’ induction to the Council it has been included as a

training area within the Members Training and Development Programme. The Guidance will be reviewed annually by the Audit Committee.

4.0 What is Enterprise Risk Management?

4.1 Risk is an unexpected event or action that can adversely affect the Council's ability to achieve its objectives and successfully execute its strategies. It can be a positive (an opportunity) or negative (a threat). Risk Management is the process by which risks are identified, evaluated and controlled.

4.2 It has critical links to the following areas:

- Corporate governance;
- Community focus;
- Structure and processes;
- Standards of conduct;
- Service delivery arrangements; and
- Effective use of resources.

4.3 Enterprise Risk Management can be defined as:

“The management of integrated or holistic risk and opportunity in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks”.

4.4 Risk Management therefore is essentially about identifying the opportunities, risks and weaknesses that exist within the Council. A holistic approach is vital to ensuring that all elements of the Council are challenged including decision making processes, working with partners, consultation processes, existing policies and procedures and also the effective use of assets – both staff and physical assets. This identification process is integral to all our strategic, service and work planning.

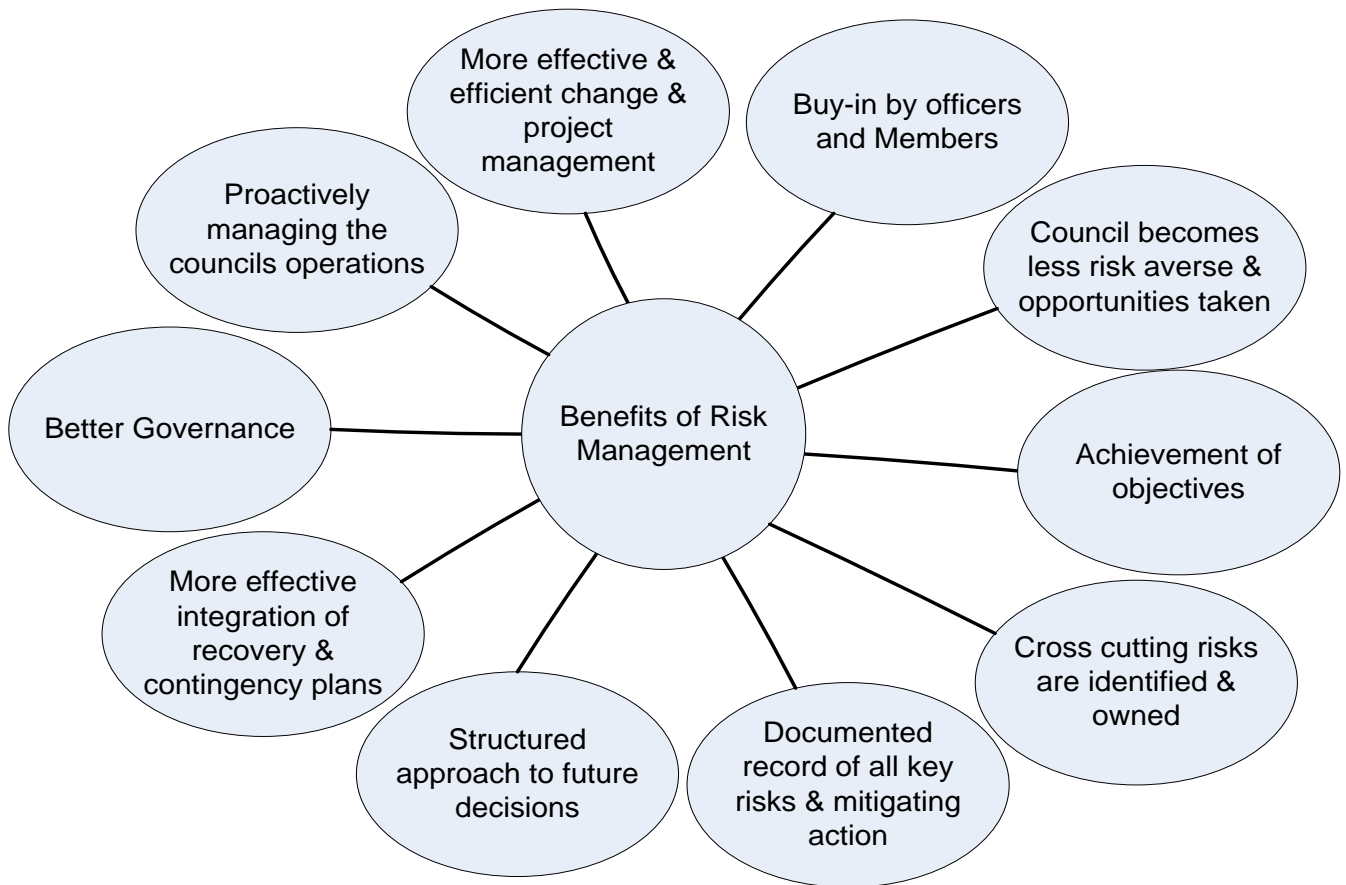
4.5 Once the risks have been identified the next stage is to prioritise them to identify the key risks to the organisation moving forward. Once prioritised it is essential that steps are taken to then effectively manage these key risks. The result is that significant risks that exist within the Council can be mitigated to provide the Council with a greater chance of being able to achieve its objectives. Included within this should also be a consideration of the positive or 'opportunity' risk aspect.

