



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **EXECUTIVE** will be held at the Civic Offices, Shute End, Wokingham on **THURSDAY 26 JANUARY 2017 AT 7.30 PM**

Andy Couldrick
Chief Executive
Published on 18 January 2017

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

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WOKINGHAM BOROUGH COUNCIL

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
Mark Ashwell	Planning and Regeneration
Charlotte Haitham Taylor	Children's Services
Pauline Jorgensen	Resident Services
Anthony Pollock	Economic Development and Finance
Malcolm Richards	Highways and Transport
Angus Ross	Environment

ITEM NO.	WARD	SUBJECT	PAGE NO.
85.		APOLOGIES To receive any apologies for absence	
86.		MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 24 November 2016.	9 - 20
87.		DECLARATION OF INTEREST To receive any declarations of interest	
88.		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	
88.1	Finchampstead North; Finchampstead South; Wokingham Without	Lloyd Watkins has asked the Executive Member for Highways and Transport the following question: Question In February 2014 Council Officers were shown all the likely walking or cycling routes to the now Bohunt School in Wokingham. They were asked to ensure that all the routes were improved in order that the students could safely walk or cycle to school. On 1 September 2016 an extraordinary Executive Meeting had to occur	

in order that some of the requested speed reductions would be in place for the school opening only 3 days later. Despite early engagement with the Council by concerned Parents, not all the routes requested for safety improvements were addressed at the September Executive meeting. This leaves some routes untouched, in particular we have been repeatedly told that the route along Nine Mile Ride will be in place for September 2017 but there has been no local consultation on changes nor have any plans been published. When will the Council's plans for improvement along Nine Mile Ride be published in order that safe routes are provided by September 2017?

88.2 Maiden Erlegh

Jason Sutton has asked the Executive Member for Children's Services the following question:

Question

There is a proposal to expand Aldryngton Primary School. Aldryngton is the smallest Primary School site in Earley. Spatial availability is a key consideration when determining which schools to expand. WBC commissioned a spatial study by ERM Architecture dated 7/9/2015 to compare Loddon, Radstock and Aldryngton Primary. The study's conclusions were very clear: "Aldryngton's Primary Campus is the least attractive campus for investment - there is a substantial deficit in campus area." With a recommendation Loddon and Radstock be taken forwards to a "Stage 1 Feasibility". On 28 January 2016, the WBC Executive met and one of the items discussed was which Primary Schools to expand. This 'Spatial Study' was not provided to the Executive. Rather 'spatial analysis' was a category presented in Annex 2 of the document "Primary Strategy Implementation Phase 1" contained on page 142 of the Report to the Executive. The stated conclusion in relation to Aldryngton was however described to the Executive as, "Sufficiency of space - space for 0.5FE expansion which would be relatively straightforward", the strategy also suggested that an activity of consultation had been performed with "parents, residents, schools and other stakeholders" with the next step being a detailed feasibility study on the selected schools. Why was the information supplied to the council within the report not reflective of the findings of the original spatial report commissioned, was this information provided in error?

88.3 Maiden Erlegh

David Nadar has asked the Executive Member for Children's Services the following question:

Question

There is a proposal to expand Aldryngton Primary School by increasing the intake by 15 as soon as this year. Your Committee approved the Primary School Planning Strategy 2016-2018 proposed by Children's Services on the 28th of January 2016. The Strategy included projections for the number of school places required in Earley for each year between 2015/2016 to 2021/2022 and it has been shown that the demand for both 2015/2016 and 2016/2017 intakes were overestimated in the Strategy report. The Strategy report also shows that there will be 0.8% surplus school places in Earley this year and 7 to 8% surplus school places in Earley for 2018/2019 to 2021/2022 without Aldryngton being expanded. Children's Services have said that the council will make the final decision on whether to expand Aldryngton in the light of actual information on the demand for school places in 2017. However, the decision for expansion should be based on the mid-term / long term projections. Shouldn't the Committee review the decision to expand Aldryngton Primary School, which your data and projections suggests is not actually needed, based on more up-to-date data and projections before allowing a £4.8 million expansion project to go ahead?

89.

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

89.1 None Specific

Gary Cowan has asked the Executive Member for Planning and Regeneration the following question:

Question

With reference to the Judgment in the case of Gladman Vs WBC case number Case No: CO/1455/2014 heard in July 2014 what were the implications of the judgement for Wokingham Borough Council both the pros and the cons?

89.2 Emmbrook

Michael Firmager has asked the Executive Member for Highways and Transport the following question:

Question

Could the Executive Member for Highways and Transport explain what enhancement of services is expected this year (2017) following the platform

extension at Wokingham Station?

89.3 None Specific

Lindsay Ferris has asked the Executive Member for Planning and Regeneration the following question:

Question

Who within WBC (Senior/Middle Officers and Councillors (by name/role)) knew about the Application for the Grazeley Garden Settlement at the time of the submission to the DCLG in July 2016?

89.4 None Specific

Richard Dolinski has asked the Executive Member for Planning and Regeneration the following question:

Question

In their latest newsletter in Emmbrook, the Liberal Democrats are claiming that there will be 17,000 more houses in Wokingham, quote "on top of approximately 13,000 currently being built". Could the Executive Member tell me whether this figure is correct?

89.5 Hillside

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

Question

Recently three teams of professional people have been seen working and taking measurements around the land known as Area DD in Lower Earley. No doubt they are preparing reports for developers, Wokingham Borough Council or both.

Can you explain what these people have been doing?

Matters for Consideration

90.	None Specific	COUNCIL OWNED COMPANIES' BUSINESS	21 - 28
91.	None Specific	OPTALIS LTD: UPDATE ON THE BUSINESS CASE FOR MERGER WITH THE ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD	29 - 88
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106.	Emmbrook	SUPPORTED HOUSING DEVELOPMENT AT 52 READING ROAD, WOKINGHAM	301 - 310

Exclusion of the Public

The Executive may exclude the public in order to discuss the Part 2 sheets 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.

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**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD ON 24 NOVEMBER 2016 FROM 7.30 PM TO 8.15 PM**

Committee Members Present

Councillors: Keith Baker (Chairman), Julian McGhee-Sumner, Mark Ashwell, Charlotte Haitham Taylor, Pauline Jorgensen, Anthony Pollock, Malcolm Richards and Angus Ross

Other Councillors Present

Prue Bray
Gary Cowan
Andy Croy
Richard Dolinski
Lindsay Ferris
Clive Jones
Beth Rowland
Rachelle Shepherd-DuBey
Alison Swaddle

75. APOLOGIES

There were no apologies for absence received.

76. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 27 October 2016 were confirmed as a correct record and signed by the Chairman.

In relation to Minute 64.2 Councillor Haitham Taylor requested that in order to improve the flow of the sentence the full stop be removed from the last sentence of the Supplementary Answer.

77. DECLARATION OF INTEREST

Councillor Pauline Jorgensen declared a personal interest in Agenda Item 80, Council Owned Companies Business, by virtue of the fact that her husband was a paid Non-Executive Director of WBC Holdings Ltd. Councillor Jorgensen remained in the meeting during discussions and voted on the matter.

Councillor Anthony Pollock declared a personal interest in Agenda Item 80, 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.

78. PUBLIC QUESTION TIME

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

78.1 Imogen Shepherd-DuBey asked the Executive Member for Environment the following question:

Question

The park at Meadow Road, along the Emmbrook, has recently had a cycle lane/footpath built through the middle of it. What consultation was given to the public and the residents

of the area, before this cycle-lane was built right through the area used by children to play ball sports?

Answer

The improvements to the Emmbrook Corridor were required to provide an attractive pedestrian link between the Matthewsgreen Farm development and the new SANG, or country park, to the west of Old Forest Road. The area is owned and managed by Wokingham Borough Council as informal open space and whilst it is used for informal ball games none of it is marked out as playing pitches and it is unlikely that the new footpath will significantly compromise the informal use of this area of public open space in the future.

[At this point in the proceedings Ms Shepherd-DuBey pointed out that the response did not actually relate to the area mentioned in the question. Ms Shepherd-DuBey clarified that her question actually related to the Meadow Road area where Meadow Road shops go up to the bridge.]

Councillor Ross further stated:

The footpath anyway was not designed as a cycleway and the one I am talking about can only be accessed through the existing kissing gates at the site entrance but if it is a different site I do apologise and I will come back to you.

Supplementary Question

It is a different type of footpath. The Meadow Road one is very much quite a substantial path whereas the one I know you are talking about is a footpath.

My question then would be what sort of consultation was done with the local people and what feedback did you get from it?

Supplementary Answer

Obviously as I do not have the reply to the right question I will not attempt to answer that but I will come back to you.

[Note:

The following written response was subsequently provided to the question:

The footway/cycleway formalises what was an existing well used pedestrian tracked route from the existing footway/cycle way located near Heelas Road linking to Meadow Road. This route runs parallel to the Emmbrook but is positioned close to the residential side with a closer link to Perkins Way.

The scheme provides an environmentally friendly surface whilst formalising safer connectivity for pedestrians /cyclists to Barkham and Wokingham via Meadow Road.

This project is part of the highways capital programme and whilst residents and local groups are not normally consulted directly on these types of safety schemes (unless they are directly affected by closures or traffic management), our aspiration is to keep residents informed of all types of work where they might be affected. This is an informal open space which is meant to accommodate a wide variety of uses. Although the path will not preclude children from playing ball sports, we do recognise that in this instance, more could have been done to inform local residents prior to the work commencing.]

78.2 Peter Must asked the Executive Member for Planning and Regeneration the following question:

Question

Given that Network Rail has confirmed to John Redwood MP that it and the Borough Council are planning a permanent footbridge at the Tanhouse crossing to span both the Waterloo and North Downs railway lines, could the Executive Member say what those plans are and when they are to be delivered, especially since the bridge over the Waterloo line is defined as 'temporary'?

Answer

Network Rail originally applied to Wokingham Borough Council to close the crossing permanently and install a stepped footbridge over the Reading to Waterloo Line.

However, it was both the Council and Network Rail's aspiration to provide a fully accessible ramped footbridge over the railway; a step-free structure. As a result Network Rail withdrew its application for permanent closure and funded the temporary footbridge that you see.

A Memorandum of Understanding between the Council and Network Rail provides that the temporary structure will remain in place until such time as a permanent ramped footbridge (a step-free footbridge) is delivered. The Council's long term plans for a permanent structure over the Waterloo to Reading Line could also see the existing footbridge over the North Downs Line replaced with a ramped footbridge. This would ensure the same level of accessibility across both lines.

The design for the new multi-storey car park at Carnival Pool allows for the end stair/lift tower to tie into a footbridge over the railway in the future and it is anticipated that both the Council and Network Rail would contribute towards the funding of a new bridge.

The Tanhouse Lane crossing is one of four potential footbridge improvements identified on the Council's Community Infrastructure List, the 123 list, but is not currently in the Council's capital programme.

Supplementary Question

What do you mean by temporary – it must have a finite definition?

Supplementary Answer

Temporary is the definition of Network Rail and the Memorandum of Understanding asks us to use reasonable endeavours towards providing the permanent step-free structure. In short it is a longer term aspiration for both Network Rail and Wokingham Borough Council.

79. MEMBER QUESTION TIME

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

79.1 Prue Bray asked the Executive Member for Planning and Regeneration the following question:

Question

Who saw and was able to comment on the bid for the Grazeley Garden Settlement before it was submitted to the DCLG in July this year, within or outside this Council?

Answer

It is a confidential expression of interest and it was lodged with CLG on 28 July 2016 this year to establish a dialogue with the Government in the event that this approach is selected as part of the Local Plan Update. The document is now publicly available at: - <http://www.wokingham.gov.uk/planning-and-building-control/planning-policy/local-plan-update/>

The parties involved in submitting the document can be seen by reference to that document. As is normal practice with such matters lead Officers and Members were party to the process of submission.

Supplementary Question

At the beginning of that statement you said “confidential expression of interest”. Could you tell me where in the prospectus it says it has to be confidential i.e. the Government prospectus that was published in March?

Supplementary Answer

We chose for it to be confidential as we did not want to pre-empt anything in this process because we are obviously at the early stages of reviewing our Local Plan. So we did not want to pre-empt anything else.

79.2 Rachelle Shepherd-DuBey asked the Executive Member for Planning and Regeneration the following question:**Question**

Could you please explain how an inspector would not say you have prejudged the local plan with submitting a bid for Grazeley Garden Development using only two developers whilst not providing the same access to other developers?

Answer

This leads on from the previous supplementary question. It is a confidential expression of interest to the Government's Locally-Led Garden Villages, Towns and Cities Prospectus and it was lodged with CLG on 28 July 2016. This is part of a discussion with Government to establish whether there is any merit in this approach should the public favour this approach as part of the Local Plan Update process. As there is only one submission as part of the call for sites which proposes a Garden Settlement and this is at Grazeley the local plan inspector would see this as a business as usual matter.

Nothing has been decided and therefore the Council cannot be said to have prejudged the Local Plan. The Local Plan Update is at an early stage of development. The Council will be carrying out a further formal consultation with residents and stakeholders during June-July 2017 next year; subject to Executive approval. This consultation will seek views on the Council's preferred policy approach as well as an assessment of those sites suggested to the Council to consider allocating for different uses.

The Local Plan examination, conducted by a Planning Inspector, is not anticipated to take place until December 2018. Therefore, there is ample opportunity through the process for the full range of views, whether from residents or developers, to be expressed. The Council has already indicated as part of the Call for Sites process that we will contact developers where necessary to provide further additional information.

The expressions of interest relating to the garden settlements referred to welcoming expressions of interest which included support from private sector developers and/or land

owners. Therefore, the Council chose to work with developers to maximise the opportunity for any potential expression of interest to be considered more favourably. Pre-application dialogue is confidential and it is on this basis that the conversations were held and as I said before the submission is public now and is on our website.

Supplementary Question

Did the two developers and the estate approach the Council about the garden settlement or did WBC approach them to have an exclusive deal about the settlement?

Supplementary Answer

As I said before it was part of a pre-application process that the developers paid for and then we saw that opportunity with a two-week deadline and came to the conclusion together.

The Leader of Council stated:

It is not an exclusive arrangement with anyone. There is no exclusivity whatsoever.

79.3 Clive Jones asked the Executive Member for Planning and Regeneration the following question:

Question

At least five local councils have applied to the DCLG for funding to create so called "garden villages". These five made their residents aware of their ideas and initial plans during July and August with press releases and statements. Why did you keep your plans to build 15,000 homes in Grazeley secret from our residents?

Answer

The expression of interest submitted to the Government by the Council on 28 July 2016 is now on our website and I described the address earlier.

As you will see the expression of interest is not a formal bid and it was submitted confidentially. This was in order to establish a dialogue with Government in the event that the Local Plan Update process favoured this approach. This is a business as usual matter to establish the best possible position for our residents in the event that they favour a particular option as part of the plan making process.

As it is also, in parallel, part of a pre-application process it was for the time being a confidential matter as would be normal in these circumstances.

The submissions made by other authorities are more advanced on their individual processes as would have been considered suitable for wider publicity on their own merits, unlike the Grazeley document.

Supplementary Question

As confidentiality was not a requirement from DCLG will you apologise to the residents of Grazeley, Spencer's Wood, Shinfield and all other residents of the Borough who consider that they are adversely affected by this proposal for keeping your proposal secret even though you did not need to?

Supplementary Answer

As I explained earlier confidentiality was a business as normal matter in this case. We will be resubmitting publicly at some point so no apology needed.

79.4 Lindsay Ferris asked the Leader of the Council the following question:

Question

Did you have the necessary authority to submit the proposals for the Grazeley Garden Settlement when they went to the DCLG in July this year?

Answer

The confidential expression of interest to which you refer was submitted with the appropriate authority.

Supplementary Question

Why did you have to go back to your Group to get retrospective agreement from them as you say you had the necessary authority to submit the Grazeley proposals? It would appear you somewhat overstepped your authority. This is an important point and needs an answer.

Supplementary Answer

As we have said before we do not discuss internal workings of our Group they are confidential.

79.5 Gary Cowan asked the Executive Member for Environment the following question:

Question

Subject to agreement to confirm Capital Spend within the 2017/18 budget, Bulmershe Leisure Centre will be demolished and replaced with a new build leisure facility at an estimated cost in the region of £12m.

The Council emphasises its requirement to save £20m over the next three years so is this a right and proper way to spend the council tax payers money and potentially put at risk more deserving causes?

Answer

Thank you for your question which gives me the opportunity again to re-emphasise that no capital spend has yet been agreed for rebuilding or refurbishing Bulmershe Leisure Centre and the recommendation later in the agenda being agreed.

The £20m you refer to as the saving the Council is faced with is revenue, whilst this project, if eventually approved as part of the capital programme is Capital.

I would also like to point out our commitment to the health and wellbeing of our residents and the important part our Leisure Centres play in this. I would also add the financial revenue implications of a 'do nothing' approach. This includes the escalating repair works of a 70s building which it is most likely will become too great a burden to consider to be funded by a leisure provider and will fall to this Council, as revenue.

We are not only providing leisure facilities here for residents but this centre is an integral part of the provision for Bulmershe School and other local schools. Since the Council took the facility back, with a small investment by 1Life and this Council, we have added considerable income with a successful gym and more welcoming environment and adding facilities for GP referrals.

As an example, recently a middle-aged resident who had a severe stroke was told he would need round-the-clock care at home. He was determined he would remain independent and was referred to our long-term conditions gym at Bulmershe, and is now

fully independent of care which the Authority would have had to provide for life. Another example is the number of older people who swim regularly at the pool; who said when we did the public consultation that if it wasn't for the swimming they were convinced they wouldn't be here anymore.

May I remind you that our leisure centres already return £660,000 per annum to the Council funds. There is no subsidy. With a new contract from May 2018, and with a new facility at Bulmershe, this income should increase significantly; if we do go ahead of course.

Supplementary Question

As part of the Administration that kept Grazeley a secret for 18 months and more or less only came clean when the report was leaked. Also as part of the Administration that produced a higher housing number without any consultation and you personally voted for the Leader's recommendation to over-rule the Independent Remuneration Panel recommendations which resulted in all of them resigning and saying in the letter that the decision made by Councillors sets a dangerous precedent that is not in the interest of Wokingham's tax payers. How can you convince the public that your planned consultation and leisure strategy will have any meaning when secrecy seems to be the genetic make-up of this Administration?

Supplementary Answer

I think that is up to the public to decide.

79.6 Beth Rowland asked the Executive Member for Environment the following question:

Question

As Wokingham now has some responsibility for the health of its residents – how far would an eight lane pool in Woodley help towards meeting those responsibilities?

Answer

Thank you for your question. It gives me an opportunity to set out the health benefits of the Council's aspirations for leisure services which are set out in the draft Leisure Strategy which is currently out for open public consultation until 23 December. The aims of the Strategy are to:

- be an Authority which promotes opportunities for all residents to be active and to participate in sporting and leisure activities to improve health and wellbeing, in high quality facilities or environments;
- enable an increase in the proportion of the adult population achieving the Chief Medical Officer's physical activity guide;
- support the aims of the Childhood Obesity Plan;
- maintain leisure centre provision through a model of community facilities, both wet and dry, in each of the Borough's main localities; the three towns of Wokingham, Woodley, and Earley with Arborfield and Ryeish Green facilities being added to the Borough's leisure assets in the near future;
- enable the provision of other facilities across the Borough which offer multiple use and not exclusivity for one group or activity and which make use of the Borough's open green spaces;
- support the contribution made by voluntary organisations; and.
- deliver services and facilities which cover their delivery and maintenance costs, providing a significant and maximised income for the Council, value for the

Council Tax payer and maximum return on investment and fair levels of charging for the population.

As can be seen, many aims have promoting and improving the health of our residents at their heart. In essence, maintaining a leisure centre at Bulmershe which contains: swimming pools; a sports hall; gym and fitness studios will maintain, and with a new or better facility, expand opportunities for our residents to participate in the types of physical activity which benefit both mental and physical health. In addition, the specialist equipment and services provided to people with long term health conditions can be shown to directly impact positively on the likelihood of some of these people requiring Council-funded social care. As a facility which has shared use with Bulmershe School, the centre and its swimming pool contribute to the health of children and young people, and through swimming lessons, on their safety also. The use of the pool and other facilities by community groups and sports clubs provides further opportunity for their members to maintain and improve their levels of fitness and health.

On the issue of the pool having eight lanes; this is one of the options put before us. We have an option of a six lane pool; and the refurbish option would include a pool of the current size, which has five lanes. The number of lanes in the new build options is subject to Executive consideration of the cost-benefits of these different options, which include the build costs and running costs set against the estimated revenue earnings from the management fee provided by the operator. They are also separately subject to the planning process, and the design of an acceptable scheme for what is in reality a small site for such an operation as a leisure centre. May I stress that no capital spend has yet been agreed for rebuilding or refurbishing Bulmershe Leisure Centre.

Supplementary Question

That was a very comprehensive reply and one I was pleased to hear from you. As you know if it hadn't been for Woodley Town Council then the pool would not be there now for you to develop and we would be starting from scratch if you were to put a pool in Woodley. This means that Woodley residents were double rated for many years as they paid their leisure bill to Wokingham and to Woodley Town Council.

When the leisure contract was put in place several years ago, or many years ago now, Woodley Town Council also asked that the pool be included in it and Wokingham turned it down. I believe because of that Woodley now deserves the best and I think an eight lane pool will provide the best return for money and the best return for the residents of the Borough and I would urge you all to look at that carefully tonight and hopefully choose it.

Will you choose it?

Supplementary Answer

That will be up to my colleagues a bit later.

80. COUNCIL OWNED COMPANIES' BUSINESS

(Councillors Pauline Jorgensen and Anthony Pollock declared personal interests in this item)

The Executive considered a report setting out the budget monitoring position for the month ending 30 September 2016 and the operational update for the period to 31 October 2016 of the Council Owned Companies.

The Leader of Council advised the meeting that Optalis was concentrating on the merger with the Royal Borough of Windsor and Maidenhead which was on track. In relation to the Wokingham Housing Ltd the Phoenix Avenue project was well underway and work on Fosters Extra Care Home had started.

RESOLVED That:

- 1) the budget monitoring position for the month ending 30 September 2016 be noted;
- 2) the operational update for the period to 31 October 2016 be noted.

81. BULMERSHE LEISURE CENTRE FUTURE OPTIONS

The Executive considered a report setting out future options for Bulmershe Leisure Centre.

The Executive Member for Environment informed the meeting that although investment had been made to improve the facility the building still required further work. Intensive consultation on possible options/ideas had been carried out with the public, users and the school and a full condition survey had also been carried out.

Councillor Ross went through the various options outlined in the report which included refurbishment of the current facility or a new build option with either six or eight lanes and also highlighted the constraints of the site.

Councillor Ross advised that the preferred option was to rebuild the facility and highlighted that although the recommendation was to build a six lane facility a decision on whether to build a six or eight lane facility would be confirmed. It was noted that the difference in capital costs and the constraints of the site meant that currently an eight lane facility was not financially viable.

It was also highlighted that the recommendation was subject to confirmation of the capital spend being included in the 2017/18 budget.

Councillor Jorgensen queried what would happen if the contractor subsequently found that the income was not at the level they had expected and they ended up making a loss and asked if there would be something in the contract to protect the Council. It was confirmed that if the contractor made a loss it would be their issue to address and not the Councils.

Councillor McGhee-Sumner asked if there had been any communication with Reading over their leisure facility proposals as outlined in the report. Councillor Ross confirmed that Wokingham's figures had been worked out on the basis of the income that would come from Wokingham Borough residents and an eye would be kept on the progress of Reading's ventures.

In response to a query from Councillor Haitham Taylor Councillor Ross confirmed that the Council had and would continue to work very closely with Bulmershe School as the facility was a major part of their provision as well as also taking into account the requirements of the operator and local residents to ensure that all the needs were matched. It was noted that with regard to the capital spend the Council had a number of projects it needed to bring forward and the leisure centre here and at Ryeish Green had to be set against the requirements of other projects.

RESOLVED That:

- 1) subject to agreement to confirm Capital Spend within the 2017/8 budget, Bulmershe Leisure Centre will be demolished and replaced with a new build leisure facility containing sports hall; swimming pools, gym and fitness studio, as per Option 2, subject to 2) below. Also, subject to agreement above, to agree timescales, the closure of the current centre being no later than at the end of the current management contract with 1 Life as of 30th April 2018, starting on the demolition during May 2018;
- 2) it be noted that confirmation will be required on whether to build the main 25m swimming pool with 6 or 8 Lanes. It is recommended that a 6 lane facility is built. The projected revenue income shows little difference to the 8 lane pool but substantial difference in capital costs.
- 3) the release of S106 developer contributions towards the cost of the scheme up to the value of the project budget be approved. £870k of developer contributions have been identified to date.

Councillor Keith Baker requested that his abstention when the vote was taken be recorded.

82. HIGHWAY ASSET MANAGEMENT POLICY AND STRATEGY

The Executive considered a report setting out a proposed Highway Asset Management Policy and Strategy.

The Executive Member for Highways and Transport explained that the Council had a large inventory of highways related assets eg roads, pavements, footpaths, car parks, street lights and furniture etc and all of these assets needed to be identified and have an assigned value. They also needed to be serviced and on occasions repaired or modified. In order to be aware of what the Council owned and what it cost and the plans for longer term development for future usage a properly organised list or database needed to be established with a set of procedures and standards to manage it.

The Council had started this process a number of years ago however the Government had now specified that every local authority should undertake, adopt and embed a Highway Asset Management Policy and Strategy and if the Council did not conform to this requirement it could affect future grants and financial support schemes related to highways.

Given the increased interest in allocating funds to recognise the effect of flooding on roads Councillor Ross reminded Members that road drains, gullies ditches etc were also are part of this programme.

RESOLVED: That the Highway Asset Management Policy and Strategy, as set out in the agenda, be approved and implemented within existing service budgets.

83. FEES AND CHARGES

The Executive considered a report setting out proposed fees and charges for Council services.

The Executive Member for Economic Development and Finance clarified that a decision was taken last year to bring the uprating of fees and charges to the November meeting in

order that they could be implemented as early as possible. It was noted that all the fees and charges had been considered by the relevant Executive Members.

Councillor Ross advised that rather than impose a blanket 1.9% increase all the fees and charges for his area of responsibility had been benchmarked and part of the timing benefit was that there were certain items eg fishing licences which would not want to be changed in the middle of the season.

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

84. PUBLIC PROTECTION SHARED SERVICE

The Executive considered a report relating to the setting up of a shared service arrangement for the delivery of Public Protection services with Bracknell Forest and West Berkshire Councils commencing January 2017.

Members were informed by the Executive Member for Resident Services that a shared service for Public Protection was currently in place with West Berkshire and the intention was to extend this to include Bracknell Forest Council. The opportunity was also being taken to change the way the contract was managed to ensure that Wokingham had more direct control of the three-way service than with the previous contract. Councillor Jorgensen asked Members to advise her of any issues they had with the shared service as it was intended to keep a closer eye on how it was operated and any concerns would be investigated..

Members were pleased to note the intention to set up a formal joint committee to oversee the contract.

RESOLVED That:

- 1) Wokingham Borough Council enter into a shared service arrangement for the delivery of Public Protection services with Bracknell Forest Council and West Berkshire Council (host) commencing January 2017;
- 2) the Borough Solicitor, in consultation with the Director of Resources and Executive Member for Resident Services be delegated authority to finalise Inter Authority Agreement between the three Councils;
- 3) WBC Executive functions in respect of public protection be delegated to the Joint Committee with West Berkshire Council (host) and Bracknell Forest Council through the Public Protection Partnership (PPP) and to enable the joint Committee to further delegate the operational functions to the managers of the shared service.
- 4) the fees and charges (based on a cost recovery basis) for the Public Protection Shared Services as set out in Appendix 3 be agreed.

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TITLE	Council Owned Companies Business
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
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 note:

- 1) the budget monitoring position for the month ending 30 November 2016;
- 2) the operational update for the period to 31 December 2016.

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 2016.

Financial Report

A budget monitoring report is provided for each of the companies for November 2016; the position for each of the companies is explained in paragraphs 1.1, 2.1 and 3.1 below.

Operational Update

An operational update is provided from each of the companies as at 31 December 2016 in paragraphs 1.2, 2.2 and 3.2.

REPORT

1. **WBC (Holdings) Group Consolidated** (i.e. comprising WBC (Holdings) Ltd, Wokingham Housing Group (including Loddon Homes Ltd), and Optalis Group

1.1. Financial Report

At the operational level, the net profit for the consolidated Group for November was £5k. The net deficit after interest and tax was £40k.

An overall budget for the Group is not available at this point so it is not possible to comment on the results versus budget.

Optalis has undergone a comprehensive Business Review and is now in a position to forecast a balanced break even outturn for the year. November financials are reported in Section 2.1 of this report.

WBC (Holdings) Ltd: A year-to-date deficit of £160k after interest and tax is reported for November

1.2. Operational Report

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

2. Optalis Ltd (i.e. comprising Optalis Ltd, Optalis Wokingham Ltd and Optalis Holdings Ltd)

2.1. Financial Report

2.1.1. 2015/16 Year End results and Audit update: The Statutory accounts have now been filed.

2.1.2. 2016/17 November results: The Company is reporting a £20k profit for November 2016 and projecting a balanced budget at year end.

2.1.3. Overview of Actual and Forecast Outturn:

<u>Total Optalis</u>	Actual Nov-16 Current Mth (£000)	Forecast Mar-17 YTD Full Year (£000)
Turnover	1,036	12,503
Costs	(1,016)	(12,503)
YTD Profit/(Loss)	20	0

2.1.4. Risk/Mitigation: Agency spend remains high and weekly management reviews chaired by the managing director continue; progress is being made but is slow.

Recruitment continues to be challenging and remains Optalis' greatest corporate risk as previously reported. Regular recruitment events are taking place with the addition of targeted use of social media and there is no let-up

on the effort. A natural slowing down of progress has been found during the holiday season, with four new recruits on induction during November and only two in December. There is evidence of activity picking up again during January.

2.2. Operational Report

2.2.1. General:

- Change in senior management – the consultation to streamline the management team has now concluded.
- CQC compliance – there are no outstanding CQC compliance matters.
- Care Governance: Suffolk Lodge remains on WBC's Care Governance Framework. Very significant progress has been made, which has been acknowledged and to that effect the rating was reduced to 'Amber' during December.
- Sickness absence rose to 11.38 annualised days during November, with a particular increase in short term sickness in the month, at 9.97 annualised days. There were only two people on long term absence during November (over 30 continuous days). Active management of sickness absence continues.
- The Optalis Care Governance Committee met on 8 December 2016. The top three risks were recorded as: 1) Recruitment/Agency use; 2) Training (completion rates and recording) and 3) Organisational Change (impact on morale and capacity). Action is being taken across all identified risks.
- The Customer Experience Champion has led specific projects over the past month, including; Completing the Complaints, Compliments and Comments policy; developing the Enhancing Lives project; supporting the activities co-ordinator; supporting the personalised approach to the cessation of private home care, as well as supporting managers with individuals complaints handling

2.2.2. Progress on Major Corporate Projects:

- The second payroll on our in-house payroll system has been delivered and the transition towards RBWM providing payroll services for the company is underway.
- The transition project toward the RBWM merger is underway with all work streams set up and progressing well. The planned go-live date is 3 April 2016.

2.2.3. Business Development:

Wokingham

- Optalis has been engaged by WBC commissioners as the provider of choice for a new extra care scheme in Woodley (Birches, Cala Homes); We continue to work with WBC and WHL on the redevelopment of the Fosters site, where a new ECH scheme is due to launch in October 2017; WBC has approached Optalis with early inquiries regarding a young person's homeless project which is being recommissioned, set to go live summer 2017. A contract for employment support to young people through the Elevate Programme has been put forward to the Supported Employment Service for evaluation.

Nottingham Rehab Services (NRS)

- The contract for OT assessments of double handed care calls is progressing to plan. The initial contract is for 65 assessments of which 20 have been delivered. Follow up work including reviews are charged on top of the base value, so it is likely that more income will be generated on the back of this contract.

RBWM

- The authority has approached Optalis with a view to exploring the possibility of the company providing their Sensory Needs Services. The approach is in line with the future 'provider of choice policy' which is a positive development by the commissioner. An open book design workshop is to be set up during January to explore how the service can be delivered alongside the SNS provided for WBC which would enable a concentration of specialist skills.

3. Wokingham Housing Group

3.1. Financial Report

- 3.1.1. Income & Expense: Income for November 2016 is £128.1k (with year to date income of £178.7k). Income was recognised in the month for clearance costs on Phoenix and recharged costs for ongoing planning development for WBC at Tape Lane. Neither was budgeted although the Tape Lane income does replace budget exposure for income taken in 2015/16.

Operating expenditure is overspent from budget by £117.3k in month and £97.3k year to date. These variances relate directly to the income mentioned above and relate to the release of capitalised costs already accounted for. There have also been some savings in month: release of accruals for pay from 2015/16 have saved £10k in month; underspend in general expenses of £2k; however additional costs of development at Vauxhall Drive were unbudgeted but should be recovered with income offset before year end. Additional work on high utility costs has recognised over estimation of bills and will receive some credit before year-end. Overspend on interest costs is likely to remain over-budget due to higher drawdown in early 2016.

The Net Loss of £40k in month is £3.8k better than expected while the year to date net loss of £338.7k is £9.1k better than budget.

- 3.1.2. Balance Sheet: Capital expenditure in November was £1,517k including construction contractor payments for Phoenix of £983k and for Fosters of £292k.

Net Assets for the Wokingham Housing Group were £117k at the end of November. The investment of £1,900,000 of £1 ordinary share capital invested in Wokingham Housing Limited remains unchanged.

Wokingham Housing Limited (Consolidated)

P08: November / Year To Date

Profit and Loss Account for
the period to 30th
November 2016

	Actual	Budget	Variance
	£	£	£
Income	178,699	72,352	106,347
Operating Expenditure	(517,417)	(420,126)	(97,290)
Operating Loss	<u>(338,718)</u>	<u>(347,775)</u>	<u>9,057</u>

Total Sub Group	Nov	Nov	Budget	Prior Mth	
NOVEMBER	Actual	Budget	Variance	Actual	Variance
	(£000)	(£000)	(£000)	(£000)	(£000)
Income	128.14	7.12	121.03	7.68	120.47
Costs	<u>(166.22)</u>	<u>(48.96)</u>	<u>(117.26)</u>	<u>(40.26)</u>	<u>(125.96)</u>
Operating Loss	(38.08)	(41.84)	3.76	(32.59)	(5.49)
Non Trading costs	-	-	-	-	-
Depreciation	<u>(2.13)</u>	<u>(2.13)</u>	<u>(0.00)</u>	<u>(2.13)</u>	-
Loss before Tax	(40.21)	(43.97)	3.76	(34.72)	(5.49)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Loss	(40.21)	(43.97)	3.76	(34.72)	(5.49)

3.2. Operational Report

3.2.1. WHL Completed Schemes:

There are no operational changes at Hillside and Vauxhall Drive since our last report.

3.2.2. WHL Schemes In Progress/Under Development:

Phoenix Avenue: Hill Partnerships, the contractor working on our Phoenix Avenue scheme, reported at the site meeting on 23rd November that they were delayed by up to nine weeks. We were surprised by the scale of reported delays, having been reported in our November Executive update that the scheme was on track. This announcement mean homes will not start to be handed over until mid-May 2017, so this takes the project completion date beyond the longstop date and therefore opens up the possibilities of Liquidated and Ascertained Damages (LADs).

While our legal position is strong under the contract, we are keen to work closely with Hill to try and deliver homes as early as possible and not rely on a

'stick' approach using the contract penalties. Experience tells us that WHL could lose more time and end up with a much more difficult project to deliver if we just impose the contract terms and talk to Hill through solicitors.

Hill have been working closely with us putting in place a senior Contracts Manager to oversee the site until completion, who will be on site 3-4 days a week.

We are watching the situation very closely and challenging the mitigation measures and critical path to complete the project in detail to ensure there are no further delays to completing the 68 affordable homes at Phoenix Avenue.

Fosters Extra Care Home: Progress at Fosters Independent Living Scheme is on time and to budget. Detailed discussion continues on preparations for taking ownership of the new scheme and ensuring we have effective arrangements in place for the management of the homes for vulnerable older residents.

3.2.3. Pipeline Sites: Other schemes now on site are Grovelands and Norton Road; we expect to be on site at Anson Walk to deliver the four apartments by March 2017.

Planning has been submitted on 52 Reading Road to achieve the tight start on-site timetable of March 2017 so the significant HCA grant of over £300k can be achieved. Tendering of the contract while planning is still being sought has been sent out to firms on WHL's Small Framework Contractors.

The need to progress 52 Reading Road has delayed the tendering of the two small schemes at Elizabeth Road and Barrett Crescent, which is likely to now be on site in the early Summer, rather than Spring. The tendering of the two units at Middlesfield is expected to take place after the Elizabeth and Barrett sites and be on site mid-Summer.

WHL continue to work towards planning permissions on a number of other sites and to explore a number of future potential opportunities to add to our pipeline programme of developments.

Loddon Homes were advised on 4th January that they had been awarded around £1.54m of grant funding from the HCA to deliver 78 homes as part of the HCAs Shared Ownership and Affordable Homes Programme 2016-2021. This is subject to contract. This news means that the Council's Commuted Sums will go even further and be able to develop even more new affordable homes.

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

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Date 16 January 2017	Version No. 2

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TITLE	Optalis Ltd: Update on the Business case for Merger with the Royal Borough of Windsor and Maidenhead
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
LEAD OFFICER	Andy Couldrick, Chief Executive
LEAD MEMBER	Keith Baker, Leader of the Council and Julian McGhee Sumner, Executive Member for Health and Wellbeing

OUTCOME / BENEFITS TO THE COMMUNITY

An enlarged Optalis improves the effectiveness and resilience of its service delivery to Wokingham residents and improves the financial footing of the company, maximising value to Wokingham tax-payers.

RECOMMENDATION

The Executive is recommended to:

- 1) note the progress of the work to effect the merger;
- 2) approve the business case enabling the implementation work to continue;
- 3) require a further update at its March meeting on the progress of implementation;
- 4) approve the virement of £40k from the RBWM shareholder payment and agree an increased debt of £55k for the Holding Company, to fund the costs of implementation.

SUMMARY OF REPORT

The business case supports progressing to effect the merger of Optalis Ltd with the Royal Borough of Windsor and Maidenhead (RBWM), whereby Optalis will deliver RBWM's adult social care services and RBWM will acquire a 45% shareholding in the company, moving to 50% within 2 years.

Background

At its meeting in October the Executive voted to support the development of the business case for the merger of the Royal Borough of Windsor and Maidenhead's adult social care services into Optalis Ltd, Wokingham Borough Council's social care company.

The merger will mean Optalis delivering all of the social care for adults currently delivered by RBWM, both provider and social work services. RBWM will purchase a 45% shareholding, and a new board will be formed, Optalis Holdings Ltd, comprising three elected members from each Council, with a 2-year rotation of chair. Wokingham BC will hold the chair for the first period of two years.

The business case has been completed (Appendix 1) and makes a positive case for proceeding to implement the merger, aiming for completion and 'Go Live' for the new company in April 2017.

Analysis of Issues

The business case sets out the basis for the merger, the services to transfer, the 'back office' support that accompanies the services, and the proposed organisational governance arrangements.

The merger offers many benefits. Optalis Ltd gains through greater resilience, market share, reputation and financial outcomes. Wokingham BC gains through these elements, as well as being a beneficiary of the ongoing efficiency savings the company makes in future years. Additionally, the new company, with a £55m turnover, is superbly placed to win further business and pursue additional growth (having first consolidated its operations and service quality in its new guise).

At its meeting on 9 December, Wokingham Holdings Ltd provided its support for the merger business case and for proceeding to implement the merger to establish the new, bigger company and the new shareholding partnership with the Royal Borough of Windsor and Maidenhead.

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)	£95k* (implementation costs) (£771k) (RBWM share purchase)	Yes	Revenue Capital
Next Financial Year (Year 2)	(£45-140k)**		Revenue

Following Financial Year (Year 3)	(£45-140k)** (£85k) (purchase price of balance of remaining shares to move to 50-50 shareholding)		Revenue Capital
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Other financial information relevant to the Recommendation/Decision

*These costs include Optalis implementation costs (£55k: funded by way of increased debt in WBC Holdings Ltd) and WBC shareholder costs (40k: virement from the share purchase receipt from RBWM), to ensure safe and effective transition (to be repaid out of the £771k share purchase receipt).

**These figures assume income based on 1-3% efficiencies in the company. Performance beyond this level will increase the savings/surplus.

The savings can be treated in one of three ways:

- Reinvestment in the company to support further growth
- Savings to the commissioner (WBC) to offset demographic growth pressures
- Profit in the company

Cross-Council Implications

N/A

List of Background Papers

Merger Business Case; Financial Summary

Contact Andy Couldrick	Service Chief Executive
Telephone No 01189746001	Email andy.couldrick@wokingham.gov.uk
Date 17 January 2017	Version No. 1

Appendix 1: Merger Business Case

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Royal Borough of Windsor and Maidenhead

Wokingham Borough Council

Optalis

Adult Social Care Partnership

Business Case

November 2016

Version 8.2



**WOKINGHAM
BOROUGH COUNCIL**

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Frequently used acronyms and terms

AfC	Achieving for Children
Company	Optalis Ltd
CQC	Care Quality Commission
Directorate	Adult Social Care services being run as a Directorate in Optalis on behalf of the Royal Borough
FF&E	Fixtures, fittings and equipment
FTE	Full time equivalent
Go-live	3 rd April 2017, the start date for the new partnership
LATC	Local Authority Trading Company
NRV	Net realisable value
Partnership	The Partnership between the Royal Borough of Windsor and Maidenhead and Wokingham Borough Council
RBWM	The Royal Borough of Windsor and Maidenhead
Royal Borough	The Royal Borough of Windsor and Maidenhead
SLA	Service level agreement
WBC	Wokingham Borough Council
Wokingham	Wokingham Borough Council

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1 EXECUTIVE SUMMARY

- 1.1 The Royal Borough of Windsor and Maidenhead and Wokingham Borough Council have agreed to form a partnership to deliver the Royal Borough's adult social care services through Wokingham's adult social care company, Optalis Ltd. This business case details the benefits, outlines the design, and sets out the work involved in implementing the Partnership.
- 1.2 The Royal Borough's motivation for 'delivering differently' is to ensure the most effective services which improve outcomes for residents and which support sustainable growth, provide resilience in the workforce, and secures value for money.
- 1.3 Wokingham Borough Council believes the growth of Optalis, through a Partnership with the Royal Borough, provides resilience to the company, enhances its reputation and influence in the market, and aids its promotion to other potential commissioners and partners.
- 1.4 The combination of the benefits, identified by both councils, means that Optalis will be well placed to continue delivery of two things of key value to Wokingham and the Royal Borough residents:
 - High-quality social care services at reducing cost.
 - Efficiencies and surplus from its other (non-Wokingham/Royal Borough) service delivery, which will be shared by the shareholders (Wokingham and the Royal Borough) regardless of the source.
- 1.5 Optalis will be 100% publicly owned by Wokingham Borough Council and the Royal Borough. This ownership gives the Councils complete control over quality, delivery and strategic direction of the services. The key objective of the partnership is to protect and develop services. Optalis will be free to develop new services, sell to new customers, and invest in the delivery of high quality care and support in the two boroughs.
- 1.6 As a medium sized enterprise, the company will be able to provide services in an efficient and flexible manner. It will be able to respond quickly by virtue of its size and focus and take advantage of new opportunities. As a company solely focussed on the delivery of adult related services it will be able to increase its expertise through offering greater opportunities to professionals who want to focus only on adult care.
- 1.7 The company added value to both councils is that it can 'sell' services to private individuals. This ability to sell will mean that Optalis is free to develop new services responding to current and future demand, such as the growing demand for dementia support. In addition the company will be able to move into new markets, such as neighbouring councils – with agreement from the shareholders.
- 1.8 As the strategic commissioner for the service both councils will retain a degree of management of the market through Optalis as an operator in the independent sector. Optalis will also act, for both councils, as provider of last resort. When an independent sector provider, such as a residential home, fails the Royal Borough, as Wokingham currently does, will be able to ask Optalis to step in as provider of last resort to stabilise the situation and ensure that the residents are safe.
- 1.9 There will be an estimated 294 staff, 259 FTE's (full time equivalent), who will transfer across from the Royal Borough to Optalis under TUPE regulations, guaranteeing that staff terms and conditions will be protected. Taking the Optalis workforce to 647 FTE. The larger workforce will have a positive impact for all staff, providing greater opportunities for professional development in a larger and solely adult focussed organisation. In addition recruitment and retention should be easier through offering good career opportunities and progression to existing and potential staff.