4.6 Risk Management will improve the business planning and performance management processes, strengthen the ability of the Council to achieve its objectives and enhance the value of the services provided.

4.7 In order to strive to meet our Vision, strategic principles and priorities, the Council has recognised the need to further embed Risk Management arrangements. The desired outcome is that risks associated with these objectives can be managed and the potential impact limited, providing greater assurance that the Vision will be achieved.

5.0 Benefits of Risk Management

5.1 Successful implementation of Risk Management will produce many benefits for the Council if it becomes a living tool. These include:



6.0 Critical Success Factors

6.1 To develop a framework which:

| Reference | Critical Success Factors |
|-----------|--|
| 1 | Enables the Council's performance and take advantage of opportunities. |
| 2 | Focus on the major risks to our strategies and objectives. |
| 3 | Provide a clear picture of the major risks the Council faces, their nature, potential impact and their likelihood. |
| 4 | Establish a shared and unambiguous understanding of what risks will be tolerated. |
| 5 | Develop an awareness of our ability to control the risks we have identified. |
| 6 | Is embedded in our planning and decision-making processes. |
| 7 | Actively involve all those responsible for planning and delivering services. |
| 8 | Clarify and establish roles, responsibilities and processes. |
| 9 | Enable and empower managers to manage those risks in their area of responsibility. |
| 10 | Capture information about key risks from across the Council. |
| 11 | Include regular risk monitoring and review of the effectiveness of internal control. |
| 12 | Is non-bureaucratic, cost efficient and sustainable. |

7.0 Relationship between Risk Management and Internal Controls

7.1 The Council recognises that Risk Management is an integral part of its internal control environment. The constitution states that internal controls are required to manage and monitor progress towards strategic objectives.

7.2 The system of internal control also provides measurable achievement of:

- Efficient and effective operations;
- Reliable financial information and reporting;
- Compliance with laws and regulations; and
- Risk Management.

7.3 Internal Audit, when evaluating risks during the course of its Internal Audit work, will categorise risks as per this Guidance and will analyse their likelihood and impact in accordance with the qualitative measures / tables contained in this Guidance, thus further integrating and embedding our Risk Management Guidance into the Council's internal control environment.

8.0 Risk Management, Business Continuity and Emergency Planning

- 8.1 There is a link between these areas. However it is vital for the success of Risk Management that the roles of each, and the links, are clearly understood. The Council recognises that there is a link between Risk Management, Business Continuity Management and Emergency Planning. This is demonstrated by the lead in all three issues being taken by the Corporate Leadership Team.

Business continuity management

- 8.2 Business continuity management is about trying to identify and put in place measures to protect the Council's priority functions against catastrophic risks that can stop it in its tracks. There are some areas of overlap e.g. where the I.T. infrastructure is not robust then this will feature as part of the relevant Risk Register and also be factored into the business continuity plans.

Emergency planning

- 8.3 Emergency planning is about managing the response to those incidents that can impact on the community (in some cases they could also be a business continuity issue) e.g. a plane crash is an emergency, it becomes a continuity event if it crashes on the office!

9.0 Risk Management in Projects, Partnerships and Health and Safety

- 9.1 It is recognised that Risk Management needs to be a key part of the ongoing management of projects, Health and Safety and partnerships.

Project / Programme management

- 9.2 There is a consistent and robust approach to Risk Management used in projects, both at Project Initiation Document stage and throughout the duration of the project.

Partnerships

- 9.3 The Council has a Partnership Protocol, of which Risk Management is a key aspect. The Partnership Protocol requires that this approach to risk management is adhered to. The Partnership Protocol is available on the intranet.

Health and Safety

- 9.4 The Council has a Health and Safety Policy, of which management of risk is a critical aspect. Health and safety risks are managed in accordance with Health and Safety Executive guidance and are recorded in WISER. The Health and Safety Policy is available on the intranet.

10.0 Strategic Approach to Risk Management

10.1 In order to formalise and structure Risk Management the Council has recognised that there are obvious and clear links between Risk Management and: strategic and financial planning; policy making and review; and performance management.