- 1.10 The Royal Borough services will be transferred on 3 April, 2017 into Optalis Ltd under the Teckal exemption rules. The rules require a significant degree of control by the owning authorities. This will be exercised through a Group Holding Board structure. The Royal Borough will have equal shareholding with Wokingham within two years. There will be equal director representation on the controlling Board. The Chairmanship of the controlling Board will be rotated every two years.
- 1.11 The Deputy Director of Health and Adult Social Care for the Royal Borough will transfer to manage the services at Executive Board level. Support services will be provided by the Royal Borough for the first year. No assets will be transferring to Optalis, buildings will be occupied through a licence issued by the Royal Borough.
- 1.12 Borough services transferring have already identified and planned the deliver of the three year saving. Additional efficiencies will also accrue through opportunities to introduce other neighbouring authority services into the partnership, and provision of services to private paying residents is legally possible.

2 STRATEGIC RATIONALE AND BENEFITS

- 2.1 The Royal Borough of Windsor and Maidenhead and Wokingham Borough Council are forming a partnership so that the Royal Borough's Adult Social Care functions are delivered through Wokingham's Adult Social Care company, Optalis Ltd.
- 2.2 Members from both Councils have agreed that in principle this Partnership will bring significant benefits to both sets of residents. This business case details these benefits, outlines the design, and sets out the work involved in implementing the Partnership.

The Royal Borough

- 2.3 The Royal Borough's motivation for 'delivering its adults services differently' is to ensure the most effective services which improve outcomes for residents and which support sustainable growth, provide resilience in the workforce and respond to the future financial challenges.
- 2.4 Royal Borough Adult Services cover direct delivery and support services.
 - The direct delivery comprises a range of functions including:
 - Care and support for older people, people with learning disabilities and or physical disability, people with mental health issues and carers.
 - Short term reablement and support, day services and a small amount of residential and respite provision.
 - Services to carers, including help with respite care, and career advice.
 - The support services cover organising external placements such as care home placements, day centres, equipment and adaptations, home care, personal budgets, direct payments, and financial assessment.
- 2.5 The Royal Borough and Wokingham are both committed to integrated adult social care services, as they offer residents the greatest opportunity to receive service at the point they need the support, in the way they need and at the time they need it. This commitment to delivering integrated services informed the analysis of how services can be delivered, for instance whether the:
 - Function is dependent on other service areas and if separated, would it reduce the likelihood of improved outcomes.
 - Service is a statutory responsibility that is appropriately linked to another service.
- 2.6 On the principle of retaining adult services as a whole, supporting integration, the analysis concluded that only some adult services functions would be out of scope of the new delivery model with Optalis, these include:
 - Functions that the local authority is not authorised to delegate, the statutory role of the Director of Adult Social Services (the DASS) and strategic oversight of safeguarding.
 - Strategic commissioning at a population level, including contract, quality and performance management.

Wokingham

- 2.7 From its inception, there has always been an ambition for Optalis to pursue growth, through private care provision, contract bidding with other authorities, and through merger/joint venture expansion.
- 2.8 Wokingham Borough Council believes this growth provides resilience to the company, enhances its reputation and influence in the market, and aids its promotion to other potential commissioners and partners. Through these, Optalis Ltd is then better able to

provide a return to the tax-payers of Wokingham, whether through profit and dividend or through reduced costs to the Council as commissioner of its services. Further, expansion should support recruitment and retention, a challenge across the sector, as the employing 'offer' to staff improves.

- 2.9 Currently Wokingham Borough Council has retained elements of its Adult Social Care service, and commissions from a wide set of provider partners, reflecting in part the importance of the Choice and Personalisation agenda in Adult Social Care. The scale of commissioning from Optalis is, and will be, kept under review and Optalis is the 'provider of choice' as well as the 'provider of last resort' to the Council.
- 2.10 Wokingham Borough Council looks forward to the opportunities that this Partnership brings in terms of expansion and partnership.

Key benefits of the partnership

- 2.11 The key objective of the Optalis partnership is to secure the delivery of high quality services to residents. In traditional service delivery models, the challenges get greater as demand for services increases and council resources diminish in today's challenging financial times. There are numerous key benefits for the partnership, including:
- **Ultimate control and risk management:** Optalis will be 100% publicly owned and controlled by the Royal Borough and Wokingham Borough Council enabling it to ensure the Company maintains high quality management, delivers on the strategic intentions of the Councils, and invests or returns profits back to the Councils as appropriate.
 - **Controlling costs:** One of the reasons for the two councils forming the partnership is Optalis ability to provide services in a more efficient and flexible manner, thus reducing costs and providing the Councils with services at a lower price even after covering the costs of managing and governing a business of this size outside of the Royal Borough.
 - **Faster moving:** As a medium sized enterprise, Optalis will be able to provide services in an efficient and flexible manner. The Company will be able to respond quickly by virtue of its size and focus, taking advantage of new opportunities through making changes to its operational model quickly.
 - **More focused:** From the Chair of the Board, down to the frontline staff, the only purpose for Optalis will be the care and support of adults in need of care and support. This will give a real focus to everything that Optalis does and enable it to deliver services in a way that isn't possible within a larger organisation with more functions, responsibilities and competing priorities.
 - **Able to trade:** Councils cannot trade or sell services to private individuals. Optalis, because it is a company, will be free to sell its current, and future new, services to:
 - Private customers.
 - Direct Payment recipients.
 - Neighbouring Councils.
 - **Able to expand:** Optalis is free to develop new services in response to trend and demand, such as the growing demand for dementia support, and move into new markets, such as neighbouring Councils. This is a real benefit that being a trading company gives to Optalis.
 - **Management of the market:** Optalis, by virtue of the fact that it is a company, will be able to operate in the same market as the independent sector. This will allow the Councils to retain a degree of management of the market, ensuring that future commissioners operate in a mixed economy of care.
 - **Act as 'Provider of Last Resort':** When an independent sector provider, such as a residential home, fails, the Royal Borough, like Wokingham, will be able to ask

Optalis to step in as Provider of Last Resort to stabilise the situation and ensure the customers are safe. The Council will then be able, if appropriate, to ask Optalis to take over the failed service, bringing it up to standard alongside its other services.

- **Deliver on the Care Act:** Optalis provides the opportunity to continue to support the implementation of the provisions of the Act by virtue of having a rounded offering of services, for example being able to offer service in response to people with personal budgets and supporting the provision of reablement services.
- **Quality of service delivery:** A clearly defined commissioning relationship between the services and the Council will ensure a greater focus on the clarity of expenditure and on what services are required. This will result in an increased emphasis on the quality of service delivery in Optalis which will drive up standards.
- **Staff development:** All staff will benefit from Optalis' greater opportunities for professional development of its staff in a larger and solely adult focussed organisation. Recruitment and retention will be easier through offering good career opportunities and progression to existing and potential staff.

3 DUE DILIGENCE

- 3.1 A high level of due diligence has been applied to ensure the two Councils have full confidence in the Business Case.

The Royal Borough services

- All relevant service budgets were collated and totalled for the 2016/17 financial year for the Royal Borough services in scope. These budgets were matched against the actual expenditure for 2015/16 and current 2016/17 performance to identify any significant variances that would indicate major budget inaccuracies.
- Material virements across the Royal Borough service budgets were investigated and justified by the finance team.
- Planned savings detailed by the Royal Borough were investigated and tested for their achievability and timing.
- Budgeted establishment details and costs were analysed and matched against budgets, along with 12 months of absence history for the Royal Borough services to ensure a full complement of staff posts were in scope for transfer.
- Costs for senior management to transfer were identified and if not held in service budgets were added to the in-scope budgets.
- Income currently with the Royal Borough that will move over to Optalis was identified. All income relating to current client contributions and public sector bodies such as the NHS and other local authorities will continue to be invoiced, collected and accounted for by the Royal Borough.
- Latest CQC reports were requested and examined to ensure that transferring services were measured as at least 'Meets standards' and therefore not needing significant resource to be brought up to acceptable standards.
- The allocation and rationale behind corporate support services such as ICT, HR and Finance were challenged and agreed.

Optalis

- The current year results were compared to 2015/16 audited accounts and variances investigated and explained.
- Material actual or contingent liabilities held in the 31st March 2016 accounts were reviewed for significance.
- The latest audited accounts were adjusted with the 2016/17 business plan for Optalis to create a financial performance template.
- Current results were matched against the 2016/17 business plan.
- Remedial actions were challenged and investigated to test their ability to redress current financial performance issues.
- Latest CQC reports were requested and examined to ensure that the services were measured as at least 'Meets standards' and therefore not needing significant resource to be brought up to acceptable standards.

- 3.2 The cost base for both sets of services was examined to benchmark with other Local authority trading companies in relation to:

- Staffing costs including pension contributions.
- Supply costs.
- Utility costs.
- Support service allocation costs, including training costs.
- Transport costs.

The result of the benchmarking tests proved that the 2016/17 budget costs for both sets of services were not materially out of line.

- 3.3 The due diligence work performed in the process of developing and ratifying the

business case has additional protection for both partner Councils as it informs the development of a transfer agreement. This agreement will be part of the suite of documents that will legally bind both Councils to the safe transfer of staff, activity and assets to Optalis. The transfer agreement will contain clauses that will indemnify each Council against the other for any material misrepresentation or omission relating to the state and condition of the services at the time of transfer. These clauses will include:

- Material understatement of required operating budgets.
- Material overstatement of operating income or funding.
- Omission of any material liabilities or contingent liabilities on the services and staff.
- Material costs relating to incorrect assumptions used as a basis for the business case financial assessment.

Design structure of Optalis

- 3.4 After identifying all the services and the direct reporting lines to be included in Optalis, an Executive Board has been designed. This Board has been designed using Local Authority Trading Company design experience and the current Optalis Board structure. The design provides assurance to both Councils that Optalis can govern itself correctly and within all aspects of relevant Company Law.

Forecast additional running costs of Optalis

- 3.5 Known costs already incurred by Optalis have been identified and valued. Each cost has been reviewed to see if the additional activity for the Royal Borough services will increase these costs or add new ones. These costs are:
- Bank charges.
 - Independent Chair and Non-Executive Director costs.
 - External audit fees.
 - Enhanced executive director capacity.
 - Insurance premiums.
 - IT strategic review.
 - Quality and performance reporting costs.

Analysis of potential efficiencies

- 3.6 Once the cost base of all the services was identified, analysed and matched with the establishment, potential efficiencies were forecast based on experience in the trading performances of other similar trading entities: Buckinghamshire Care; Essex Cares; Olympus Care Services in Northamptonshire; SB Cares in Scottish Borders and Tricuro Ltd in Dorset.

Five year profit and loss account and balance sheets

- 3.7 Optalis's performance for the year to April 2018 will be measured against a profit and loss account that will be finalised during implementation and will include:
- Contract income from the Royal Borough reducing over two years.
 - Latest agreed service budgets for 2017/18 used as the cost base for all services in scope.
 - The estimated costs of support services provided by the Royal Borough.
 - Forecast savings available to Optalis on Royal Borough and its own services.
 - Additional costs required to run and manage Optalis.
 - Any tax implications, savings or costs that may apply.

- 3.8 In addition to the profit and loss account there are forecast balance sheet statements that illustrate the financial position of Optalis at the end of each financial year.

4 THE LEGAL CASE

Trading powers

- 4.1 The Royal Borough and Wokingham Borough, as local authorities, are able to trade and charge for services through a jointly owned company under the following legislation:
- Under the **Local Authorities (Goods and Services) Act 1970** councils were given powers to enter into agreements with each other and with a long list of other designated public bodies.
 - The **Local Government Act 2003** added further possibilities. It enables councils to trade in activities related to their functions on a commercial basis with a view to profit through a company. In addition, the 2003 Act empowers councils to charge for any discretionary services on a cost recovery basis. Originally, trading through a company was confined to certain categories of councils but a Trading Order, in force since October 2009, removed such restrictions.
 - The new **General Power of Competence (GPC) contained in the Localism Act 2011** now complements local government's existing powers to trade and charge. Under the Localism Act 2011 commercial trading through a special purpose trading company is now an option.

Local Authority Trading Company

- 4.2 Optalis is a Local Authority Trading Company (LATC). An LATC is a limited company 100% owned by a Local Authority, or Local Authorities. It is registered with Companies House and has to comply with the statutory obligations of a limited company. Optalis is a company 'limited by shares' with currently 100% of the shares being owned by Wokingham Borough Council. The Optalis Group consists of a holding company with two subsidiaries that provide services to public bodies or private customers respectively. Once the Partnership goes live, the Wokingham and the Royal Borough will jointly own the trading company.

Procurement

- 4.3 A Council can only enter into a service contract with a third party company when the procurement regimen is followed. This is still the case even when the company is a LATC. A direct award of services without any need for a procurement process must be in accordance with the requirements of Regulation 12 of the Public Contract Regulations 2015 ("PCRs 2015"). This Regulation codified 'Teckal arrangements' which had been established previously by case law. Regulation 12(1) provides an exception to the requirement that a contracting authority (i.e. the Council or Councils) complies with the PCRs 2015 when awarding a public contract where the following conditions are met:
- The Local Authority must be able to demonstrate that it exercises significant control and influence on the LATC, through its governance structures. The level of control has to be the same as when it was a department of the Local Authority.
 - More than 80% of the activities of the LATC are carried out in the performance of tasks entrusted to it by the Council or Councils.
 - There is no direct private capital participation in the LATC. It must be wholly owned by the Council or Councils.
- 4.4 This means that the LATC could provide services to persons other than the Councils provided that this trading is less than 20% of the LATC's activities.

Best value duty

- 4.5 The best value duty obliges the Royal Borough to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness. Joining Optalis in order to provide services is a “best value” arrangement. In order to prevent vulnerability to legal challenge, the Council will need to undertake prior consultation exercise to fulfil its best value duty.

State aid

- 4.6 State aid is an economic advantage granted by public authorities through state resources on a selective basis to organisations engaged in economic activity that could potentially distort competition and trade in the European Union (EU).
- 4.7 State aid can occur whenever state resources are used to provide assistance that gives organisations an advantage over others. It can distort competition, which is harmful to consumers and companies in the EU. Where there is a genuine market failure, State aid might be necessary and justified.
- 4.8 The Partnership will require to operate in a way that state aid is not given to Optalis – otherwise there is a significant risk of challenge, especially where Optalis is competing with other bidders in a tender situation. It is the intention that the support services provided by the Council will be supplied at full cost rates to Optalis.

TUPE

- 4.9 There would be an estimated 294 staff 259 FTE's (full time equivalent) who would transfer to Optalis under the TUPE regulations (**Transfer of undertakings (protection of employment) 1981**). Assurances have been included in the business case to guarantee that staff terms and conditions will be protected and that Optalis has admitted body status for the Local Government Pension Scheme.

5 THE NEW ORGANISATION – GOVERNANCE

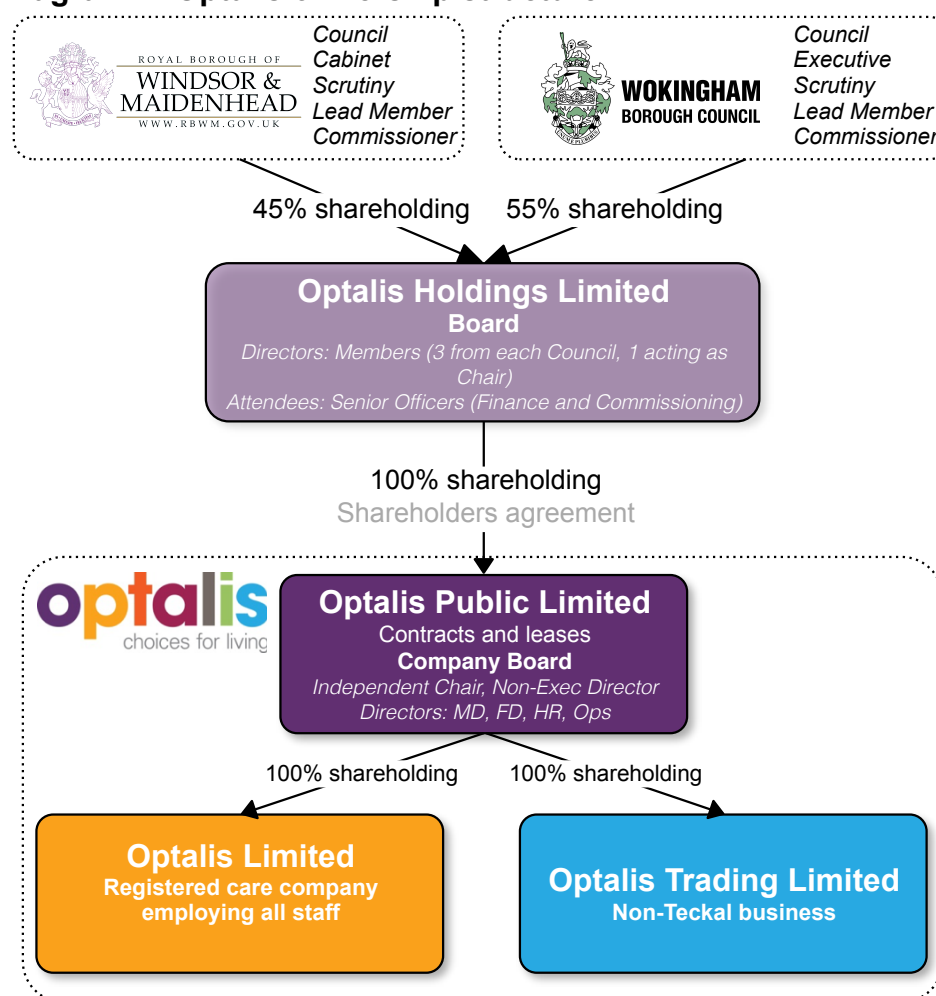
Ownership

5.1 The governance structure, set out in Diagram 1, takes account of the principles agreed between the two Councils (Appendix 1). These principles include:

- Both Councils are seeking a partnership with shared control.
- Shareholding proportions will be marginally in favour of Wokingham in the first two years, or until a new partner is admitted.
- Partner authorities have control of their services through contracts.
- A commissioning relationship and strong contract management will ensure control of each Council's services as delivered by Optalis.

5.2 The Optalis Holding Ltd company (the holding company) will be owned by the two Councils in the agreed proportions of 45/55 on go-live, moving towards 50/50 ownership within two years or when another partner joins. Each council will have three Members on the holding company Board as directors. One of the six will be the Chair who will hold a casting vote. The chairmanship will rotate between the two Councils every two years, with the first Chair coming from Wokingham. Senior Officers will be invited to attend the Board meetings to inform and provide advice to the Board.

Diagram 1: Optalis ownership structure



5.3 The holding company Board would typically meet on a quarterly basis to receive financial and performance reports from Optalis as well as any other ad hoc business cases and reports. Once a year the Board will meet to receive the next year's business

plan as developed by the executive Board of the operating company. This would typically be in November or December to fit with Council budgeting timetables.

- 5.4 Optalis Holdings Ltd will be the 100% owner of Optalis 'Public' Ltd. Optalis Public Ltd will hold the governance board for the Optalis companies and will be wholly accountable to the Board of the holding company. This Board, see Diagram 1, will comprise:
- Independent Chair.
 - Managing Director.
 - Finance Director.
 - HR Director.
 - Operations Director.
 - Non-Executive Director.
- 5.5 Part of the early remit of the Independent Chair of Optalis Public Limited will be to assess the skills and experience needed to manage Optalis in its new form and to match those requirements with the current board membership. This will include identifying what a Non-Executive Director will bring to the Board and recruiting them appropriately.
- 5.6 The companies owned by Optalis Public will be managed as one company with only one set of Directors as listed in 5.4, and Diagram 1.

Teckal compliance

- 5.7 To qualify for 'Teckal exemption', the Company has to be under 100% control and influence of the transferring Authority, in this case the Royal Borough and Wokingham. Both Councils owning 100% of the shares between them and having a strong governance structure achieves this qualification,

Two-company VAT structure

- 5.8 The structure has been tried and tested with other LATCs including Tricuro Ltd, SB Cares LLP and Olympus Care Services Ltd. It involves two companies, a 'support services' company and a 'care delivery' company, managed by the same Board. These two companies are called Optalis Public Ltd and Optalis Ltd respectively. The third company called Optalis Trading Ltd has previously been incorporated and is available to deal with future significant non-Teckal contracts.
- 5.9 The 'support services' company ensures that Optalis has the most VAT efficient structure and does not carry a VAT loss in the provision of the CQC registered services. This is an approach that other authorities have agreed with their local HMRC office. In effect there would be seamless relationship between the two companies.

Shareholders Agreement

- 5.10 The relationship between the holding company shareholders and with Optalis Public Ltd will be governed by a Shareholders Agreement, which will be completed during the implementation stage. The agreement will provide the rules by which the holding company Board manages Optalis.
- 5.11 One role of the Shareholder Reference Group will be to discuss and finalise the reserved matters list during implementation and be satisfied that all reserved matters have been captured. The Executive Bodies will agree a final list of delegations in March 2017. The reserved matters list will include the following actions that Optalis cannot effect without the express agreement of the Holding company:

1. Register the Company and vary the articles of association.
2. Enter into any arrangement, contract or transaction resulting in expenditure either with a capital or revenue value to be agreed by the Shareholder Reference Group.
3. Financial Regulations and shall be subject to prior approval within the Business Plan and operating revenue budget.
4. Enter into any arrangement, contract or transaction where the company is providing services to third parties without following the relevant agreed process.
5. Enter into any borrowing, credit facility or investment arrangement (other than trade credit in the ordinary course of business) that has not been approved by the Members under the Financial Plan.
6. Approve appointment of auditors.
7. Adopt or amend the Business Plan in respect of each financial year, which for the avoidance of doubt shall include the adoption and amendment of an operating revenue budget for the relevant financial year.
8. Appoint or remove Executive Directors. Agree any change in employment terms and conditions which the relevant scheme of employment.
9. Form any subsidiary of the Company or acquire shares in any other company or participate in any partnership or joint venture with a view to providing services to third parties without being subject to the Trading Opportunity Evaluation Process as prescribed by the Members.
10. Amalgamate or merge with any other company or business undertaking. Sell or dispose in any way whatsoever, any part of the business of the Company.
11. Enter into any arrangement, contract or transaction within, ancillary or incidental to the ordinary course of the Company's business or is otherwise than on arm's length terms.
12. Pass any resolution for the winding up of the Company or present any petition for the administration of the Company, other than where the Company is insolvent.

5.12 The Shareholders Agreement will govern the relationship and interaction between the shareholders themselves and will include:

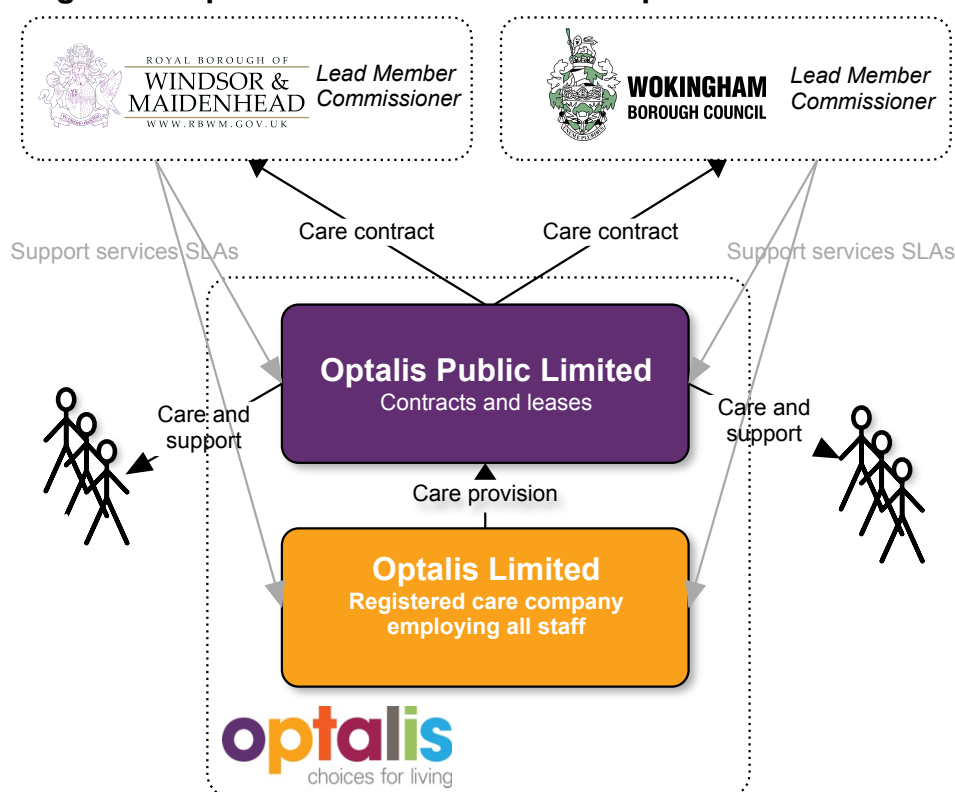
1. The desire by both partners to move towards a 50/50 shareholding. Through the first two years, progress will be formally reviewed by Optalis Holdings Ltd and, provided it has gone well (judged by company performance against service, financial, and user satisfaction measures), will then broker a move towards a more equal shareholding. The price of the additional shares will be the same price per percentage shareholding as the initial transfer purchase.
2. Protocols on how to track and measure the savings identified by the Royal Borough. These savings have specific actions and measures to achieve the required quantum, and if the savings are not achieved, the shortfall is passed on to the Royal Borough through an adjustment upwards in the commissioning prices.
3. Neither Council will be put in a position of indemnifying the other's savings targets.
4. If a new partner is taken on before two years the process of inclusion and the development of the relationship between the original partners and the third will be set out in the Shareholders Agreement.
5. The pre-emption rights that will allow existing partner shareholders the right to buy any shares that other partners wish to sell.
6. Exit protocols will be produced as part of the shareholder agreement work during implementation. As both Councils are committed to a long-term partnership the agreed protocols will be designed to reflect the long-term nature of the partnership. These could include:
 - a. Discounted sale price of shares back to leaving partner.

- b. Reducing discounted price over time.
- c. Extended notice periods.
- d. Lock-in periods.

Commissioning relationships between the Councils and Optalis

- 5.13 Each Council will have two contractual relationships with Optalis, one for the delivery of services by Optalis, and one for the delivery of support services by each Council to Optalis. These contracts will be supported by SLAs and service specifications developed during implementation and will ensure that each Council and Optalis receives the level of service required, see Diagram 2.

Diagram 2: Optalis contractual relationships



- 5.14 The Lead Members for Adult Social Care for both Councils will not act as Directors on the Optalis Holding Board to avoid any conflict of interest. They will represent the strategic and operational requirements of their respective commissioning Councils. However, they will have scheduled opportunities to influence the Members on the Board of Optalis Holdings Ltd through Lead Advisory Group and commissioner/Directorate Director meetings timetabled to allow briefing ahead of the quarterly meetings between Optalis Holdings Ltd and the Optalis Executive Board.

- 5.15 The service contracts for the management and provision of the brokerage service for the Royal Borough will include:

- Continual monthly monitoring of commissioned spend.
- Monthly commissioning meetings with the Royal Borough and Optalis to understand the movement in commissioning costs and agree action points if required to redress the forecast spend.
- A margin of error of circa 5% where both parties accept that the deviation to the

contract spend does not merit immediate or reactive action.

- Optalis will not have the financial resources to compensate the Royal Borough for unexplained or uncontrollable commissioning overspends that have been identified through the monthly commissioning meetings.

5.16 The final details of the contracts will be negotiated and completed during the implementation stage of the project.

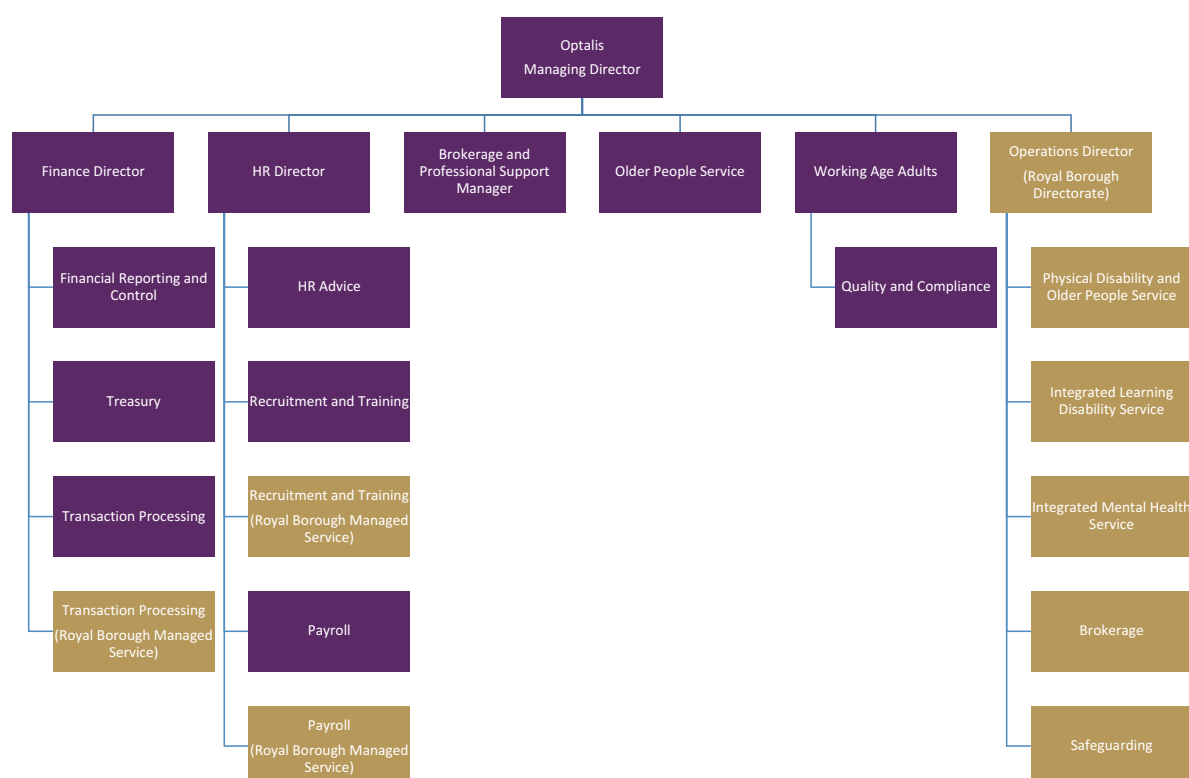
6 THE NEW ORGANISATION – SERVICES AND STRUCTURE

- 6.1 This section describes the new Optalis Partnership and sets out the assumptions relating to its design, see Appendix 2 and the underlying principles for the Partnership in Appendix 1.

Company structure

- 6.2 At go-live, the Royal Borough services will be moved into Optalis as a Directorate, overseen by the transferring Deputy Director of Health and Adult Social Care who will become Operations Director on the Optalis Board, see Diagram 3. This approach ensures a safe transfer of services, continuity of management and uninterrupted service to customers.

Diagram 3: Optalis structure chart



- 6.3 Optalis will consider in due course the most effective management structure to support the business going forward.
- 6.4 The services transferring from the Royal Borough into Optalis, and those currently within Optalis, are set out as a summary in Table 1, including budgets, FTE and headcount, see Appendix 3 for full detail.

Table 1a: Services in the Partnership – Royal Borough

Adult Social Care Partnership Cost budgets and staff numbers for Royal Borough services in scope			
Service areas	Gross Budget £'000s	FTEs	Headcount
Directly provided services	5,673	143	168
Care management	4,093	90	98
Brokerage and support services	460	17	18
Senior management	308	5.00	5
Service costs	10,534	254.92	289.00
Commissioned services - in scope - at transfer date	22,618	0	0
3/4/2017 transfer - Total	33,152	254.92	289
Commissioned services - in scope - delayed transfer.	9,775	5	5
Total services in scope	£42,927	259.92	294

Table 1b: Services in the Partnership - Optalis

Adult Social Care Partnership Optalis services at date of transfer			
Service Areas	Turnover £'000s	FTEs	Headcount
Directly provided LD services	4,348	117	133
Directly provided older person services	5,490	188	244
Care management	2,186	59.7	67
Senior management	n/a	23.69	28.0
Total services in scope	£12,024	388.2	472.0

- 6.5 The merger of these two sets of services will result in Optalis becoming in the first year a £45m pa turnover business with FTEs of 647. This represents a threefold increase on the existing Optalis and hence the management and governance needs to be designed appropriately.

Services transferring

- 6.6 The directly provided services that will transfer to the Royal Borough Directorate of the Optalis Partnership are:
- Physical Disabilities and Older People Team**
The Team provides an effective and best value assessment, which includes professionals such as Social Workers and OT's, who deliver an assessment and care planning service along with the provision of ongoing advice/guidance and support to direct customers and carers/families as well as the fulfilment of statutory duties such as safeguarding duties under the Care Act 2014 and the Mental Capacity Act 2005.
 - Community Team for People with Learning Difficulties (CTPLD)**
The Team is integrated with Berkshire Healthcare Foundation Trust (BHFT) and is made up of Health and Social Care professionals, providing a service for adults with learning disabilities. The team provides a quality, effective and best value

assessment and care planning service along with the provision of ongoing advice/guidance and support to direct customers and carers/families as well as the fulfilment of statutory duties such as safeguarding duties under the Care Act 2014 and the Mental Capacity Act 2005. It also acts as an advisory and guidance service and a service which can signpost people to a range of resources.

3. **Short Term Support and Rehabilitation Team**
This is a registered service with the Care Quality Commission (CQC). It provides short-term support to help people recover or cope after a decline in health, an injury or an illness. The service encourages adults to achieve maximum independence, health and wellbeing. Services include supporting people to manage their personal care (washing and dressing), other daily tasks such as meal preparation and advice and referrals to other services as needed. This team also provides palliative care support.
4. **Windsor Day Care Centre for Older People**
The purpose of Windsor Day Centre is for families to be supported to continue in their caring role enabling their relative to stay living in the family home and help prevent the need for more expensive care, including residential, and for individual customers to maintain social contact and personal care in a safe setting.
5. **Oakbridge Day Care for Adults with Learning Disabilities**
Provides parents and carers with a break from caring. Families are supported to continue in their caring role enabling their relative to stay living in the family home and help prevent the need for more expensive care, including residential. Families often require reliable, consistent day care to enable parents to work.
6. **Boyn Grove Day Care Resource Centre for Adults with Learning Disabilities and Older People**
The purpose of Boyn Grove Day Care is for families to be supported to continue in their caring role enabling their relative to stay living in the family home and help prevent the need for more expensive care, including residential, and for individual customers to maintain social contact, promote independence, living skills and receive personal care in a safe setting.
7. **Winston Court Registered Residential Home**
Winston Court is an 8 bedded residential care home registered with CQC that provides 24 hour personal and practical support to people with learning disabilities within a safe and caring environment.
8. **Homeside Registered Residential Home**
Homeside is an 8 bedded residential care homes registered with CQC that provides 24 hour personal and practical support to people with learning disabilities within a safe and caring environment.
9. **Allenby Road Respite Services**
Provides support to families in their caring role through the provision of short breaks, enabling their relative to continue to live in the family home and help prevent the need for more expensive care, including residential placements.
10. **Deprivation of Liberty Safeguards (DOLS)**
The Mental Capacity Act 2005 (MCA) applies to everyone involved in the care, treatment and support of people aged 16 and over living in England and Wales who are unable to make all or some decisions for themselves. The MCA is designed to protect and restore power to those vulnerable people who lack capacity. The Mental Capacity Act 2005 Deprivation of Liberty Safeguards (MCA DOLS) provide legal protection for vulnerable people who may be deprived of their liberty in a hospital (other than under the Mental Health Act 1983) or care home, whether placed there under public or private arrangements. The Council has a requirement to ensure that those who require an assessment under the DOLS legislation have one in the statutory timeframes.
11. **Safeguarding Coordinator**
The role is accountable for the provision of statutory services around the

protection of adults from abuse and to take a lead role in the development of the Council's services in this area. The post monitors the effectiveness of the multi-agency policy and procedures and develops practice guidance for staff involved in reporting and investigating allegations of abuse.

12. Community Mental Health Teams

Provide integrated and a comprehensive range of resources which residents with enduring and serious mental ill health can use to keep safe, stay well and lead as fulfilled a life as possible in the community. Following a comprehensive assessment this will include a psychiatric, psychological and social formulation of the person covering developmental and life history, current circumstances, strengths, resources and identification of their aspirations and future goals. All individuals will be provided with care appropriate to their needs and backgrounds.

Commissioning and business support services transferring

- 6.7 The Council strategic commissioning function interfaces with the operational care management teams that authorise spend for the team to broker the best value and quality package of care. This is achieved by calling off block contract arrangements or by spot purchasing, which is achieved by negotiating with the market, in order to meet the assessed care needs of eligible Adult needs across Older People, Physical Disabilities, Mental Health and Learning Disabilities.
- 6.8 The business support team that are integral to the commissioning role will be transferring along with the commissioning services.
- 6.9 The in-house provider services and all placement services will transfer on go-live.
- 6.10 Block contract services, such as Homecare, residential/nursing care, and Learning Disability services, will be transferred at a later date, to be determined by contract and performance with the possibility that some services will be transferred back into Optalis to become an Optalis provided service.

Support services at go-live

- 6.11 The Royal Borough support functions will be transferred in a planned and phased way to ensure safety of delivery of services. At go-live, the bulk of the support will be bought back from the Royal Borough to the transferred services Directorate on a Managed Service basis, see Table 3. The service specification and terms of the Managed Services contract will be defined during implementation.
- 6.12 A value will be assigned to these services and included in the contract sum that will be paid to the company, and then paid back to the Council. Where the Council ceases to provide a service and Optalis uses its existing infrastructure, there may be a resultant increase or decrease in costs. Indicative values for the support services are set out in Table 2.
- 6.13 Where a support service is provided through a Managed Service from the Royal Borough it is important that Optalis has effective oversight and control, with the Royal Borough being accountable to Optalis for the quality and level of service provided. This accountability will be defined and managed through the support services SLAs.
- 6.14 Business Partners will be identified to work for Optalis in the two major support areas, Finance and HR. These Business Partners will provide senior management expertise and knowledge so that continuity of current service levels can be maintained. They will be the main point of contact between Optalis and the Managed Service. They will report to the Finance and HR Directors in Optalis and be accountable for the delivery of the Managed Services.

Table 2: Support service summary

Adult Social Care Partnership Support services from the Royal Borough		
Services	£'000s	FTEs
Advice and information	107	4.16
Communications	18	0.00
Financial services	298	7.10
Health and safety	0	0.00
HR services	171	4.38
ICT	200	2.82
Legal	0	0.00
Performance / information mgmt.	55	1.28
Procurement	0	0.00
Property	0	0.00
Transport	TBA	TBA
Provided by the Royal Borough	849	19.74

Note: Service budgets - the above table does not include any service budgets that are transferring with services, such as occupational health, health and safety etc.

Table 3: Approach to support services at go-live

Support service	Approach	Details
Advice and information	Optalis managed	Specialist members of the customer service team, who give advice on adult social care to residents, will transfer to Optalis and be managed in the Directorate alongside the assessment team. <i>Staff transferred.</i>
Communications		
Corporate	Royal Borough	The Royal Borough will continue to provide Corporate support for the strategic function. <i>No transfer.</i>
Service	Optalis managed	Internal and external comms currently delivered in the services will remain the responsibility of those services in Optalis. <i>Resource budget transferred.</i>
Financial services		
Business advice	Business Partner	Business advice will be provided through a lead Business Partner seconded to Optalis.
Transactional	Managed Service	Financial transaction processing will remain in the Royal Borough on go-live and will be provided to Optalis as a Managed Service.
Internal audit	Council commissioned	Councils will commission Internal Audit as required
Insurance brokerage advice	Royal Borough	Insurance cover budget will transfer, with brokerage advice for that cover being provided by the Royal Borough as required at nil cost. <i>No resource transferred.</i>
Health and safety		
Corporate	Royal Borough	Corporate oversight for Health and Safety is provided by a shared service and will not transfer to Optalis.

Support service	Approach	Details
Service	Optalis managed	Service Health and Safety is the responsibility of the service managers and this will continue in Optalis. <i>Service budget transferred.</i>
HR services		
Business advice	Managed Service	Business advice will be provided through the Managed Service with a Lead Business Partner managing the Optalis work.
Transactional	Managed Service	Payroll and Self Service transactional support will remain in the Royal Borough on go-live and be provided to Optalis as a Managed Service.
Payroll	Managed Service	
Learning and development	Managed Service	Will remain in the Royal Borough on go-live and provided as a Managed Service.
Occupational Health	Managed Service	Occupational Health will continue to be provided to ex-Royal Borough staff through the Managed Service.
ICT	Managed Service	The Directorate will be taking all of the current IT services under contract as a managed service from the Royal Borough for a year. Optalis email addresses will be set up for all employees, with access to old addresses for a handover period.
Legal		
Service user challenge advice	Joint Legal Team (Reading)	The Joint Legal Team is Commissioned by the Royal Borough. Optalis will commission support as and when required within agreed limits. <i>No resource transferred.</i>
General legal advice	Shared Legal Service (Wokingham)	Optalis commissioned service from the Shared Legal Service in Wokingham (or other). <i>No resource transferred.</i>
Performance and information management	Optalis managed	Performance and information management will transfer to Optalis and be managed in the Directorate. <i>Resource transferred.</i>
Procurement advice	Royal Borough	Royal Borough procurement will continue to offer advice to the Directorate after go-live at nil cost for large procurements. <i>No resource transferred.</i>
Property		
Facilities management	Optalis managed	Procured by Optalis service managers – minor repair funds transferred within service budgets. <i>Service budget transferred.</i>
Transport		
Vehicles	Optalis managed	Vehicle leases transferred to Optalis. Insurance for the company will continue to be provided by the Council's insurers under the same financial arrangements. <i>Service budget transferred.</i>

Support service	Approach	Details
Drivers	Optalis managed	The current transport arrangements for the services within the Royal Borough use of a Section 19 Permit. This Permit is not available for use by Optalis as a commercial organisation, therefore new licensing arrangements will be put in place. The intention is to mirror the model used by Optalis whereby large vehicles are driven by external organisations (eg People2Places) and social care staff drive smaller vehicles. <i>Resource transferred.</i>

Note: Resource is as ascertained in the support services development work in the Royal Borough and will be in the form of TUPE staff where applicable or a transfer of resource budget, or a mix of both

Long-term solution for support services

- 6.15 Following go-live, Optalis and the Royal Borough will move to a new, joined up and fit for purpose solution by the end of the first year. This work will be brought into/alongside the project for the Royal Borough to redesign its own support services. Wokingham Borough Council provides Optalis with one major support function, IT, so the work to develop a long-term solution for IT will involve both Councils.
- 6.16 Optalis needs to have fit for purpose support services to allow its growth and development as per the aspirations of both Councils and Optalis. There will be a contracted commitment within the support service contract that after a year from go-live, the Royal Borough and Optalis will jointly complete the transition to the long-term provision of each support service to Optalis. This work will take into account:
- The strategic direction of Optalis and of the support services, including principles and outcomes required.
 - Appraisal of options, taking account of all the options the Royal Borough (and Wokingham where applicable) are looking at in their support services projects e.g. shared services, joint ventures etc.
 - The costs/benefits to all three parties, the resources required to do the work and a commitment to pay for it.
 - Implementation work with Optalis to put this long-term provision in place.
- 6.17 The Royal Borough will provide project team resource to support the planning and development of the long-term solution for support services. Both Councils recognise that Optalis will not have the financial and staff resource to implement the long-term solutions for the services detailed above.

Property

- 6.18 The current sole occupancy services properties, see Table 4, will be occupied by the services at market rates through a Licence to Occupy with the Royal Borough remaining responsible as landlord for maintenance of the buildings. Optalis will be responsible for utility charges for the solely occupied buildings, and these budgets will transfer over.
- 6.19 The licence to occupy mechanism has been selected because it does not raise any potential liabilities for Stamp Duty Land Tax. The cost of the licences will be added to the service contract price to be paid by the Royal Borough.
- 6.20 Office based staff will continue to operate out of York House, Abel Gardens, Nicholson House and Town Hall. These will be charged on a serviced office basis.