10.2 The links are as follows:

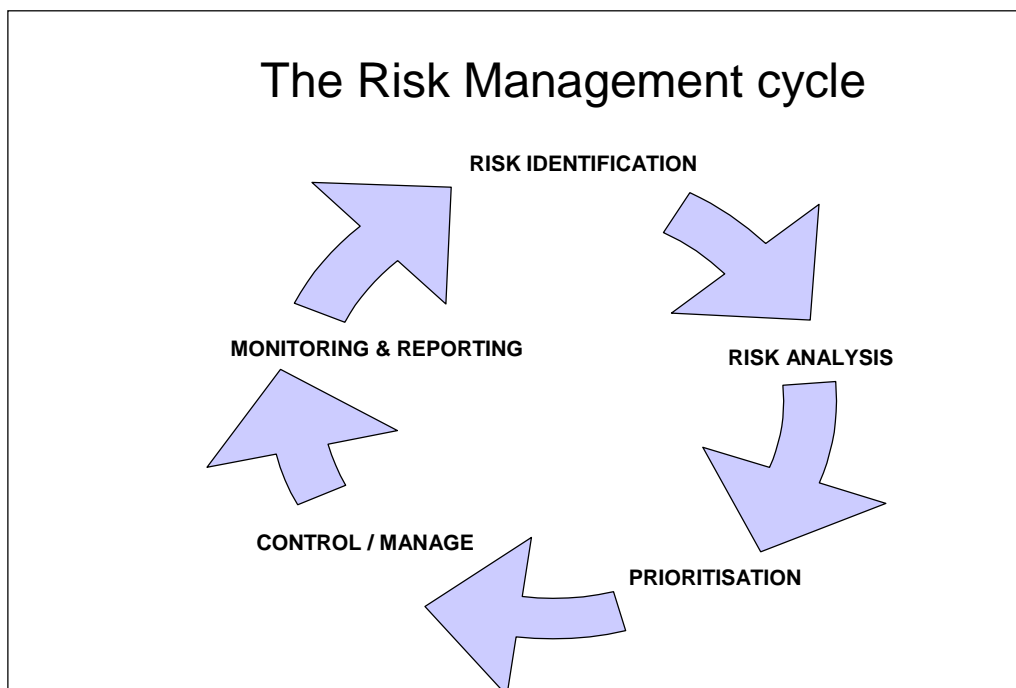
- Measurement of performance against the key objectives, performance indicators and key tasks.
- Management of Key Strategic Risks which could affect the delivery of the above Council objectives/targets is undertaken by the Corporate Leadership Team.

11.0 Implementation Guidance Risk Management

The risk management process

Implementing this Guidance involves a 5-stage process to identify, analyse, prioritise, manage and monitor risks as shown in figure 1. This section will outline the approach.

Figure 1: The Risk Management Cycle



Stage 1 – Risk Identification

The first step is to identify the ‘key’ risks that could have an adverse effect on or prevent key business objectives from being met. It is important that those involved with the process clearly understand the service or Council’s key business objectives i.e. ‘*what it intends to achieve*’ in order to be able to identify ‘*the risks to achievement*’. It is important to consider the relevant Service Plans in a broader context, i.e. not focusing solely on specific detailed targets but considering the wider direction and aims of the service and what it is trying to achieve.

When identifying risks it is important to remember that as well as the 'direct threats', risk management is about 'making the most of opportunities' e.g. making bids for funding, successfully delivering major projects and initiatives, pursuing beacon status or other awards, taking a national or regional lead on policy development etc.

Using Appendix 2 as a prompt, various techniques can then be used to begin to identify 'key' or 'significant' business risks including: -

- A 'idea shower' session;
- Own (risk) experience;
- 'Strengths, Weaknesses, Opportunities and Threats' analysis or similar;
- Experiences of others - can we learn from others' mistakes?
- Exchange of information/best practice with other Councils, organisations or partners.

It is also recommended that a review of published information such as other Service Plans, strategies, financial accounts, press releases, and inspectorate and audit reports be used to inform this stage, as they are a useful source of information.

The process for the identification of risk should be undertaken for projects (at the beginning of each project stage), partnerships and for all major revenue and capital contracts. Details of who contributes to these stages are explained further in the 'Roles, Assignments and Responsibilities' section of the Enterprise Risk Management Policy.

Risks, both opportunity and threats, identified should be recorded in a Risk Register as per figure 2. This standard template for recording risks has been updated is on the risk management area of grapevine.

Figure 2: Risk Register Summary (example)

| Ref | Risk | | Existing controls | Further Actions to Mitigate Risk | Lead | | Risk Rating | | | |
|----------|--|--|---|---|---------|--------|-------------|------------|---------------|----------|
| | Cause | Consequence/ Impact | | | Officer | Member | Impact | Likelihood | Current Score | Appetite |
| <u>1</u> | Risk that the council does not have buy-in to successfully implement the corporate vision and priorities | | 1. Vision and Priority 2. Joint Board 3. Joint Working Group 4. Council Plan 5. Programme and project management 6. Performance management framework 7. Service planning framework being implemented 8. ECLT & CLT 9. Monthly highlight report on Joint Board progress 10. Quarterly Council Plan Performance Monitoring | 1. Following Council approval of the Council Plan this will inform Service Plans for each area. | AC | KB | 4 | 2 | L | L |
| | There needs to be clarity and agreement on how the vision and priorities will be interpreted and delivered. The vision and priorities need to be articulated through the corporate and service plans. The service and resource planning is being redesigned so it will align to the vision and priorities of the council enabling us to deliver on our priorities. | <ul style="list-style-type: none"> • Organisational dissonance • disharmony across organisation • lack of clarity • different objectives / targets • delivery affected • fall behind neighbours • non-compliance with legislation | | | | | | | | |