- 6.21 For sole occupancy service buildings, e.g. Boyn Grove, the repairs and maintenance liabilities will be shared between the Royal Borough and Optalis. the Royal Borough, as landlord, will be responsible for the fabric and integrity of the buildings occupied by the services. Optalis will be responsible for the minor repairs needed to maintain the interior of the buildings.

Table 4: Properties used by services in scope

Adult Social Care Partnership Properties used by Services in Scope		
Property	Location	Service
Boyn Grove Community Resource	Maidenhead	Dementia Day Service
Boyn Grove Community Resource	Maidenhead	LD Day Service
Windsor Day Centre	Windsor	Elderly Day Service
Oakbridge Centre	Windsor	LD Day Service
Allenby Centre	Maidenhead	LD Respite
Homeside Close	Maidenhead	LD Residential
Winston Close	Maidenhead	LD Residential
York House	Windsor	Shared Offices
Abel Gardens	Maidenhead	Shared Offices
Nicholson House	Maidenhead	Shared Offices
Town Hall	Maidenhead	Shared Offices

7 FINANCIAL APPRAISAL

Introduction

- 7.1 This section shows the net financial position of the services as they work together in the new organisation. This net financial effect can be passed on to the partner Councils, in proportion to shareholding levels, in one of three ways:
1. Reduced contract price for the services delivered to each Council.
 2. Reinvested in existing services or used to invest in new services.
 3. Kept as reserves in Optalis and distributed as dividends to each Council. This is the least attractive option as it would involve the application of Corporation Tax on the retained earnings.

Trading abilities and savings opportunities

- 7.2 As an LATC, Optalis has the legal ability to trade outside its Council contracts. The enlarged Optalis will achieve the critical mass to be able to look for, and gain, additional business that can yield a surplus. This is a medium to long term objective as in the first three years Optalis' focus will be to:
- Achieve its planned efficiencies.
 - Make further efficiencies where possible and safe.
 - Strengthen the services for quality, resilience and growth.
 - Invest in the workforce.
- 7.3 After three years, it is likely that further efficiencies will be expected, and the ambition of both Councils will be that Optalis will achieve them through:
- Development of new services.
 - Selling services to local residents.
 - Revising of employment contracts.
- 7.4 In addition to the financial benefits, the Royal Borough services will also experience:
1. **Being managed by a faster moving, flexible organisation**
Optalis, by virtue of its size and focus, will be able to take advantage of new opportunities and make changes to its operations and services.
 2. **Being more focused**
From the Chair of the Board, down to the frontline staff, the only purpose for Optalis will be the care and support of adults in need. This will give a real focus to everything that Optalis does and enable it to deliver services in a way that isn't possible within a larger organisation with multiple functions and responsibilities.
 3. **Being able to trade**
Optalis, because it is a company, will be free to sell its current, and future new, services to:
 - Private customers.
 - Direct Payment recipients.
 - Neighbouring Councils.
 4. **Having the ability to expand**
Optalis is free to develop new services, such as for the growing demand for dementia support, and move into new markets, such as neighbouring Councils.
 5. **Managing the market**
Optalis will be able to operate in the same market as the independent sector. This will allow the two Councils' commissioners to retain a degree of management of the market, ensuring a mixed economy of care.
 6. **Maintaining high quality of service delivery**
A clearly defined commissioning relationship between the services and the

Council commissioners will ensure a greater focus on the clarity of expenditure and of what services are required. This will result in an increased emphasis on the quality of service delivery in Optalis which will drive up standards.

7. Staff development

All staff will benefit from Optalis' greater opportunities for professional development of its staff in a larger and solely adult focussed organisation. Recruitment and retention will be easier through offering good career opportunities and progression to existing and potential staff.

Efficiencies from the Royal Borough

- 7.5 The areas of activity that the Royal Borough expects to see changes over the next five years have been identified, see Table 5. These changes will be tracked and measured on a monthly basis to ensure that the activities are implemented on time.

Table 5: Planned savings from the Royal Borough services

Adult Social Care Partnership Planned savings from RBWM services					
Areas of savings to be made	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000
Increased charges to clients by RBWM	335	335	335	335	335
Homecare reduced demand	500	500	500	500	500
Homecare inflation provision not needed	80	160	240	240	240
Reduced homecare costs through reablement	50	270	370	370	370
DOLS, best interest assessor savings		20	28	28	28
Free nursing care uplift	255	255	255	255	255
Supported People reduced commissions		155	155	155	155
Reprovision of Windsor day centre		100	100	100	100
Reprovision of Oakbridge day centre		50	50	50	50
Planned savings reducing contract price	885	1,510	1,698	1,698	1,698
Total annual contract reduction for Optalis	885	1,510	1,698	1,698	1,698
Total savings for Optalis and RBWM	1,220	1,845	2,033	2,033	2,033

Savings requirements from WBC

- 7.6 WBC recognises that the new company needs time to consolidate and establish itself post go-live. No savings are therefore being sought by the commissioner for 2017/18. WBC as shareholder provided a 2 year supplementary payment of £278k p.a. to Optalis, in 2016/17 and 2017/18. Therefore, at the end of this period Optalis will need to cover this reduced payment from 2018/19 (through reduced running costs, service efficiencies etc).
- 7.7 To achieve this will require Optalis to deliver a surplus at year-end of c.£500k. On an on-going basis, dialogue between the commissioners and the company will identify opportunities for future savings that will ultimately be agreed through the company's new governance structures.
- 7.8 All of the expected financial changes are supported by specific actions and activities to be completed within the first three years. The shareholders agreement will contain protocols that allow any shortfalls in achieved savings to be added back to the contract price for the relevant commissioning council, so that partner councils will not be

indemnifying each other for planned savings.

Efficiencies from operating in a commercial organisation

- 7.9 As Optalis has already proved on behalf of Wokingham, one of the benefits of the Partnership will be the 100% executive management focus that will be applied to the changes set out in Table 5 and other initiatives identified by the shareholders through the Holding company. In addition, the executive team will be tasked with achieving further efficiencies and savings.
- 7.10 A more commercial and sharper focus on managing staff, with an expectation of greater flexibility, will allow the company to manage its workforce more efficiently leading to significant benefits to the services through cultural change.
- 7.11 Experience in implementing and managing transferred services in other authorities evidences a cultural change in the new organisation that leads to:
- An improved 'team environment' and a sense of individual responsibility towards colleagues, service users and the organisation as a whole. This is linked to:
 - A sense of a new beginning with improvement in morale.
 - A smaller organisation with closer links and influence to the top of the organisation.
 - The removal of restrictions of a large corporate local authority body and an assertive commercial focus.
 - The ability to develop the business and expand rather than continually look for further savings, leading to attrition of services and jobs, provides a significant morale boost.
 - Streamlined management structures.
 - Quicker decision-making processes.
 - More responsive and focused management.
- 7.12 A new company dedicated to one service area, adults, can free-up time for all levels of management in not having to be engaged in the wider Council business. This will allow managers to focus purely on the delivery of specific service to customers and developing more efficient ways of working and looking at new services to deliver and generate income/contribution.
- 7.13 The most common and valuable manifestations of this change in culture centre on more effective use of resources, including the workforce and workforce management:
- More flexible and efficient work practices and patterns.
 - Reduced use of agency staff and overtime payments.
 - Development of "bank staff" who are available for short notice and short term engagements to further reduce the need for agency staff.
 - Review of current supplier contracts.
 - Innovative ways of reducing spend and usage of supplies and services.
- 7.14 There are two specific benefits that arise out of the Partnership:
1. The reduction in competition for quality trained care staff. Both Councils have experienced difficulties in attracting and recruiting the appropriate staff for their services. By combining these competing organisations, the new Optalis will reduce that competition and create a more attractive employment proposition with more opportunities to work in different services and locations and better career advancement opportunities.
 2. The elimination of lost input VAT due to the adoption of the new two-Company VAT structure, see paragraphs 5.9 to 5.11.

Additional costs of running the new expanded Optalis

- 7.15 Optalis will be changing from a £10m turnover business into a £45m t/o business within a very short space of time. This rapid expansion of size and activity will need to be managed properly so that all the services will be in a sustainable and resilient organisation that will encourage further improvement in services and growth.
- 7.16 The transfer of staff and services from the Royal Borough will mean that the activities themselves will have the middle management and supervisory staff already in place and able to continue managing service delivery. The Deputy Director for Adult Social Care is also transferring from the Royal Borough, providing director level skills and knowledge to the new Optalis Board as Operations Director, which again provides continuity of executive management and expertise.
- 7.17 The provision of support services by the Royal Borough for the first year, and the resource of senior finance and HR staff, means that there will be additional capacity to deal with the higher level of activity. This capacity will be further enhanced by the end of the first year when Optalis and the Royal Borough agree and design the best way to deliver the HR and finance functions which may involve the transfer of a mixture of staff and budget resource.
- 7.18 Optalis will require additional capacity at Board level where the enlarged Board will need guidance and support to manage £45m of activity and the new reporting relationship with Optalis Holdings Ltd. In response to this the Optalis Board will include an Independent Chair and one Independent Non-Executive Director.
- 7.19 The Independent Chair will carry out a review of the Board's skills and experience in relation to the new responsibilities and abilities needed to manage the new company in view of the significant additional responsibility attached to nearly doubling the number of Optalis staff and the introduction of the social worker and secondary commissioning functions into the company. This review will be presented to the Holding Company for consideration and possible action.
- 7.20 There will be additional costs associated with Optalis, see Table 6, and this includes increases in costs that will not be met by the budget transfers from the Royal Borough.

Table 6: Additional costs

Adult Social Care Partnership Additional board, executive management and external costs					
Summary	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000s	£'000s	£'000s	£'000s	£'000s
Board					
Independent Chair	20.00	20.00	20.00	20.00	20.00
Managing Director increase	12.25	12.25	12.25	12.25	12.25
Finance Director increase	10.00	10.00	10.00	10.00	10.00
HR Director increase	7.50	7.50	7.50	7.50	7.50
Non-Executive Director	8.00	8.00	8.00	8.00	8.00
Total Board Costs	57.75	57.75	57.75	57.75	57.75
Management					
Internal quality & performance	37.20	37.20	37.20	37.20	37.20
New Management Costs	37.20	37.20	37.20	37.20	37.20
External Services					
Insurance Premiums	20.0	20.0	20.0	20.0	20.0
Bank Charges	5.0	5.0	5.0	5.0	5.0
External Audit	10.0	10.0	10.0	10.0	10.0
Strategic IT review	10.0	-	-	-	-
External Services	45.0	35.0	35.0	35.0	35.0
Add'l board and support costs	139.95	129.95	129.95	129.95	129.95

- 7.21 The Independent Chair costs are new to Optalis and represent recompense for regular involvement with Optalis that will include chairing monthly board meetings and attending meetings with Optalis Holdings Ltd on a quarterly basis. The same applies to the Non-Executive Director, except they would not be expected to attend the quarterly Holding Company meetings.
- 7.22 The increase in Directors' costs are based on an estimated 10% increase in current salaries and pension contributions to take account of the Independent Chair's review of the Board's changing skillset requirements and responsibilities.
- 7.23 External services costs relate to areas of expenditure that Council services do not incur in the same way as limited companies do. Bank charges, insurance and external audit fees are already incurred by Optalis and they have been increased to recognise the growth in activity due to the transfer.
- 7.24 The internal quality and performance cost is in response to the significant increase in service delivery that Optalis will experience. The Optalis management team has recognised that service quality can be maintained and improved if the care delivered is measured accurately and consistently from within. This results in confidence in the services when CQC inspects them and a good service mark.
- 7.25 The one-off strategic IT review cost is to cover Optalis's need to have a coherent and appropriate IT strategy and plan going forward. Initially all IT will be provided by the partner Councils, but running on two separate systems will lead to inefficiency so the board of Optalis needs to understand what technical options it has to move to one system and what the costs would be.
- 7.26 The additional costs contained in the table above will be financed by the efficiencies generated by the cultural and commercial changes that were outlined earlier in this section. The treatment of any additional efficiencies will be decided by the Holding Company Board.

- 7.27 There is little doubt that the requirement for further savings for Councils and Commissioners will surface after Optalis has completed its settling in period and achieved its initial three year savings targets. The quantum of savings required and achievable is very difficult to predict three years ahead, but both partner Councils recognise that Optalis will be the best vehicle through which to achieve future savings.

Share purchase

- 7.28 In arriving at the buy-in price for becoming a partner shareholder, recognition has been made of:
1. The expertise that Optalis has built up over five years and its Executive Management experience in reshaping transferred services.
 2. The work that Optalis will have to undertake to ensure the successful transformation of the new enlarged company.
 3. The ability to develop and compete with bigger players in a wider market to attract the best staff, delivering the highest quality of service to residents.
 4. The opportunity for the Royal Borough to share in current and future additional surpluses and savings generated by providing new services and by attracting other partners.
 5. The time cost and risks avoided by the Royal Borough compared to setting up its own LATC. The transfer of the services will be completed within six months of Cabinet approval whilst a typical LATC implementation would take 18 months from options appraisal to go-live. This shortening of timescales is bringing forward savings availability to the Royal Borough by 12 months.
- 7.29 Forecast net savings when taken over the 10 year long-term contract period, would have a NPV of £1.01m at an interest rate of 6%.

8 OPTALIS FUTURE BUSINESS OPPORTUNITIES

- 8.1 There is a strong desire from both Councils to see Optalis expand further in the future, but feel that the only decision necessary at this stage is to agree that it would be a decision by the Partners, and the responsibility of the Optalis Holdings Ltd Board, to oversee future growth at the appropriate time.

Expansion with another authority

- 8.2 Optalis will be able to offer safe harbour for services from neighbouring Councils.
- 8.3 It will be imperative for Optalis to work through the challenges of putting two sets of services together before considering further major expansion, but important that the work recognises the very real potential for approaches, particularly from neighbouring Councils, in the near future. For example, when putting in place the long-term solution for support services it would make sense strategically to ensure that any solution has the capability to handle expansion.
- 8.4 The future model, with any new partners, would depend totally on the situation of Optalis at that time and the nature of the proposed new partner's business. The agreement as to how a new partner would join will be set out in the Shareholder Agreement. Both local authorities are in agreement that a range of options for potential new partners should be considered, from commissioned services to full partner.

Expansion with Health

- 8.5 A key plank of Optalis' competitive advantage is its close links to strategic commissioning in both Councils, and also to the NHS. As a current partner to the NHS operating in the out of hospital area, with its Reablement and Rapid Response services, Optalis can develop further services that will help the NHS to keep people safely in their own homes, and out of hospital. One of the key areas is building on the Reablement services the Company will operate.
- 8.6 One benefit of operating with Optalis, an LATC, is the ability of the Councils to enter into pooled budgets with the NHS for specific services that can be provided by Optalis through a commissioning contract. If either Council is the lead partner in the pooled budget arrangement, the NHS services can take advantage of either Council's VAT status.

Expansion through services for older people

- 8.7 In 2012, the Government published the Prime Minister's challenge on dementia 'Delivering major improvements in dementia care and research by 2015' which stated that currently 670,000 people in England are living with dementia. An estimated 21 million people in our country know a close friend or family member with dementia – 42% of the population. One in three people aged over 65 will have dementia by the time they die and as life expectancy increases, more and more people will be affected. The numbers of people with dementia will double in the next 30 years.
- 8.8 As a result, it is estimated that by 2025 the demand for residential care only will be down by over 75%; demand for nursing care down by 20% whilst the demand for dementia bed spaces will rise by 30% and nursing care with dementia care will increase by 40%.
- 8.9 There is a clear opportunity for Optalis, offering the breadth of services it will have from 2017, to develop a joined up offer in response to the demographic challenge and forecast increased demand for older people services, particularly dementia.

- 8.10 The drive for 'increasing independence' and the recognition that keeping people in their own homes is the most cost-effective form of care, will present Optalis with future opportunities for private care provision. Post reablement homecare/enablement is becoming a popular service that encourages independence and living at home, which is keeping patients away from more expensive forms of residential or hospital care.

9 RISKS AND RISK MANAGEMENT

- 9.1 Implementation risks are attached to the delivery of the project that is under the control of the Royal Borough and Optalis. The mitigation of these risks is in the hands of the Council and its Officers/Members for the 'sending' side of Implementation, and Optalis for the 'receiving' side.
- 9.2 The trading risks of the enlarged Optalis are harder to manage and to mitigate, as there are fundamental risks associated with competing in the marketplace that cannot be definitively mitigated. These risks relate to customer preferences, reputation, service popularity, prices set by the competition, outside legislation and changes in eligibility rules. The full risk and mitigation table for implementation is in Appendix 4.

Considerations in the event of possible failure

- 9.3 Whilst the likelihood of failure of the new Partnership may be small, it is still important to understand how the Council would deal with such an outcome. There are three fundamental reasons to consider an exit strategy, see points 9.5-9.7.

Transition of Optalis services into the independent market

- 9.4 Whilst it has been accepted that it is not appropriate at this stage to transfer these services to a fully independent state, the Council could transfer some or all of the services within the Company after an initial contract(s); thereby transferring the enterprise to independence. This is a legal possibility, but it is the Council's expectation to always keep the services under its control through the Optalis Partnership.

Failure of Optalis to deliver the proposed business plan

- 9.5 In the event of business failure or poor performance, the Royal Borough would need to consider alternative arrangements. There are three solutions:
1. **Replace the senior management team.** This would typically involve replacing the directors after consistent underperformance and after the failure of their response initiatives to the initial poor service or financial performance.
 2. **Bringing the services back into the Royal Borough.** This would be a relative quick and inexpensive solution. Whilst it would be a retrograde step it may provide confidence to service users, carers, staff and unions and help to manage risk.
 3. **Move services to the independent sector.** Alternatively, the Council could look to the market to take on these services, although this would take some time to achieve and incur significant procurement costs. The reasons for the potential failure of Optalis as a business may also have an impact on the interest and response of the market and push up the costs. Therefore, an analysis of the costs of either bolstering the services or the Board versus making them attractive to independent providers would need to be undertaken.
- 9.6 The level of scrutiny of the performance of a Council owned independent organisation is much greater than that of any other independent provider and as partner, the two councils would have plenty of warning if Optalis is not achieving its planned performance or is likely to become unviable. There will therefore be an opportunity to implement an improvement plan to bring the performance back into line or if it is felt that this is unlikely, to look at the other alternatives discussed above.

Breaching the conditions of the Teckal Exemption

9.7 If Optalis over-performs in generating additional income outside of the original contract with the Councils, it would become an issue where additional new income generation becomes more than 20% of the contract sum with the Councils, as this would mean that the Teckal exemption can no longer be applied. If this were the case the Councils have three options:

1. Use another wholly owned company of Optalis that only manages contracts from outside the Councils, thus negating the need for Teckal compliance. This is because the Councils would be keeping all their services in the original first Teckal compliant Company so no transfers of services would take place. This other wholly owned company has already been incorporated and is available if needed.
2. Go to procurement on the original services and thereby open up the opportunity to the whole market as well as Optalis.
3. Undertake another options appraisal on transferring the business to greater independence in line with the paragraph above.

The Councils would be able to continue to own the Company and therefore continue to benefit from the profits generated as well as other benefits previously described. It is unlikely that the Council would breach the other main condition of the Teckal exemption, i.e. it is unable to demonstrate that it has effective control of the organisation.

10 IMPLEMENTATION

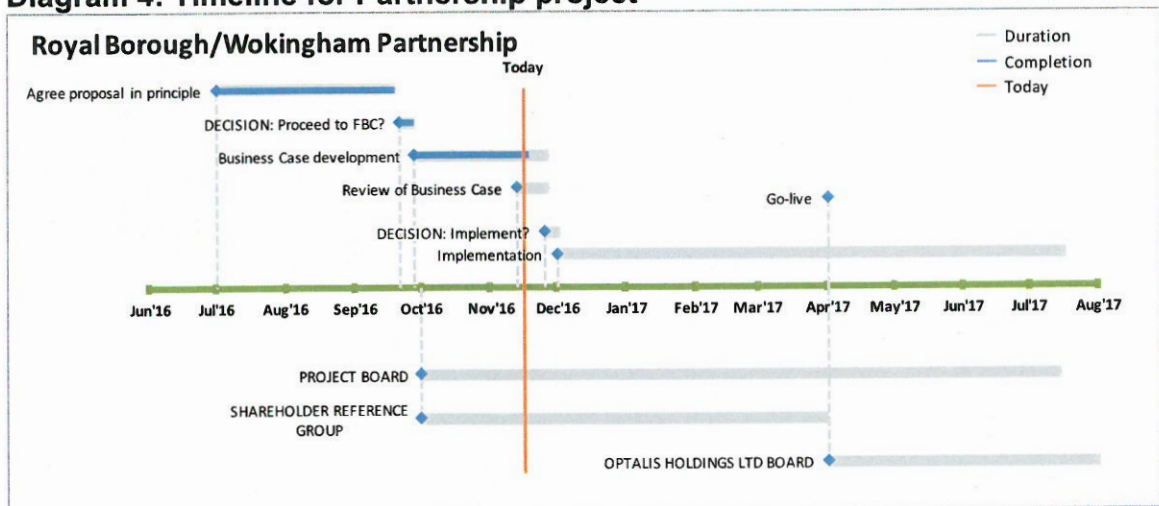
10.1 A set of arrangements has been created to oversee the implementation project: a Shareholder Reference Group, an Implementation Project Board, and a Workstream Project Team:

- The **Shareholder Reference Group (SRG)** represents the views and objectives of the partner Councils. Membership of the group comprises Members and officers who have knowledge and experience in adult social care and finance. The SRG will oversee the implementation, in a guiding, advising and ratifying role.
- The **Implementation Project Board** comprises officers with specialist knowledge in: adult social care, human resources, finance, governance etc. The Board will meet every two weeks at least and will be responsible for the successful delivery of the enlarged Optalis.
- The **Workstream Project Team** comprises the project management team, and the 'doers' from each workstream who are responsible for the work required for the Business Case and for delivering a successful implementation.

10.2 A high-level implementation plan will be developed, based on the assumptions and plans explored and agreed in the Business Case. This plan will provide an achievable timeline for the go-live date for the new Optalis and highlight the key deliverables and milestones that will need to be met, including:

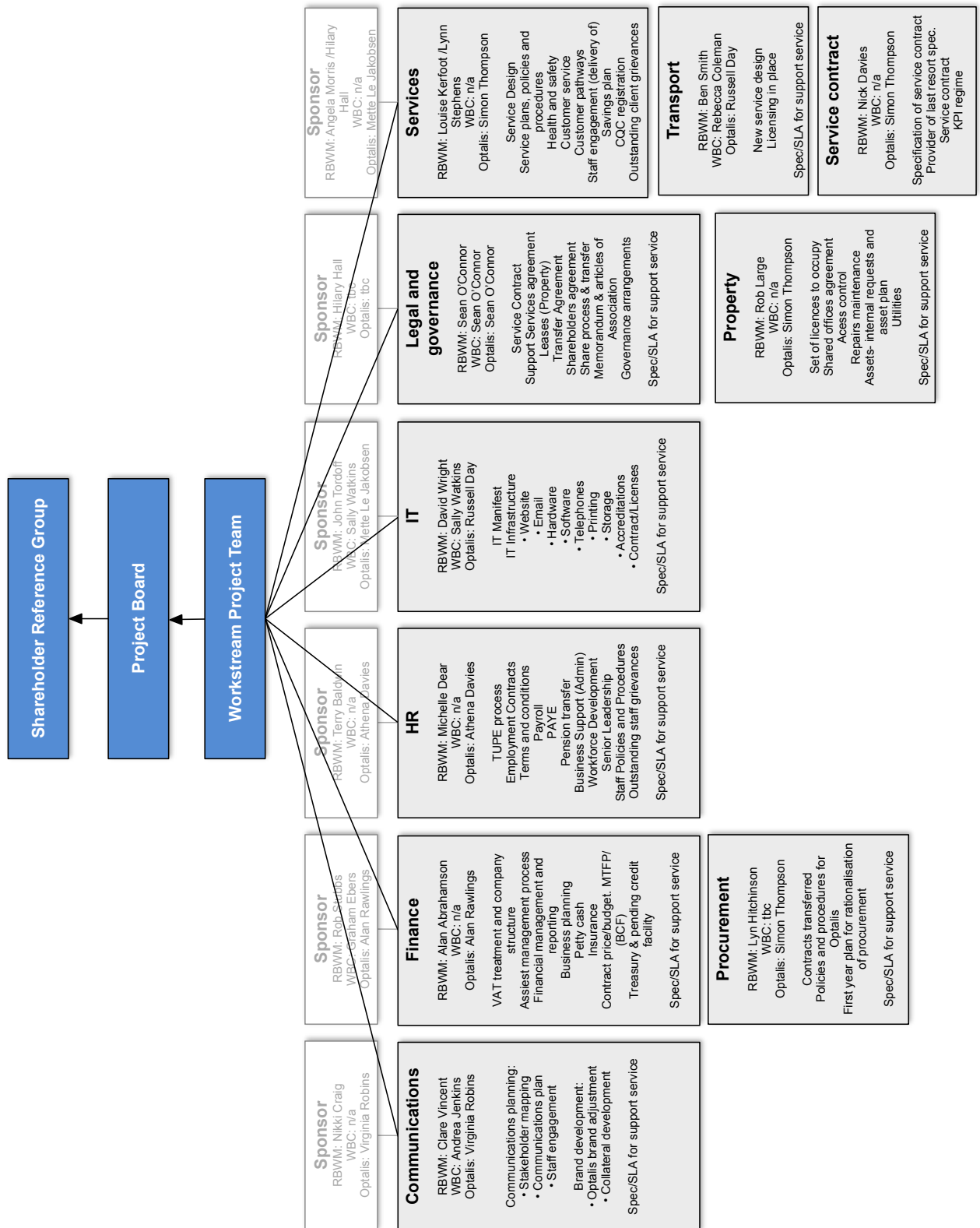
- Timeline for successful transfer and transition, see diagram 4.
- Overview of structure for implementation.
- Key stages for implementation roadmap.
- Key considerations for implementation roadmap.

Diagram 4: Timeline for Partnership project



10.3 The workstreams, key members, and high level view of the work required from each workstream has been identified, see diagram 5.

Diagram 5: Implementation project structure



Adult Social Care Partnership
Business Case
Appendices

Appendix 1: UNDERLYING PRINCIPLES FOR THE PARTNERSHIP

11.1 The following represent the underlying principles agreed in the Merger Model for the Partnership:

1. Savings/profit:
 - a. Earns a financial return through share transfer price and profit share.
 - b. Improves current financial position through growth and achieving a critical mass.
 - c. Enhances reputation to attract more partners and growth as a “big player in the market”.
 - d. Reduces current cost of delivery: the net cost of the services as funded by the Royal Borough must be reduced over the first three years – at a minimal level of £1.8m.
 - e. Flexibility of charging the LATC model must allow for flexibility of pricing and charging and open the market for self-funders.
2. Service:
 - a. Long term resilience is increased through scale and variety of services, by the Royal Borough and Optalis services joining together.
 - b. Improves recruitment and retention: recruitment and retention of quality staff is key to future success and can avoid competition for staff.
 - c. Ensures a supply of quality service provision in the changed service world of personalization in response to commissioning 20-25% of the market as people commission themselves, Optalis needs to be in that market.
 - d. Gains market management capability: joining Optalis puts an alternative provider in the market, assisting to influence other local providers.
 - e. Gives a preferred Provider of Last Resort: the Royal Borough, as commissioners, needs to be able to call on a provider that will guarantee to manage a failing service when they request it. This can only happen if the Royal Borough has a level of control over such a provider. This level of control is usually associated with some form of ownership. This ‘step-in’ service is often termed ‘The Provider of Last Resort’. This is separate from the Royal Borough’s statutory safeguarding duty in the event of provider failure but will be a significant support to enable it to deliver its duty.
3. Quality:
 - a. Maintains quality:
 - b. Improving quality is not seen as a major driver as the perception is that the services are currently performing well.
 - c. The current level of service quality must be maintained for customers – service resilience would be increased.
4. Control:
 - a. Control is shared:
 - b. Both Councils are seeking a partnership with shared control.
 - c. Shareholding proportions will be marginally in favour of Wokingham in the first two years, or until a new partner is admitted.
 - d. Partner authorities have control of their services through contracts.
 - e. A commissioning relationship and strong contract management will ensure control of each Council’s services as delivered by Optalis.
5. Risk:
 - a. The implementation of the merger must not negatively impact on current services or service users: a maxim of ‘do no harm’ to be applied to the implementation programme.
 - b. Risk must be appropriately managed/mitigated through:

- c. Appropriate governance arrangements.
- d. A common purpose: a common understanding of vision, mission and objectives by both Councils. This common understanding will be developed through the business case and implementation of the merger.
- e. Effective communication between the company and the Councils and key partners e.g. Clinical Commissioning Groups.
- f. Reduces risk of competition if the Royal Borough went on their own, competition would increase for both clients and staff.
- g. Reduces risk overall for the Company:
- h. The new Company will be significantly bigger.
- i. Recruitment and retention of quality staff is key to future success and can avoid competition for staff.
- j. Will have a larger potential private market to develop.

Appendix 2: KEY ASSUMPTIONS UNDERPINNING BUSINESS CASE

11.2 Key assumptions have been approved for the Business Case. Together with the financial assumptions, they represent the work done in designing the new Optalis Partnership:

Communications assumptions

1. The style guidelines for how Optalis interacts with Wokingham will be copied for how Optalis will interact with the Royal Borough from go-live.
2. The key visible change on go-live will be a change of name badges – ‘the same customers will receive the same services from the same staff in the same buildings at go-live’.

Financial assumptions

1. Payroll Provision:
 - a. Optalis will continue to provide services to their staff and new starters across all new services on the Pegasus system from 3rd April.
 - b. The Royal Borough will continue to provide payroll services for 12 months post go-live until the long term solution for support services has been put in place.
 - c. BACS payments will be used to pay transferred staff – it is assumed that current Optalis facilities will continue.
 - d. The Royal Borough payroll will provide monthly BACS payment lists for Optalis to pay staff with and monthly journals/downloads for the ledgers.
 - e. New starters will be managed on the existing Royal Borough self service HR systems and processes for the first year.
2. Two-tier workforce:
 - a. There will be a two tier workforce.
 - b. New employees will join on Optalis terms and conditions.
 - c. New employees will be eligible to join the Optalis new starter pension scheme.
 - d. Optalis will apply for admitted body status into LGPS for the staff transferring from the Royal Borough.
 - e. The scheme will not be an open scheme.
 - f. Optalis will continue to follow auto-enrolment regulations.
3. VAT:
 - a. Unclaimable Input VAT on registered services will be mitigated by the two company structure as agreed by HMRC and introduced in four existing LATCs.
 - b. The Business Case recommends the most VAT efficient structure.
4. Financial transaction processing:
 - a. All the Royal Borough financial transaction processing will remain with the Royal Borough finance at go-live. This will include:
 - i. Purchase orders and supplier invoices.
 - ii. Petty Cash returns including purchasing cards.
 - iii. Sales invoice generation and posting for private income.
 - iv. Sales receipts banking and posting.
 - v. Payroll data upload.
 - vi. Bank transactions posting.
 - b. The system outputs will be designed to be downloaded into the Optalis accounting system so that all general ledger management and financial

- reporting capacity will be managed by the Optalis finance team.
5. Additional costs of the new governance structure will be paid by the new Optalis, eg cost of Non-Executive Director and Independent Chair.
 6. Any recruitment costs for Optalis Ltd Board will be paid by the shareholders.
 7. The financial modelling for the Business Case is based on the following assumptions:
 - a. All financial and other consequences of planned or proposed property reconfigurations have not been included the Value for Money comparison as they will be applied with or without the merger.
 - b. Inflation assumed to be ZERO for all costs for comparison purposes only.
 - c. The Business Case will be evaluated over a 5 year period and will use an internal rate of return of 6% (as required by Wokingham).
 - d. Not all efficiency savings in Optalis will be reflected in a reduced cost of service to the Councils, but could be retained as profit available for dividend.
 - e. Service budgets for the Royal Borough services will be taken from agreed 2016/17 budget costs for the relevant services. These budgets do not include any re-allocated costs from corporate or other centrally provided services.
 - f. Royal Borough budgets will be increased by the “demographic cost increase” of £750k year on year.
 - g. The Royal Borough identified budget savings will be achieved by Optalis over the initial three-year period. These savings are not guaranteed, and any shortfall in savings will not be paid out of other Optalis income or savings streams.
 - h. The Royal Borough will cover any historic pension deficit at the point of transfer to Optalis for those staff to transfer. The cost of pension contributions will represent the cost of current provision and will not include any historical deficit contributions.
 - i. Any post transfer pension deficit accrued subsequent to and relating to the admission of the Royal Borough staff to the LGPS pension scheme will be the responsibility of Optalis.
 - j. Budgeted/forecast pension contributions will be at a sufficient level to support the new pension provision for Optalis. Optalis will look for the most cost-effective structure to provide current pension provision.
 - k. Large scale redundancy costs from the Royal Borough services will be paid by the Royal Borough.
 - l. Pension uplift liabilities, caused by redundancy of over 55s, will be the responsibility of the respective Councils, this applies to both large scale and small scale redundancies.
 - m. Current income from other Government bodies will remain with the respective recipient Council. Optalis will be a provider of services, not a collector of income on behalf of the Royal Borough, unless it is agreed for a specific service provision.
 - n. New self-funder income and other new income streams will be included as Optalis income and treated as such through Pegasus.
 - o. Cashflow calculations will be based on normal payment days – 30/60 days.
 - p. Working Capital will be financed by early payment of first month’s service invoices.
 - q. Fixtures, fittings and equipment (FF&E) assumed transfer value of NRV. This does not include any IT equipment.
 - r. IT equipment will be provided as part of fully costed service delivery provided by the Royal Borough. Wokingham will continue to provide its current IT service to Optalis.
 - s. FF&E depreciated straight line over 10 years.
 - t. Corporation Tax liability will be calculated on 20% of net profit after interest and the rebate structure of the Royal Borough service contract with Optalis

- will aim to reduce the corporation tax liability.
- u. VAT to be levied at 20%.
- v. Savings to be achieved by Optalis on the Royal Borough services will be through:
 - i. Increased efficiencies.
 - ii. Better working patterns and practices.
 - iii. Reduced cost and consumption of supplies and services.
- w. Additional insurance costs will be estimated – an experienced LATC insurance broker will be used to provide quotes/estimates.
- x. External Audit costs for Optalis will be increased (based on experience and current costs).
- y. Deputy Director costs and support costs will be transferred from the Royal Borough budgets.
- z. Training budgets for staff will be provided through a support services SLA from the Royal Borough.
- aa. Properties occupied by services will be provided through licenses to occupy at a market rent.
- bb. The Royal Borough and Wokingham will be responsible as the landlord for all major repairs and maintenance – there are no significant budgets for this in services to be transferred.
- cc. Optalis will continue to occupy its current H.O. building, until the lease is due for renewal, when a review of other available locations will be made.

HR assumptions

1. TUPE:
 - a. The current staff, estimated at 294 staff / 259 FTE, will TUPE transfer into the company within the implementation programme.
 - b. Under TUPE, staff will remain on the same terms and conditions as at transfer.
 - c. TUPE consultation starts January 3rd 2017 and runs for 30 days.
 - d. The pay/reward scheme will transfer. Optalis will annually decide whether to put budget into it for distribution.
2. Terms and conditions:
 - a. The Royal Borough is on Local, not National, Pay and Terms and Conditions.
 - b. Future changes to Council terms and conditions:
 - c. There will be no ongoing link with the Royal Borough terms and conditions.
 - d. There will be no agreement that the Company will mirror any future changes to Council terms and conditions, whether adverse or positive.
3. Union recognition:
 - a. The Company will recognise the Unions and form their own relationship with them.
4. Two tier workforce:
 - a. The plan assumes that there will be a two tier workforce and that new employees into the company will be on Optalis terms and conditions, including Optalis pension.
5. Change of roles:
 - a. If ex-Royal Borough staff change roles within Optalis, they will move onto Optalis terms and conditions and Optalis pension.
6. Pension:
 - a. Optalis will apply for admitted body status into LGPS for the staff transferring from the Royal Borough.
 - b. The 'ex-Royal Borough' scheme will be a closed scheme.
 - c. Optalis follows auto-enrolment regulations for new starters into the Optalis pension scheme.

7. Future redundancies:
 - a. Redundancies caused by Council decisions, e.g. the Royal Borough cutting a contract for a service, will be funded by the Royal Borough.
 - b. Redundancies caused by decisions agreed in advance by the royal Borough shareholders made within the company will be funded by the Royal Borough, e.g. as a result of service improvement, where efficiencies and relevant cost have been identified in the business plan / business case.
 - c. Redundancies caused by decisions not agreed by Royal Borough shareholders in advance will be funded by Optalis with the exception of the pension deficit (where relevant).
 - d. During implementation, the negotiations on the Service Contract to the Council will include measures to allow both parties to agree a sharing of redundancy costs for service and efficiency improvements after reasonable mitigation through redeployment has taken place.
 - e. Optalis is covered by the Modification Order (Redundancy Payments (Continuity of Employment in Local Government) (Modification) Order 1999), and this will apply to ex-Royal Borough staff. A transfer of employment from one employer to another will not break continuity if the two employers are "associated".

IT assumptions

1. Directorate staff will be treated as Council 'employees', in a slightly separate department, for IT purposes. This greatly simplifies the IT setup because it negates the need to set up a completely separate system for the services on moving from the Royal Borough.
2. All IT will be bought back from the Royal Borough as a Managed Service for one year until a long term solution is put in place.
3. Software:
 - a. The company will continue to use the following major current software:
 - i. Microsoft 365. Both Councils and Optalis use 365.
 - ii. Payroll and finance systems.
 - iii. Care management system – Paris.
4. Access control:
 - a. Optalis and the Royal Borough staff will continue to use the access control system for ID badges and access, where applicable.
 - b. Badges will be relabelled.
 - c. Staff will need two cards to access both 'sides' of the company.
 - d. The Royal Borough uses Mayflex cards at approximately £5 each.
5. Refresh to hardware as per the Royal Borough current programme:
 - a. Day one they take laptops across.
6. Files:
 - a. Working files to be taken across.
 - b. Independent directories to be set up.
 - c. Shared directory for joint work.
7. New starters:
 - a. New starters in the Royal Borough directorate will begin on the same systems as the rest of the ex-Royal Borough staff.
8. Election support:
 - a. Ex-Royal Borough staff will continue to offer election support to the Royal Borough
9. Shared work areas:
 - a. Ex-Royal Borough staff will continue to be able to use the Royal Borough shared work areas.
10. Mobile phones:

- a. Staff will remain on EE.
- 11. Website:
 - a. The Royal Borough website will point customers to Optalis.
 - b. The Optalis website will include the Royal Borough services.
- 12. Intranet:
 - a. Ex-Royal Borough staff will retain access to the Royal Borough intranet in first instance to access terms and conditions, health and safety policies, phone book etc.
- 13. Network:
 - a. The Royal Borough and Wokingham have a secure connection between their networks.
 - b. The Directorate will continue to use the same network.
 - c. Shared drives will be partitioned so the Optalis Directorate cannot see across the divide and vice versa.
- 14. PSN accreditation:
 - a. The Directorate will need to retain accreditation and comply with the relevant standards.
 - b. The Royal Borough has N3 accreditation.

Legal assumptions

1. The organisation will be redesigned with a two company structure for Teckal and VAT purposes:
 - a. Care company – registered with CQC and employing all care staff. This is Optalis Limited (OL).
 - b. Support company – providing all other operational facilities for the services including supply contracts and leases. Also holds the contracts with both authorities for the provision of ASC services. This is Optalis Public Limited (OPL).
2. This decision will need financial input and VAT expertise to ensure that the best financial result is obtained without risking challenge from HMRC.
3. The Royal Borough will be purchasing shares to achieve a 45% stake-holding in Optalis Holdings Limited (OHL). OHL holds 100% shares in OL and OPL. The exact details of which company's shares to be purchased will be made by the Project Board.
4. There is a desire by both partners to move towards a 50/50 shareholding. Through the first two years, progress will be formally reviewed by the OHL and, provided it has gone well, the Group will then broker a move towards a more equal shareholding. The price of the additional shares will be based on the same valuation principles as the initial transfer price.
5. The Shareholders will agree the treatment of profits, reinvested or distributed in some form or other to take account of adverse tax implications and business development requirements.
6. Profit- share of profits/savings achieved outside of the agreed £2.m specified in the business plan will be based on the shareholding proportions at the end of the financial year in which the profits were earned.
7. The Royal Borough is proposing to pay £771k for their 45% shareholding in OHL. This will be paid before the TUPE transfer date 1st April 2017.
8. The Merger Model paper includes a Shareholder Governance Board (SGB) with three Members from each of the partner authorities with voting rights. Officers are invited to attend and inform the Board. This Board will be replaced with the Members being statutory directors of OHL. Senior Officers will still be invited to attend the Board meetings to inform and advise Directors. Only Statutory Directors will have voting rights and it is one person/one vote. The Chair will have a casting vote.

9. Redundancy liability for ex-the Royal Borough staff will rest with the Royal Borough.
10. Pre-transfer liabilities on pension deficits will remain with the Royal Borough. Where transferring employees are admitted to Royal Berkshire Pension Scheme as an admitted and closed group, then the Royal Borough will provide a bond or indemnity as stipulated by the pension fund.
11. Pension deficit liabilities built up after go-live will be Optalis's responsibility.
12. The Chairmanship of the OHL will rotate every two years and will commence with a Wokingham Member as Chair.
13. There will be a Shareholder Agreement that will regularise the relationship between the shareholders and will set out a number of reserved matters for the shareholders to make decisions on. These reserved matters will include actions that the Optalis Board cannot carry out without the express permission of OHL. Draft reserved matters are included in the Merger model paper and will be finalised during implementation. Matters may be reserved to each partner Council.
14. The Shareholder Agreement needs to include a means to bring in a third partner, on terms to be agreed by the OHL Board at that time. It is an expectation of both partner authorities that a third partner will be looking to join Optalis within 2 years.
15. The OL/OPL Company Board will continue to function as it is and there will be no Members from either authority on it, as Members or Chair. Directors cannot be appointed or removed unless the decision is ratified by OHL. The Board of OL and OPL will be the same persons.
16. If any shareholder wishes to dispose of shares, they must first obtain consent of the other shareholders. All shareholders have pre-emption rights on any agreed disposal of shares.
17. Both Councils are committed to a long-term partnership, exit protocols will need to be produced as part of the shareholder agreement work during implementation. The general principles will be that any partner requesting a change will be required to fund the cost of change
18. OPL/OL are operating under the Teckal ex.emption and the Royal Borough's services and staff can transfer into OL under that exemption:
 - a. The company will monitor the level of external business to ensure it maintains compliance, or ceases to be covered by Teckal.
19. Ability to occupy the Royal Borough properties:
 - a. Both Wokingham and the Royal Borough Legal and Property Departments have decided the best vehicle for safe occupancy is Licences to occupy.
 - b. The charge for occupancy of the Royal Borough properties will be at market values or some form of reduced rent that will stand up to any State-Aid challenge.
 - c. This option will not involve a Stamp Duty Land Tax liability.
 - d. The Royal Borough will remain as landlord and will keep the principal liabilities of the maintenance of the properties and will ensure that properties remain fit for purpose. Optalis will be responsible for minor and internal repairs from occupation. Where improvements are made, beyond that needed to remain fit for purposes, then the parties will agree how these are funded.
20. External legal and tax advice will be sought to structure and draft the required legal documents.
21. The Royal Borough will enter into a 10 year service agreement with OPL with a break at year 7. The contract will either end at 10 years or upon 12 months notice to take effect at the end of year 7. The Councils will be required to jointly fund the costs of ending the agreement, such proportion to be in accordance with their shareholding.
22. Additional contracts shall be required for:
 - a. Contract for supply of support services to Optalis by the Royal Borough including phasing of support or payment of costs when transferred to Optalis.

- b. Business Transfer Agreement which shall include the scope of the Adult Social Care business that will be transferred and the timetable of transfer.
- 23. The Royal Borough Property Department will agree the base licence to occupy and other agreements for all of the properties.
- 24. The list of documents to be reviewed and agreed by legal is set out in Table 7.