Stage 2 – Risk Analysis

The information that is gathered needs to be analysed into risk scenarios to provide clear, shared understanding and to ensure the potential root cause of the risk is clarified. Risk scenarios also illustrate the possible consequences of the risk if it occurs so that its full impact can be assessed.

There are 2 parts to a risk scenario:-

- The cause describes the situation and/or event (that may be perceived) that exposes the organisation to a risk; and
- The consequences are the events that follow in the wake of the risk.

Risk Scenario

Figure 3: Example of the structure of a risk scenario

| Cause | Consequence |
|---|---|
| Statement of fact or perception about the Council, service or project that exposes it to an event. Include the event that could | The positive or negative impact: <ul style="list-style-type: none"> • How big? |

| | |
|---|---|
| occur in a positive or negative impact on the objectives being achieved | <ul style="list-style-type: none"> • How bad? • How much? • Who is affected? |
| LIKELIHOOD | IMPACT |

Each risk scenario is logged on the respective Risk Register. These registers could be potentially strategic, against a specific Service Plan, or relating to a project or partnership. The purpose of the Risk Action Log (i.e. Further Actions to Mitigate Risk) is to store details of the risk, its likelihood and impact and mitigation activity for each risk.

For further information on the project Risk Register template and guidelines, please refer to the project management methodology.

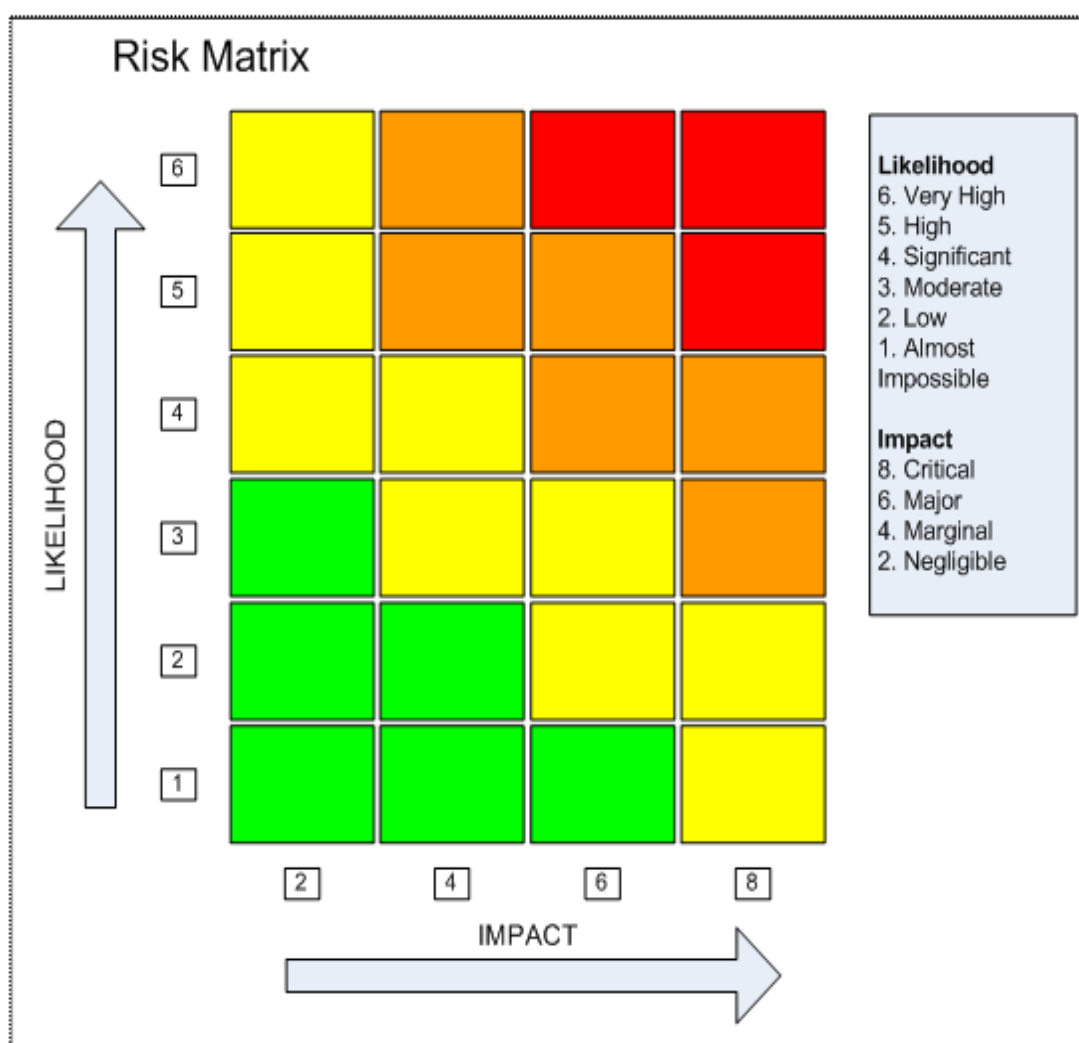
Stage 3 – Prioritisation

Following identification and analysis the risks will need to be evaluated, different scenarios should be explored. Their ranking is decided according to the potential likelihood of the risk occurring and its impact if it did occur. A matrix is used to plot the risks (Figure 4) and once completed this risk profile clearly illustrates the priority of each risk.

When assessing the potential likelihood and impact the risks must be compared with the appropriate objectives e.g. corporate objectives for the strategic risk profile, and service objectives for the Service Plan risk profile. The challenge for each risk is how much impact it could have on the ability to achieve the objective and outcomes. This allows the risks to be set in perspective against each other.

At the beginning of this stage a timeframe needs to be agreed, and the likelihood and impact should be considered within the relevant timeframe. Often a 3-year time horizon is used at strategic level, with perhaps a 1-year timeframe used at service level, to link with service delivery planning. The likelihood and impact should also be considered with existing controls in place, not taking future ones into account at that time.

Figure 4: Example of the Council risk matrix and filters



The matrix is also constructed around 4 filters - these being red (very high), orange (high), amber (medium) and green (low). The red and orange filtered risks are of greatest priority. Amber risks represent moderate priority risks. Green risks are low priority but should be monitored.

If there are numerous red, orange and amber risks to be managed it is prudent to cluster similar risks together. This is to aid the action planning process as a number of risks can be managed by the same or similar activity. Each cluster should be given a title e.g. recruitment and retention, staff empowerment etc. This technique of clustering should only be used when there are many risks to be managed e.g. in excess of 15 red and amber risks and where risks share common causes and consequences and therefore could be managed in a similar way.

Stage 4 – Control / Manage

This is the process of turning 'knowing' into 'doing'. It is assessing whether to control, accept, transfer or terminate the risk on an agreed 'risk appetite'. Risks may be able to be: -

Controlled - It may be possible to mitigate the risk by 'managing down' the likelihood, the impact or both. The control measures should, however, be commensurate with the potential frequency, impact and financial consequences of the risk event.

Accepted - Certain risks may have to be accepted as they form part of, or are inherent in, the activity. The important point is that these risks have been identified and are clearly understood.

Transferred - to another body or organisation i.e. insurance, contractual arrangements, outsourcing, partnerships etc.

Terminated - By ending all or part of a particular service or project.

It is important to recognise that, in many cases, existing controls will already be in place. It is therefore necessary to look at these controls before considering further action. It may be that these controls are not effective or are 'out of date'.

The potential for controlling the risks identified will be addressed through Service Plans. Most risks are capable of being managed – either by managing down the likelihood or impact or both. Relatively few risks have to be transferred or terminated. These service plans will also identify the resources required to deliver the improvements, timescale and monitoring arrangements.

Existing controls, their adequacy, new mitigation measures and associated action planning information is all recorded on the Risk Register, including ownership of the risk and allocation of responsibility for each mitigating action. Full details of the risk mitigation measures that are to be delivered are likely to be recorded in the respective business plans and cross reference should be made to this in the Risk Registers.

A further judgement which should be made is the 'target risk score' and 'target evaluation', which is where the risk could be managed to, should the identified controls be successfully implemented.

Consideration should also be given here as to the 'Cost-Benefit' of each control weighed against the potential cost / impact of the risk occurring. N.B. 'cost / impact'

| | |
|--|--|
| High cost/low impact of mitigating risk | High cost/big impact of mitigating risk |
| Low cost/low impact of mitigating risk | Low cost/big impact of mitigating risk |

Stage 5 – Monitoring & Reporting

The Corporate Leadership Team is responsible for ensuring that the key risks on the Corporate Risk Register are managed and the progress with the risk mitigation measures should be monitored at appropriate intervals. 2nd and 3rd Tier Managers are responsible for ensuring that the key risks in the Risk Registers linked to respective services are managed. It is recommended that the 'red risks' feature as a standing item on '3rd Tier Managers' meeting agendas.

On a quarterly basis, the Corporate and service Risk Registers should be reviewed and where necessary risks re-prioritised. Risks should be amended so they reflect the

current situation, obsolete risks should be deleted and new risks identified. This ensures that the Risk Registers and resulting risk mitigation measures are appropriate for the current service and corporate objectives. The quarterly review of the Corporate Risk Register must be undertaken by Corporate Leadership Team and the service Registers should be reviewed / updated by the respective 2nd and 3rd Tier Managers with their management teams.