Table 7: Documents to be developed during implementation

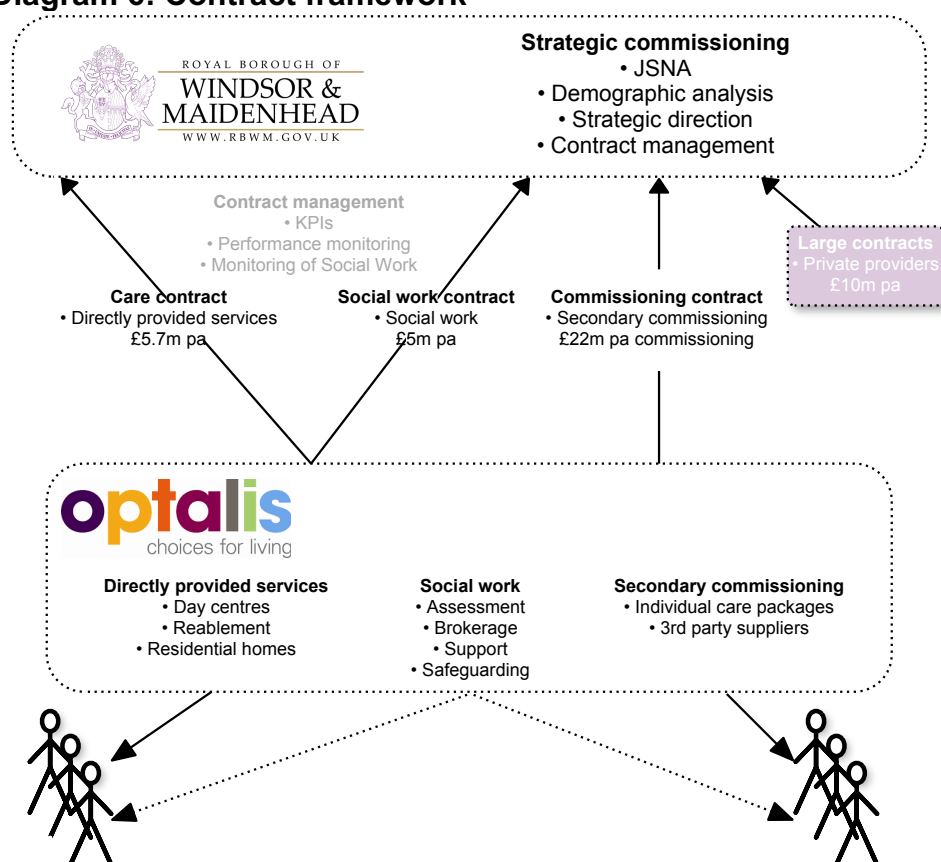
Document	Produced by:
Service contract (including provider of last resort)	Optalis/Wokingham
Service Contract Specifications	Operations and Commissioners
Contract price	Finance
KPIs	Operations and Commissioners
Leases	Royal Borough Property
Transfer agreement	Shared legal service
Shareholders agreement	Trowers
Share purchase and transfer	Royal Borough
Memorandum and articles of association	Royal Borough
Support services agreement	Royal Borough
Support Services Specification	Royal Borough
Support Services price	Royal Borough Finance

Procurement assumptions

1. The company will be set up with a two company structure for VAT purposes:
 - a. Care company.
 - b. Support company – for all purchases.
2. The company will be set up under the Teckal exemption:
 - a. The company will monitor the level of external business to ensure it maintains compliance, or ceases to be covered by Teckal.
3. Current contracts with suppliers:
 - a. For the purposes of current supplier contracts Optalis will be seen as a 'department' of the Council and continue to use these existing contracts.
 - b. Current suppliers will be informed of the set up of the company by 'light touch' means to ensure contracts are available to Optalis to access as required.
 - c. These contracts will not be assigned – but the company will be able to call-off as required through the same mechanisms as currently available to service departments.
4. New contracts:
 - a. Optalis will be able take part in the Royal Borough procurement activities, including national and local framework agreements.
 - b. Optalis is free to set up their own purchasing provision and purchase outside of the Royal Borough set up contracts.
5. Governance:
 - a. In the first instance Optalis 'the Royal Borough' will adopt the Council's guidelines for:
 - i. Procurement.
 - ii. Purchasing.
 - b. The LATC will follow public sector procurement legislation until it is

- ascertained if it may move away from these.
- c. Within these constraints, Optalis 'the Royal Borough' will be free to decide if they wish to amend the guidelines, for example tighter central control of purchasing is typical in a smaller, more commercial organisation.
6. Service procurement:
 - a. Procurement will continue to advise adults on significant procurement of contracts for services.
 - b. Spot purchases: A blanket annual waiver will be set up in terms of a procurement template.
 7. Contract management:
 - a. Appropriate contract management arrangements, including KPI's, performance monitoring, and monitoring of Social Work will be put in place to manage the contracts with Optalis for provider services, Social Work and secondary commissioning, see diagram 6.

Diagram 6: Contract framework



Property assumptions

1. For sole occupancy buildings the Royal Borough Directorate will occupy its buildings through Licences to occupy.
2. Head Office will remain at Trinity House in Wokingham and will be reviewed when the third party lease is due to end.
3. Shared occupancy buildings, eg, Town Hall, Nicholson House and York House, will have an agreed "serviced desk" charge based on the average number of Optalis staff using the building.
4. Optalis will need to have capacity to hold senior management meetings in the Royal Borough buildings as well as in Wokingham buildings.
5. The use of the buildings by Optalis will be charged at either market rent or an agreed price that will stand any challenge on the grounds of State Aid.
6. The Council will continue, as the landlord, to be responsible for the fabric of the

- occupied buildings, ie wind and weather proof and all exterior issues.
7. Optalis will be responsible for the interior condition of the sole occupied properties, supported by appropriate repair and maintenance budgets to be transferred over from the Council. Fine details of tenant and landlord responsibilities to be agreed during implementation.
 8. The Council will be responsible for keeping the properties in good serviceable condition equivalent to what is currently provided, it is accepted that the Council has no money to significantly improve building quality:
 - a. A service level agreement will be developed for:
 - i. Optalis to work with the Council to enable critical maintenance and testing to be undertaken including PAT testing.
 - ii. Optalis to be responsible for replacing or repairing or decommissioning items that fail the PAT testing.
 - iii. Optalis to be responsible for the repair, replacement or decommissioning of fixtures and fittings.
 - iv. Optalis to be responsible for the testing of alarms and emergency systems etc that are usually required to be tested by the health & safety duty holder.
 - v. Optalis to act as the health and safety duty holder.
 - vi. Legionella testing to be decided during implementation.
 9. Optalis to seek Council approval for any alterations or upgrades it wishes to undertake to a property, such approval not to be unreasonably withheld. In implementing any works, the company to use contractors approved by the Council, this would involve checks on competence, insurances and their health and safety plan.
 10. Optalis to be responsible for all utility payments provided the funding is inside the service budgets or transferred to Optalis.

Service contract assumptions

1. Transfer of services to Optalis will be on an 'as is' basis.
2. 2016/17 Gross cost budgets for all services in scope will be transferring to the company.
3. Income generated locally by Optalis contracts will transfer to the company.
4. Existing service user contributions will be collected and kept by the Council.
5. All other grant funding and other local authority income, will remain with the Council.
6. Optalis will commission all the services in scope on a block contract basis with the contract price reflecting savings and efficiencies.
7. All services provided to the Council will be backed by a legal contract with service specifications and KPIs.
8. If the company results are significantly better than the Business Case forecasts, some or all of the profit will be given back to the Council as a rebate. This decision to be made by the Optalis Holdings Ltd.

Transport assumptions

1. The current licencing arrangements for passenger transport will require changing because the commercial nature of the new organisation triggers the need to change arrangements. This work will form part of the Transport workstream.
2. The current day to day management of transport is done within the services. This will transfer to Optalis within the Directorate.
3. Insurance for the company will continue to be provided by the Council's insurers under the same financial arrangements.

Appendix 3: SERVICES IN THE OPTALIS PARTNERSHIP

11.3 The services transferring from the Royal Borough into Optalis are set out in Table 8, including budget, FTE and headcount:

Table 8: Services transferring from the Royal Borough

Adult Social Care Partnership			
Cost budgets and staff numbers for Royal Borough services in scope			
Service Areas	Gross Budget	FTEs	Headcount
	£'000s		
<u>Directly provided services</u>			
Windsor Day Care Centre for older people	286	7.16	8
Oak Bridge Centre for adults with learning disabilities	426	9.43	10
Boyn Grove day care centre	1,179	37.12	46
Short term support and reablement	2,400	62.52	68
Winston Court registered residential home	526	11.10	17
Homeside registered residential home	485	11.31	13
Allenby Road respite services	371	4.44	6
<u>Care Management</u>			
Physical disabilities and older people – staffing	2,029	47.03	52
CTP for learning disabilities – staffing	483	10.22	12
Deprivation of Liberty services, Safeguarding & QA staffing	499	7.00	7
Community mental health staffing	1,082	25.59	27
<u>Brokerage Support Services</u>			
Operational commissioning – care brokerage & placements	87	3.00	3
Business Support	283	12.00	13
Data analyst & telecare	90	2.00	2
Financial assessment	201	5.00	5
<u>Senior Management</u>			
Adult social care management and support	308	5.00	5
<u>Commissioned services - in scope - at transfer date</u>			
Residential/Nursing Care - spot contacts	9,253		
Direct payments (£1.5m), respite care, external daycare & other	3,309		
Spot contracts for services for LD	7,226		
Adult social care support services	550		
Mental health care budget – services	2,279		
3/4/2017 transfer - Total	33,353	259.92	294
<u>Commissioned services - in scope - delayed transfer.</u>			
Homecare - outcome based commissioning contract	3,570		
Residential/Nursing Care - care element of block contracts for tender in 2016	2,550		
Equipment BCES contract - telecare & other	454		
Block contracts for LD services	3,000		
<u>Total Services in scope</u>	£42,927	259.92	294

11.4 The services provided currently by Optalis are set out in table 9:

Table 9: Optalis services at date of transfer

Adult Social Care Partnership Optalis services at date of transfer				
Service Areas	Address/Location	Turnover £'000s	FTEs	Headcount
<u>Directly provided LD services</u>				
Supported employment service	Borough-wide	567	15.84	16
Independent living service	Independent Living Svcs Wokingham	966	35.28	36.6
Learning disability day services	Earley and Woodley, Wokingham	1,571	40.25	47.16
Physical disability day service	Westmead Wokingham	275	9.68	11.33
RBWM LD residential home	Mokatam Maidenhead	480	7.64	12.4
Out & about	Borough-wide	185	3.6	4.5
Supported living	Hillside and Oakfield, Wokingham	304	5	5
<u>Directly provided older person svcs</u>				
Dementia specialist residential home	Suffolk Lodge, Wokingham	1,915	52.59	61
Extra care	Alexandra Place, Beeches, W'ham	1,833	69.02	89.99
Extra care	Cockayne Court, Wokingham			
Extra care	Clement House, Bracknell			
Extra care	Pinehaven, Wokingham			
Extra care	Nicholson House, Abingdon	551	12.3	22
Home care	Borough-wide	620	41.28	55
START	Borough-wide	571	12.35	16
<u>Brokerage support services</u>				
Social work	Trinity House Wokingham	2,186	59.7	67.0
Safeguarding	Trinity House Wokingham			
OT service	Borough-wide			
Brokerage	Trinity House Wokingham			
Duty & reviews	Trinity House Wokingham			
Professional standards	Trinity House Wokingham			
<u>Senior management</u>				
Finance	Trinity House Wokingham	n/a	23.69	28
HR	Trinity House Wokingham			
Operations	Trinity House Wokingham			
<u>Total services</u>		£ 12,024	388.2	472.0

Appendix 4: RISK REGISTER

11.5 The risks and mitigating actions identified during the development of the Business Case that could occur during the Implementation programme are set out in Table 10.

11.6 A robust risk management plan will be developed to support the Implementation Programme Plan.

Table 10: Implementation risks

Implementation		
Risk	Mitigation	Residual Risk
Lack of availability of Council and Optalis staff to participate in and support the delivery of the project and lack of staff time at the right moment.	<p>Prioritisation of participants'/supporters' workload by senior management.</p> <p>Understand the capacity to change and provide change management support as required.</p> <p>Clear project plan with milestones and dependencies on the Council and Optalis identified.</p> <p>High level sponsorship of the project reiterates importance of this project to achieving Council outcomes and savings.</p>	Low
Lack of technical knowledge about various management options and specifically LATC's.	Strong Project Board / relevant and experienced consultant input / sound legal advice, and thorough research and evaluation of options.	Low
Staff opposed to Partnership leave.	<p>Early engagement with staff.</p> <p>Continued targeted communications programme throughout implementation.</p> <p>Promote anticipated benefits of the changes.</p> <p>Provide mechanisms for questions and feedback.</p>	Low
Service users opposed to Partnership.	<p>Targeted communications programme with service users and representation groups.</p> <p>Promote anticipated benefits of the changes.</p> <p>Provide mechanisms for questions and feedback.</p>	Low
Project delay impacting on cost and staffing availability.	<p>Ensure realistic planning and timescales are agreed and quantify costs of delay</p> <p>Pre-plan implementation so that the</p>	Medium

Implementation		
Risk	Mitigation	Residual Risk
	programme can begin, fully resourced.	
Lack of access to or availability of required Council data.	Specific data requests distributed to identified individuals at earliest opportunity with reasonable timescales for response.	Low
Lack of decision-making in support service departments.	Robust project management and accountability.	Low
Non-engagement of staff, Members and unions.	Early and continuous engagement of these key stakeholder group throughout the project.	Low
Legal challenge of process adopted in deciding to go ahead with the Partnership.	Follow due process including project governance, EIAs and consultation approach.	Low

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TITLE	Revenue Monitoring 2016/17 – December 2016
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
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:

- 1) 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;
- 2) note the potential carry forward requests as per Appendix B;
- 3) approve a Supplementary Estimate for Health and Wellbeing in the sum of £722k.

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 £812k, Housing Revenue Account a net underspend of £38k and Schools Block a net overspend of £286k.

Background

General Fund

The table below shows the expected forecast outturn for 2016/17 by Service. An explanation of the major budget variances are shown in Appendix A.

Revenue	Budget 2016-17 £k	Forecast Variance £k
Chief Executives	5,011	(40)
Childrens Services	33,474	386
Health & Wellbeing	44,378	1,663
Environment	40,974	(80)
Finance & Resources	11,189	(1,117)
TOTAL	135,026	812

The forecast excluding Supplementary Estimate represents a General Fund net in-year overspend of £812k.

Material forecast variances include:

Chief Executive net favourable variance (£40k)

Material variances identified include Customer Services and Digitisation savings will be achieved through 21st Century Project £140k, offset by insurance premiums (£130k) & salary efficiencies (£50k).

Children's Services net adverse variance £386k

The forecast reflects a net increase in Placements £410k as well as difficulties in recruiting Social Workers which has led to retention of interims a recruitment & retention strategy is now in place to review the current balance of the structure overall adverse variance of £123k. Home to School Transport increased numbers of Special Educational Needs pupils requiring transport outside of Borough and additional Primary School routes £210k. These movements are offset by ongoing service underspends, initiatives and escalation of efficiency programmes (£207k) plus external funding of new Shared Services (£150k).

Health & Wellbeing net adverse variance £1,663k

Optalis Contract costs £533k. Impact of the continued increase in homelessness within the borough from the last quarter of 2015/16 £200k, new initiatives are underway to contain this adverse pressure. Continued impact of the care act changes resulting in increased pressures in domiciliary care £208k. Following the unfavourable outcome of the Judicial Review of the change in eligibility criteria by the Department of Health resulting in an adverse impact of £722k. The outcome

resulted in the non-receipt of expected budgeted income. The service will seek a Supplementary Estimate in respect of this.

A carry forward of £69k has been identified in respect of the Special Item relating to the Adult Social Care contract with Optalis.

Environment net favourable variance (£80k)

There has been a favourable overachievement of income from car parking (£40k) and developer street naming and numbering (£40k).

A carry forward of £565k has been identified in respect of the following:

- £440k Local Plan Review
- £75k Dinton Special Item
- £45k Minerals & Waste
- £5k Self Build Grant

Finance & Resources net favourable variance (£1,117k)

There are a number of forecasts contributing to the net forecast underspend. These include revenue released through share capital (£685k), overachievement of Business rates (£350k), Interest on balances (£180), Debt Charges (£160k), reactive maintenance (£59k) and Shared Legal Services additional income (£50k). These are offset by pressures relating to the Aspire building operational costs £106k, Concessionary Travel increase in both usage & rates £100k, increase in Joint Arrangement payments (Coroners Court) £87k and in line with other Berkshire Authorities reduction in Local Land Charges £60k.

General Fund balances as at 31 March 2017 are projected to be £9,012k; the opening balance as at 1st April 2016 was £10,370k. The Statement of General Fund balance is shown in Appendix C.

Other Funds

Housing Revenue Account net favourable variance (£38k)

The net in-year surplus is due to staffing vacancies.

The indicative Housing Revenue Account (HRA) balance as at the 31st March 2017 is £5,053k, the estimated balance as at 31st March 2017 was £5,015k. Detailed monitoring is shown in Appendix D.

Schools Block net adverse variance £286k

The net in-year deficit reflects the pressures resulting from Shinfield West School opening a year earlier and additional bulge places required in Woodley £481k, increased costs of pupils at independent special schools £658k. The deficit is partly offset through additional carry forward from 2015/16 net (£1.026m).

The indicative Dedicated Schools Grant (DSG) reserve balance as at 31st March 2017 is £552k, the estimated balance as at 31st March 2017 was £838k. Detailed monitoring is shown in Appendix E.

Investment Portfolio

The authority's investment portfolio shows current investments of £55.5m being

invested by the Council's External Fund Managers. Shown in Appendix F.

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 £135m	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

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Date 13 January 2017	Version No. v3

REVENUE MONITORING REPORT December 2016

GENERAL FUND SUMMARY

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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	4,029	3,828	(201)	5,011	(40)	£140k Customer Services and Digitisation savings will be achieved through 21st Century Project, (£50k) Salary efficiencies, (£130k) full review of Councils Insurance programme has resulted in a reduction in Insurance premiums.
Children's Services	24,275	24,593	318	33,474	386	During the first quarter service initiatives and escalation of efficiency programmes delivered to significantly contain the pressure (£357k); the increased pressures reflect, increased Children in Care £410k, increased costs of Home To School Transport £210k and commitments of existing vacancies covered by interims £123k.
Health & Wellbeing	32,156	32,034	(122)	44,378	1,663	Impact of the continued increase in homelessness within the borough from the last quarter of 2015/16 £200k; continued impact of the care act changes resulting in increased pressures in domiciliary care £208k and the unfavourable outcome following the Judicial Review of the change in eligibility criteria by the Department of Health £722k, a supplementary estimate will be requested in the December Executive meeting in respect of this pressure. Optalis Contract costs £533k and carry forward of £69k.
Environment	31,218	30,400	(819)	40,974	(80)	Overachievement of income from car parking (£40k) and street naming and numbering (£40k). Carry forward of £565k identified.
Finance & Resources	2,428	2,662	233	11,189	(1,117)	Revenue released through share capital (£685k); Business rates overachieved (£350k); Interest on balances (£180); Debt Charges (£160k); Shared Legal Services additional income (£50k); Reduction in reactive maintenance costs (£59k); Aspire Building- operational costs £106k; Concessionary Travel- increase in number of users and rates per bus fare £100k; reduction in Local Land Charges income £64k, Increase in Joint Arrangement payments (Coroners Court) £87k.
Net Expenditure	94,107	93,516	(591)	135,026	812	
Supplementary Estimate			0	722	(722)	Health & Wellbeing Supplementary Estimate requested following the unfavourable outcome of the Judicial Review; legal advice is being explored in respect of the Department of Health's decision
Net Expenditure				135,748	90	

GENERAL FUND SUMMARY CARRY FORWARDS

	<u>Carry Forwards £,000</u>	<u>Comments</u>
Chief Executives	0	No carry forwards identified.
Children's Services	0	No carry forwards identified.
Health & Wellbeing	69	2 year Special Item to Optalis is due to start July 2016 not April 2016 therefore carry forward required to cover the last quarter of April to June 2018.
64 Environment	565	£75k Dinton Special Item, £5k Self Build Grant, £440k Local Plan Review & £45k Minerals & Waste reprofiled to bring inline with other authorities as they are joint ventures.
Finance & Resources	0	No carry forwards identified.
Carry Forwards	634	

STATEMENT OF GENERAL FUND BALANCE

	£,000	£,000
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G.F. Balance (as at 31/3/2016)		(10,370)
---------------------------------------	--	-----------------

Supplementary Estimates

None approved	0	0
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Carry Forwards from 2015/16

Chief Executive	50	
Children's Services	0	
Health & Wellbeing	0	
Environment	496	
Finance & Resources	0	546

Projected Service Unit Variance - excluding request for Supplementary Estimate

Chief Executive	(40)	
Children's Services	386	
Health & Wellbeing	1,663	
Environment	(80)	
Finance & Resources	(1,117)	812

Forecast General Fund Balance 31/3/2017	(9,012)
--	----------------

REVENUE MONITORING REPORT 2016/17
Report Date: December 2016

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	1,515	1,279	(236)	7,499	1	No material forecast variances.
Fees & Charges / Capital Finance Charges	(31)	(23)	7	(30)	1	No material forecast variances.
General Management	1,278	1,239	(39)	1,511	21	Annual software licenses.
House Sales	-	-	-	-	-	No material forecast variances.
Housing Repairs	1,759	1,818	58	2,542	10	Staffing costs for maternity cover and additional repairs projects.
Other Special Expenses	143	100	(43)	174	(41)	Staffing vacancies.
Rents	(10,874)	(10,784)	90	(15,164)	31	Staffing costs for additional resources for rental collection.
Sheltered Accommodation	246	71	(175)	258	(61)	Staffing vacancies (£27k) and welfare payments receipts for sheltered accommodation tenants (£34k).
Subtotal Excluding Internal Recharges	(5,963)	(6,300)	(169)	(3,211)	(38)	
Internal and Capital Charges	3,008	3,008	(0)	4,011	0	
	(2,954)	(3,292)	(169)	800	(38)	