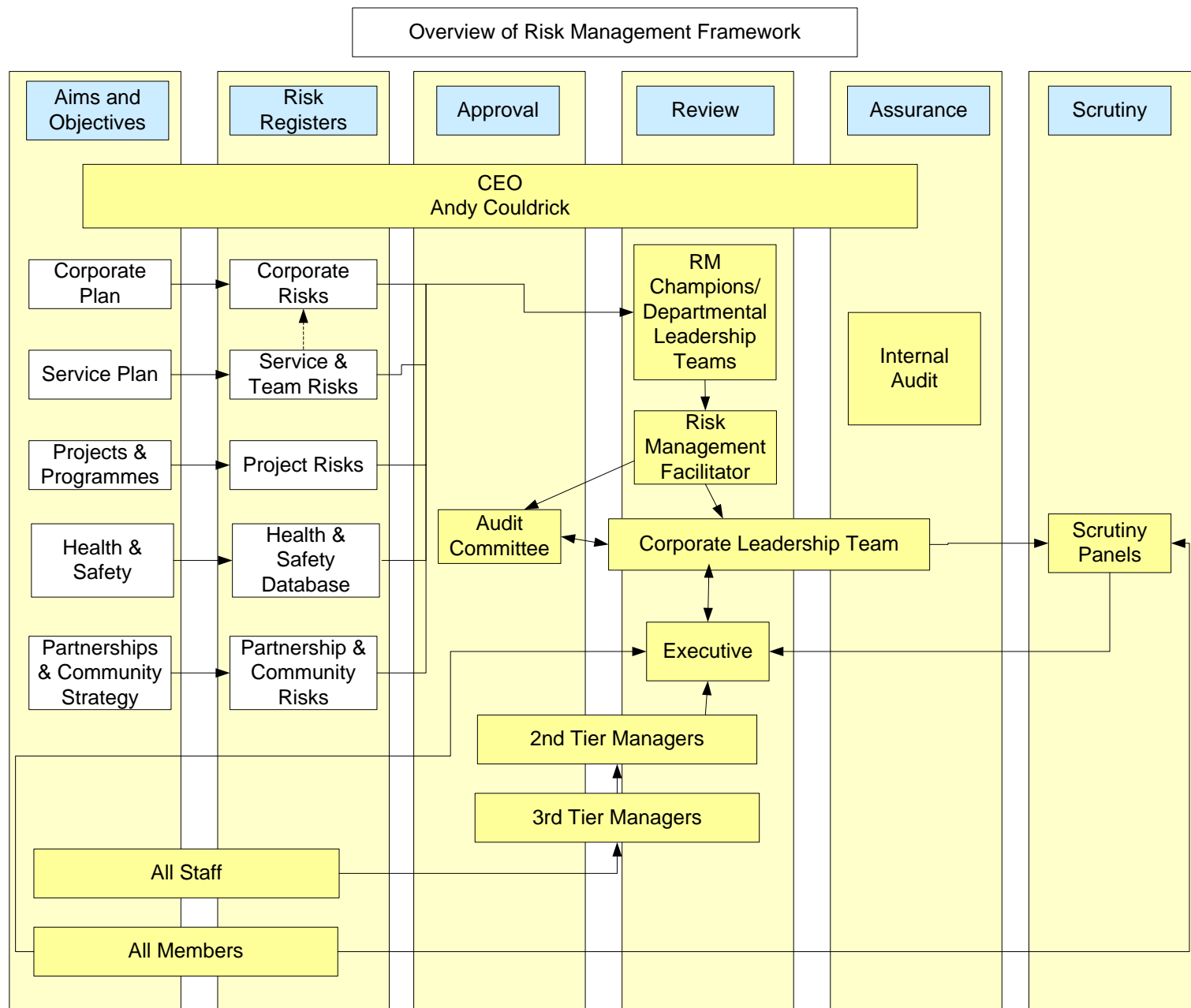
During the year new risks are likely to arise that have not previously been considered on the existing Risk Registers. Also the environment in which the risks exist will change making some risks more critical or others less important. Every quarter the respective Risk Registers and matrices at each level should be updated to reflect these changes. If such risks require Corporate Leadership Team ownership and management then they should be incorporated into the Corporate Risk Register. If the management of such risks is more appropriate at a service level then it should be included in the respective service Risk Register. This will need to be undertaken on a quarterly basis by Corporate Leadership Team and 2nd and 3rd Tier Managers.

It is recognised that some service risks have the potential to impact on the corporate objectives and these will often be the red risks on the matrix. Every six months, the Directorate Risk Registers will be fed into the Corporate Leadership Team where a decision will be taken on whether to prioritise any of these risks on the strategic risk matrix and include them on the Corporate Risk Register (owned by Corporate Leadership Team). At the relevant Corporate Leadership Team session to review risk management, each "2nd Tier Manager will also feedback the headline risks from their individual areas.

12.0 Risk Appetite

Risk appetite is the phrase used to describe how much risk the council is prepared to take in pursuit of its objectives. Due to its diverse range of services the council does not have a single risk tolerance and appetite for risk will vary between different services and activities, or even at different times.

Considering and setting risk appetite will enable the council to optimise its risk taking and accepting calculated risks by enabling risk-reward decision making. Equally, it reduces the likelihood of unpleasant surprises. Risk appetite is determined on each of the risks and is essentially the target we need to manage the risk against i.e. seeking to align the controls with the risk appetite. Organisational culture will be aligned to the risk appetite.



Appendix 2 – Example of Risk Categories

| Risk | Definition | Examples |
|-------------------------------------|---|---|
| Political | Associated with the failure to deliver either local or central government policy or meet the local administration's manifest commitment | New political arrangements, Political personalities, Political make-up |
| Economic | Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions | Cost of living, changes in interest rates, inflation, poverty indicators |
| Social | Relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to meet its objectives | Staff levels from available workforce, ageing population, health statistics |
| Technological | Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives | IT infrastructure, Staff/client needs, security standards, Business Continuity. |
| Legislative | Associated with current or potential changes in national or European law | Human rights, appliance or non-appliance of TUPE regulations |
| Environmental | Relating to the environmental consequences of progressing the Council's strategic objectives | Land use, recycling, pollution |
| Competitive | Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value | Fail to win quality accreditation, position in league tables |
| Customer/ Citizen | Associated with failure to meet the current and changing needs and expectations of customers and citizens | Managing expectations, extent of consultation |
| Managerial/ Professional | Associated with the particular nature of each profession, internal protocols and managerial abilities | Staff restructure, key personalities, internal capacity |
| Financial | Associated with financial planning and control | Budget overspends, level of Council tax & reserves |
| Legal | Related to possible breaches of legislation | Client brings legal challenge |
| Partnership/ Contractual | Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification | Contractor fails to deliver, partnership agencies do not have common goals |
| Physical | Related to fire, security, accident prevention and health and safety | Offices in poor state of repair, use of equipment |

Impact

| Score | Level | Description | |
|-------|-------------------|---|--|
| 8 | Critical | Critical impact on the achievement of objectives and overall performance. High impact on costs and / or reputation. Very difficult and possibly long term to recover. | <ul style="list-style-type: none"> • Unable to function without aid of Government or other external Agency • Inability to fulfil obligations • Medium - long term damage to service capability • Severe financial loss – supplementary estimate needed which will have a critical impact on the council's financial plan and resources are unlikely to be available. • Death • Adverse national publicity – highly damaging, severe loss of public confidence. • Litigation certain and difficult to defend • Breaches of law punishable by imprisonment |
| 6 | Major | Major impact on costs and objectives. Serious impact on output and / or quality and reputation. Medium to long term effect and expensive to recover. | <ul style="list-style-type: none"> • Significant impact on service objectives • Short – medium term impairment to service capability • Major financial loss - supplementary estimate needed which will have a major impact on the council's financial plan • Extensive injuries, major permanent harm, long term sick • Major adverse local publicity, major loss of confidence • Litigation likely and may be difficult to defend • Breaches of law punishable by fines or possible imprisonment |
| 4 | Marginal | Significant waste of time and resources. Impact on operational efficient, output and quality. Medium term effect which may be expensive to recover. | <ul style="list-style-type: none"> • Service objectives partially achievable • Short term disruption to service capability • Significant financial loss - supplementary estimate needed which will have an impact on the council's financial • Medical treatment require, semi- permanent harm up to 1 year • Some adverse publicity, need careful public relations • High potential for complaint, litigation possible. • Breaches of law punishable by fines only |
| 2 | Negligible | Minimal loss, delay, inconvenience or interruption. Short to medium term affect. | <ul style="list-style-type: none"> • Minor impact on service objectives • No significant disruption to service capability • Moderate financial loss – can be accommodated • First aid treatment, non-permanent harm up to 1 month • Some public embarrassment, no damage to reputation • May result in complaints / litigation • Breaches of regulations / standards |

Likelihood

| Score | Level | Description | | | | |
|-------|-------------------|--|----------|-----------------------------|----------------------------|--|
| 6 | Very High | Certain. | >95% | Annually or more frequently | >1 in 10 times | An event that is has a 50% chance of occurring in the next 6 months or has happened in the last year. This event has occurred at other local authorities |
| 5 | High | Almost Certain. The risk will materialise in most circumstances. | 80 – 94% | 3 years + | >1 in 10 - 50 times | An event that has a 50% chance of occurring in the next year or has happened in the past two years. |
| 4 | Significant | The risk will probably materialise at least once. | 50 – 79% | 7 years + | >1 in 10 – 100 times | An event that has a 50% chance of occurring in the next 2 years or has happened in the past 5 years. |
| 3 | Moderate | Possible the risk might materialise at some time. | 49 – 20% | 20 years + | >1 in 100 – 1,000 times | An event that has a 50% chance of occurring in the next 5 or has happened in the past 7 years. |
| 2 | Low | The risk will materialise only in exceptional circumstances. | 5 – 19% | 30 years + | >1 in 1,000 – 10,000 times | An event that has a 50% chance of occurring in the next 10 year or has happened in the past 15 years. |
| 1 | Almost Impossible | The risk may never happen. | < 5% | 50 years + | >1 in 10,000 + | An event that has a less than 5% chance of occurring in the next 10 years and has not happened in the last 25 years. |

| | |
|-----------------------------|---|
| TITLE | Optalis Contract |
| FOR CONSIDERATION BY | The Executive on 28 January 2016 |
| WARD | None Specific |
| DIRECTOR | Stuart Rowbotham, Director of Health and Wellbeing |
| LEAD MEMBER | Julian McGhee-Sumner, Executive Member for Health and Wellbeing |

OUTCOME / BENEFITS TO THE COMMUNITY

People who use Social Care services experience increased choice and control when purchasing with personal budgets. Without Optalis (a Council owned company) that choice would be reduced and limited. Optalis offer people with personal budgets dependability, a well-managed and qualified social care workforce and genuine choice.

The Council, and people who use the Council's services also have an established provider of last resort, a contingency that would otherwise not be available in the event of market failure.

RECOMMENDATION

That the Council issue a new contract to Optalis from 1 July 2016 for a period of up to five years.

SUMMARY OF REPORT

This report sets out a recommendation to issue a second contract to Optalis, to provide services on behalf of Wokingham Borough Council.

The report identifies the benefits of contracting with Optalis for the services listed in the new contract.

Background

Wokingham Borough Council undertook a radical decision in how it operated and how it supported residents within Wokingham during 2011. The Council created its own Adult Social Care Local Authority Trading Company, originally called Connect Community Care, which latterly changed to Optalis.

This transformation from a Council managed and operated service and conversion to Optalis was a response to an uncertain financial period, that has not changed, and changing political and Social Policy landscape.

The creation of Optalis enabled the Council's Adult Social Care function to reduce its directly employed workforce, focus its commissioning function and give people who use Adult Social Care services greater choice and control.

The benefits of transferring the Council's Adult Social Care services to Optalis have included:

- It has facilitated the transformation of Adult Social Care into a commissioning – led, commissioning responsive organisation
- A clear contractual link between a commissioning-led Council and service delivery
- It has promoted choice and competition in the local market, including enabling the Council to respond proactively to the requirements of the Care Act 2014.
- The Council having a provider of last resort on which it can rely
- A business delivering services with the Council, that is flexible and acts as a genuine partner
- Stability and growth in the delivery of care services, with the added advantage of income generation in favour of the Council's Holding Company
- Enabling people to use their personal budgets to purchase services from Optalis
- Have adopted commercial disciplines that has increased productivity and developed a culture of continuous improvement.

Analysis of Issues

The provider market within Wokingham is not currently mature enough or able to offer the Council the range of services required. Optalis have proven they are able to meet the Council's requirements, whilst significantly reducing the cost base of the services transferred from the Council to it.

Optalis hold a unique position within the market, being able to provide a range of services should the Council's other contracted services' experience market failure. Optalis in such an emergency situation have the resources and capacity to respond and meet the Council's needs as they arise.

Optalis has been able to recruit, retain and train a skilled workforce that other contracted providers within the Social Care market have been less able to do. This offers a level of stability, flexibility and confidence that the Council would not otherwise have.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | (£250k) | Yes | Revenue |
| Next Financial Year (Year 2) | (£308k) | Yes | Revenue |
| Following Financial Year (Year 3) | tba | Yes | Revenue |

Other financial information relevant to the Recommendation/Decision

The Council has realised efficiencies to date contracting with Optalis since 2011 of £466,000.

If the Council does not renew this contract the Council's projected saving risks jeopardising efficiencies identified in the 2016 – 2017 Corporate Savings Plan.

Please see Part 2 sheet for additional financial information.

Cross-Council Implications

Optalis has developed a strong partnership arrangement with the Council's Housing Company, Wokingham Housing Ltd for the delivery of supported housing and extra care housing to vulnerable adults.

Optalis provide vital social work and social care services to the Council's adult social care function.

Reasons for considering the report in Part 2

Commercially sensitive information

List of Background Papers

Optalis Contract

| | |
|---------------------------------|---|
| Contact Peter White | Service Strategic Commissioning |
| Telephone No 07717348573 | Email Peter.white@wokingham.gov.uk |
| Date 12 January 2016 | Version No. 1 |

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

Document is Restricted

This page is intentionally left blank