SCHOOLS BLOCK MONITORING REPORT December 2016

	End of year position		
	Current Approved Budget	Net over/(under) spend	Comment on major areas of estimated over/underspend
	£,000	£,000	
Total Individual Schools Budgets & Early Years Allocations	111,817	506	
Total Central Expenditure	13,696	1,324	Fees for pupils at independent special schools £658k; Project start up costs for Shinfield West brought forward to September 2016; additional bulge funding; Start up costs for Bohunt School Arborfield £481k. Internal Recharges £168k.
TOTAL SCHOOLS BUDGET EXPENDITURE	125,513	1,830	
TOTAL SCHOOLS BLOCK FUNDING INCOME	(125,200)	(518)	
NET TOTAL SCHOOLS BUDGET in-year (surplus) / deficit	313	1,312	
Brought Forward (surplus) / deficit balance	(1,151)	55	Revised carry forward £55k
In year adjustments c/fwd to 2017/18	0	(1,081)	In year DSG revision brought forward £1.081M
TOTAL YEAR-END (SURPLUS) / DEFICIT	(838)	286	

Schools Block Reserves brought forward 1st April 2016

(838)

Service Improvement Carry Forward

0

Schools Block Reserves as at 31st March 2016

(838)

Net in-year planned deficit

286

Estimated Schools Block balance as at 31st March 2017

(552)

INVESTMENT PORTFOLIO									
	Fitch Long Term Rating *	In House Limit £000	Max Duration Months	Rate	In House Investment £000	RLAM Investment £000	Aberdeen Asset Investment £000	WBC Total Investment £000	% of Portfolio
Others									
Local Authorities:									
Blackpool BC (03/05/16)	AAA	5,000	12	0.40%	3,000			0	0%
Barnsley Borough Council (03/11/16)	AAA	5,000	12	0.55%	2,000			3,000	5%
London Borough of Enfield (18/08/16, 19/07/16)	AAA	5,000	12	0.50%	5,000			2,000	4%
Eastleigh Borough Council (07/07/16)	AAA	5,000	12	0.45%	3,000			5,000	9%
Salford City Council (01/07/15, 24/08/16)	AAA	5,000	12	0.50%	3,000			3,000	5%
Birmingham City Council (22/11/16)	AAA	5,000	12	0.50%	3,000			3,000	5%
Lancashire County Council (09/06/16)	AAA	5,000	12	0.53%	5,000			3,000	9%
Conwy County Council (30/11/16)	AAA	5,000	12	0.55%	3,000			3,000	5%
West Lothian (19/05/16)	AAA	5,000	12	0.50%	3,000			3,000	5%
Debt Management Office (DMO)	AAA	20,000	12					0	0%
Cash	AAA						2	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			0	0%
SWP Global Liquidity Fund	AAA						9,618	9,618	17%
SWP Investment CA	AAA							0	0%
RLAM Investment CA	AAA							0	0%
Bank of England Treasury Bill	AA			0.48		500		500	1%
BANKING GROUPS									
Nordea Group									
Nordea Bank Finland (31/05/16)	AA-	3,000	12	0.54%	0	1,000		1,000	2%
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%
Banco Santander Hispano Group									
Banco 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 Pic	AA-	3,000	6					0	0%
Lloyds Bank (On call)	AA-	3,000	6	0.35%		386		386	1%
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%
Netwest	AA-	3,000	6		0			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	0.90%		1,006		1,006	2%
Close Brothers	A	3,000	6	0.90%	0			0	0%
Barclays Bank	AA-	3,000	12	0.45%	0	0		0	0%
ING Bank	A+	3,000	12	0.52%	0			0	0%
Svenska Handelsbanken	AA	3,000	12	0.55%		1,000		1,000	2%
BNP Paribas	AA	3,000	12	0.51%				0	0%
Rabobank	AA	3,000	12	0.80%	0			1,511	3%
Credit Suisse	AA	3,000	12	0.62%		1,001		1,001	2%
National Australia Bank	AA	3,000	12	0.76%		2,514		2,514	5%
Commonwealth Bank of Australia	AA	3,000	12	0.57%		1,006		1,006	2%
Building Societies									
Nationwide Building Society (13/08/14)	A+	2,000	6	0.59%	0			2,002	4%
Coventry Building Society (19/08/14)		2,000	6	0.45%		2,002		2,000	4%
Leeds Building Society (15/10/13)	A-	2,000	6	0.40%				2,000	4%
TOTAL EXTERNAL INVESTMENTS					34,000	11,926	9,620	55,546	1
					34,000	11,926	9,620	55,546	

In House figures as at 31/03/2016 and Fund Managers figures as at 31/03/2016

TITLE	Capital Monitoring 2016/17 – End of December 2016
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
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 2016/17 as set out in Appendix A to the report;
- 2) approve the release of £1,600k originally profiled in the medium term financial plan for 2017/18 into 2016/17, due to acceleration in the build of Arborfield Secondary School.

SUMMARY OF REPORT

To consider the 2016/17 Capital Monitoring Report to the end of December 2016. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 3rd quarter, and shows a £164k under spend variance forecast against budget.

Background

The capital monitoring report to the end of December 2016 (Appendix A) is forecasting a £164k under spend variance against budget. 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 for year 1 is £98,844k following the implementation of a new methodology to increase the level of technical analysis being used to reassess the profiling of expenditure from budget and project managers. It is estimated that £87,561k will be spent this financial year. The remaining budget will be carried forward into 2017/18. The carry forward is estimated at £62,779k.

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 forecast £164k under spend variance on the Capital Programme for the current financial year.

Uncommitted Capital balances are currently estimated to be £40k as at 31st December 2016 (prior to any announcement about funding cuts and on the assumption that the level of capital receipts will be achieved). The estimated capital receipts received for 2016-17 are expected to be £150k.

The construction of the new Secondary School at Arborfield has progressed ahead of the original plan and will result in the requirement to pay a further £1,600k in 2016/17 to be brought forward from the original 2017/18 budget allocation, this is due to the fact that the contractor has made better and faster progress on site than they initially anticipated. The overall budget forecast remains the same as previously reported.

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)	£88 million	Yes	Capital
Next Financial Year (Year 2)	£63 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

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Date 12 January 2017	Version No.1

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Capital Summary Report to End of December 2016

Appendix A

Service	Full Year Budget 2016/17 £000	Profile Year 1 £000	Profile Year 2 £000	Forecast Outturn 2016/17 £000	Proposed Carry Forward 2017/18 £000	Estimated (Under)/ Overspend £000	Total Works Complete £000	Comments
Chief Executive	27,830	16,913	10,918	16,726	186	0	7,488	Explanations of Carry Forward: Previous month's total was £186k. Current month material adjustments are zero.
Children's Services	37,733	34,091	3,642	30,913	3,057	(122)	23,398	Explanations of Carry Forward: Previous month's total was £2,977k. Current month material adjustments are zero. Explanations of variances - £(122)k School Kitchens, most kitchens brought to satisfactory level, boosted by Universal Infant Free School Meals project. Cyclical programme for replacement of old/beyond repair catering equipment in current and future years. Future kitchen modifications/additional catering equipment will be required at some schools to ensure sufficient capacity due to increase in pupil meal uptake and schools expansion programme
Environment	33,542	19,972	13,570	16,133	3,774	(66)	10,514	Explanations of Carry Forward: Previous month's total was £3,625k. Current month material adjustments are zero. Explanations of variances - £90k Station Link Road Wokingham - Year End was underestimated therefore accrual was lower than needed - wholly offset overspend by declaring an underspend against Vehicle Road Restraint System (VRRS) Budget. £(66)k London Road Landfill Reparation, project is now 100% revenue.
Finance & Resources	11,628	3,264	8,364	2,848	426	10	1,299	Explanations of Carry Forward: Previous month's total was £262k. Current month material adjustments are zero. Explanations of variances - £10k Technology Forge
Health & Wellbeing	39,770	24,604	15,166	20,940	3,677	13	13,057	Explanations of Carry Forward: Previous month's total was £2,605k. Current month material adjustments are: £917k Housing [HRA], scheduling and delivery of some works has been delayed until next financial year. Explanations of variances - £13k Twyfords Orchards - Retention for contractor.
TOTAL	150,504	98,844	51,659	87,561	11,120	(164)	55,757	

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TITLE	Chief Finance Officer's (CFO) Report
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
STRATEGIC DIRECTOR	Graham Ebers, Director of Corporate Services
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 2017/18 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. 2017/18 is the second year of the current four year settlement which was largely in line with expectations.

- a) Wokingham is again the lowest funded unitary authority in the country.
- b) This is the second year of a four year settlement from 2016/17 to 2019/20.
- c) The 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 local taxation levy is assumed in each of the four years (inflationary council tax increases plus a 2% Adult Social Care precept). Although this punitive approach has been applied to all Local Authorities, it has a significantly disproportional effect on Wokingham's council tax payers who have, through previous poor settlements, been required to make the highest percentage contribution to their local services.
- d) The Council's main grant, revenue support grant (RSG) has reduced from £6.1m in 2016/17 to £0.2m in 2017/18, £0 in 2018/19 and to a negative grant of £7.1m in 2019/20 due to a special increase to the business rates tariff payments which the Council must pay. Revenue support grant for 2017/18 equates to less than £1 per resident per year.
- e) Wokingham again has the lowest settlement funding assessment per head of all unitary authorities in the country, and less than half the funding levels of three

Berkshire authorities.

- f) Wokingham's council tax payers are expected to pay for a higher percentage of the Council's spending power than any other unitary authority, at 81.4% spending power.

The report identifies some of the most significant financial risks faced by the Council. These include the potential increases in clients as a result of the Care Act, forward funding of the Council's investment ambitions (particularly the Strategic Development Locations, SDLs, and Town Centre Regeneration), the business rate retention scheme, plus changes arising from the local government finance settlement in December 2016.

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 outlines the major financial issues facing the Council.

Analysis of Issues

The Chief Financial Officer's report contains issues, risks and strategic considerations in respect of revenue and capital.

Key issues are considered under the following headings and will be updated for the revised version of this report to be issued after the local government finance settlement has been released:

- 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.

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Date 17 January 2017	Version No. 2

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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 2017/18 budget.

2. Strategic Overview

Government's Autumn Statement November 2016

The Government declared that the UK economy is resilient despite government finances being £122bn worse off than expected by 2020. The government is no longer planning to deliver a budget surplus in 2019/20, but remains committed to balancing public sector expenditure "as soon as practicable". Departmental spending plans which were set out in the 2015 Spending Review will remain in place.

The national living wage will increase to £7.50 (from £7.20) from April 2017. A housing infrastructure fund of £2.3bn will help provide 100,000 new homes in high demand regions. £1.4bn will help provide 40,000 affordable homes. An additional £1.1bn will help provide extra investment in local transport networks across England.

The announcement provides a high level context for the local government funding settlement and illustrates that the financial climate is expected to remain extremely challenging for a number of years.

Other financial notifications

The following items remain from previously announced government statements, and impact on the financial context for the 2017/18 budget setting. The apprenticeship levy will come into place in April 2017, at 0.5% of employers' pay bills, but can be partially offset by using these funds for apprenticeship training. The education services grant is being reformed for 2017/18, and is expected to take £1.8m of grant away from the authority. A 1% cumulative annual reduction in council dwelling rent will continue for three more years from April 2017.

Local government finance 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 reductions calculated on the amount received in previous years, Wokingham Borough Council went into the 2017/18 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 12% in the case of Wokingham, and is set out later in the report.

Wokingham has been hit the hardest because Wokingham's Council taxpayers already pay for most of its' local authority services (as previously illustrated). This is the second year of the current four year funding settlement. The settlement seeks to impose a triple taxation

effect on Wokingham residents. 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, a high local taxation levy is assumed each year of the settlement (Council tax at inflation plus a 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 the new homes bonus (NHB) has been included within the grant cut calculation. We have endeavoured 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 NHB had previously been allocated towards regeneration activities. Previously NHB provided the Council with resources to plough back into services and regeneration, as was the stated intention of the scheme on its inception. Now that our housing supply projects are underway and delivering on their intention, our NHB should be increasing. Under the current four year settlement, NHB funding has been cut, despite the significant new homes being built in the borough. This is a consequence of the Government's cut to NHB funding. Furthermore the NHB is included with 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.

The Council's approach to the use of NHB has needed to respond to these changes. It will no longer significantly be used for regeneration projects but will be required 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.

Over the next three years, the indicative grant cuts assume the Council increases Council tax by inflation and an additional adult social care (ASC) precept of 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 Council has the opportunity to increase the adult social care precept by up to 3% in 2017/18 and 2018/19, but would then not be able to implement an adult social care precept in 2019/20, as the precept is capped at 6% over the three years.

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). The Council is required to spend this money on adult social care only, and so this restricts the Council's ability to allocate its own spending internally which is needed to justify the precept.

There is more of the same in future years: revenue support grant (RSG) will be cut to absolutely nothing in 2018/19. The Council will receive transitional funding for the second year in 2017/18 to help mitigate the impact of these stringent cuts, but for 2018/19 this transitional relief drops out.

Negative revenue support grant

The Council remains against the concept of negative RSG, which is forecast at £7.14m in 2019/20. Negative RSG 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 RSG and less than £7m of its £60m+ business rates.

Adult Social Care (ASC)

The Government's continued aim 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 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. Councils are now able to add up to 3% on to council tax, by way of a precept, to pay towards social care in 2017/18, 2018/19, and 2019/20, but this has been capped at 6% over the three years.

The settlement has provided the Council with a grant of £0.4m in 2018/19 towards adult social care, but this will do little to address the ongoing increasing costs arising from an aging population.

The adult social care precept puts the Council at a perverse financial disadvantage. It is assumed to be levied at 2% every year 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 departments.

Regeneration and strategic developments

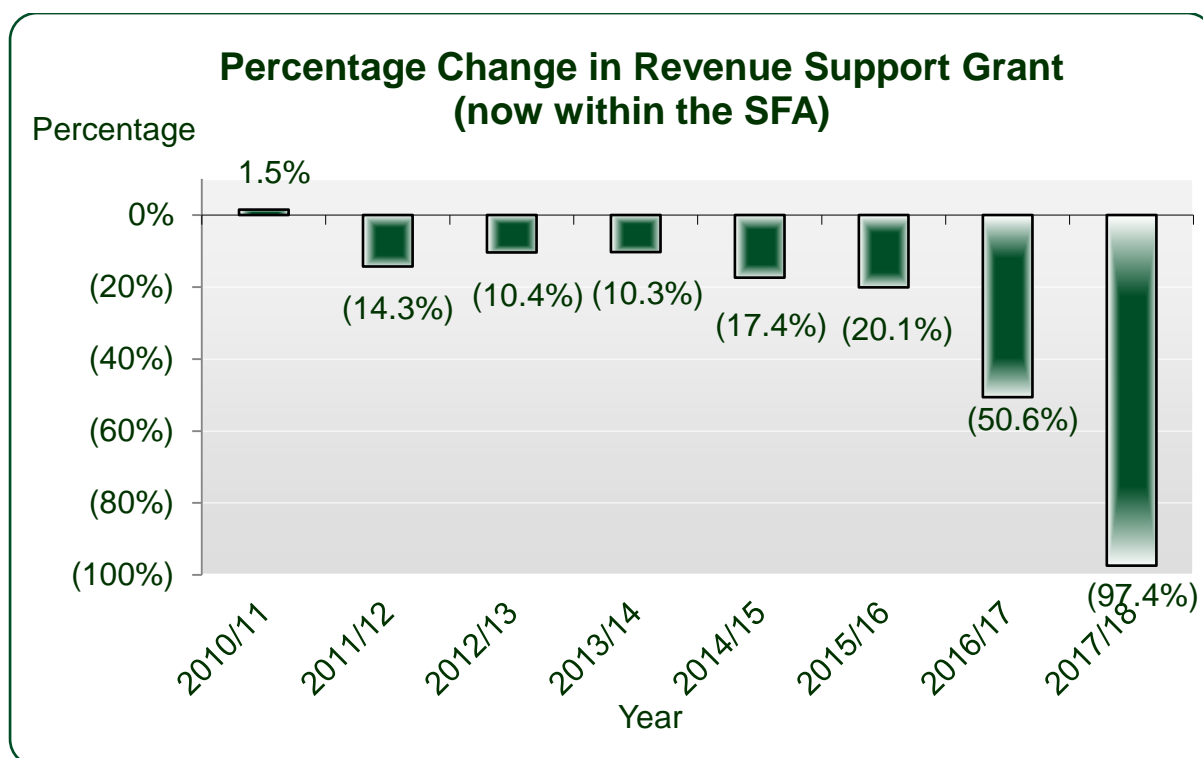
The Council is continuing the development of Wokingham town centre to ensure that it remains an attractive location for businesses, and for people to visit for shopping and recreation. In addition, the four strategic development locations (SDLs) which the Council has identified are starting the process 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

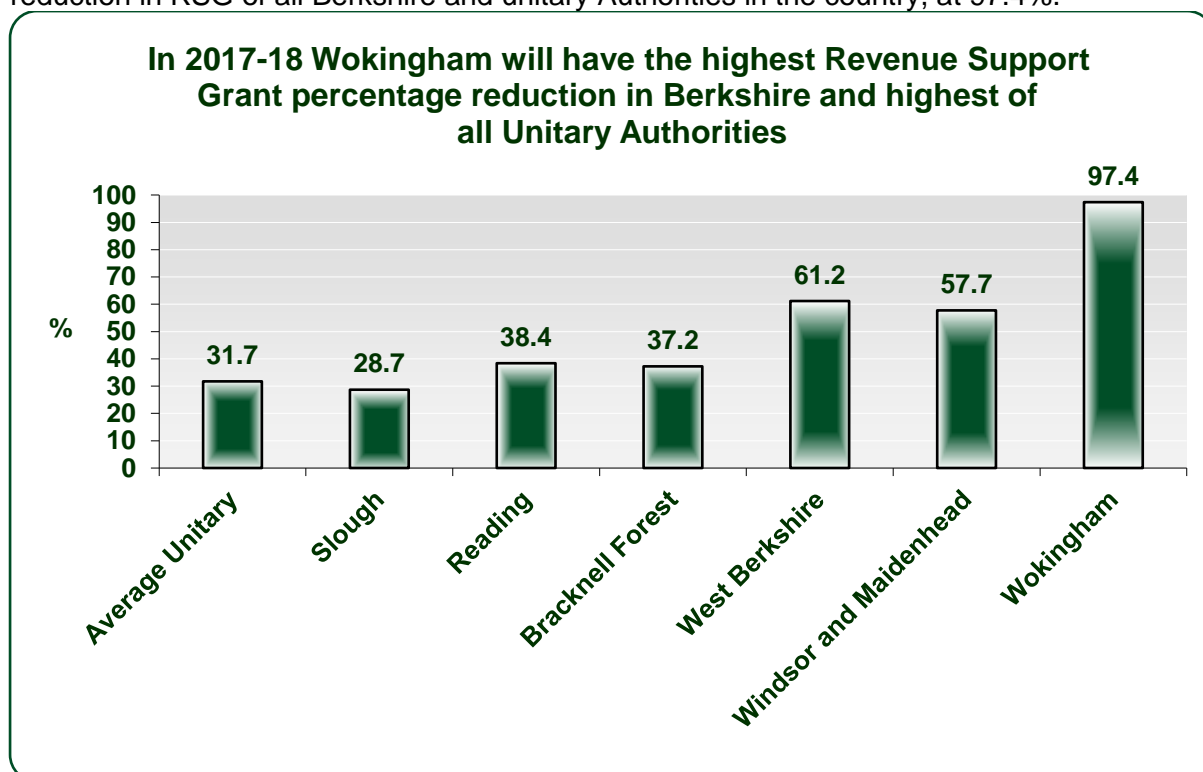
The percentage changes in Government Funding since 2010/11 are shown below. Following the December 2010 Local Government Finance Settlement, Wokingham suffered a reduction in RSG for the first time in 2011/12 of 14.3%, followed by reductions of 10.4% in 2012/13, 10.3% in 2013/14, 17.4% in 2014/15, 20.1% in 2015/16, 50.6% in 2016/17, and 97.4% in 2017/18. Wokingham will only receive £160k of RSG in 2017/18.

RSG 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 97.4% reduction for Wokingham is significantly higher than the Berkshire average reduction of 46.4%, and the average for all unitary authorities.

The graph below shows the year upon year reductions in grant for Wokingham.

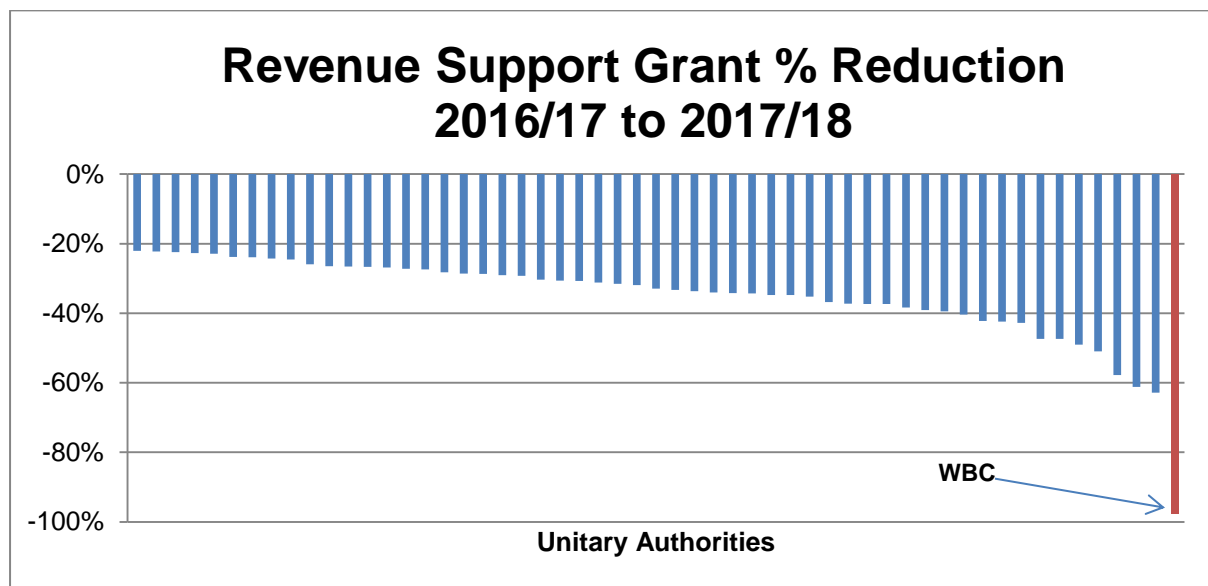


This further graph compares the 2017/18 RSG reductions across Berkshire Councils, and the average for all unitaries. Despite already being the lowest funded Unitary Authority prior to the 2017/18 settlement, incredibly Wokingham managed to suffer the highest percentage reduction in RSG of all Berkshire and unitary Authorities in the country, at 97.4%.

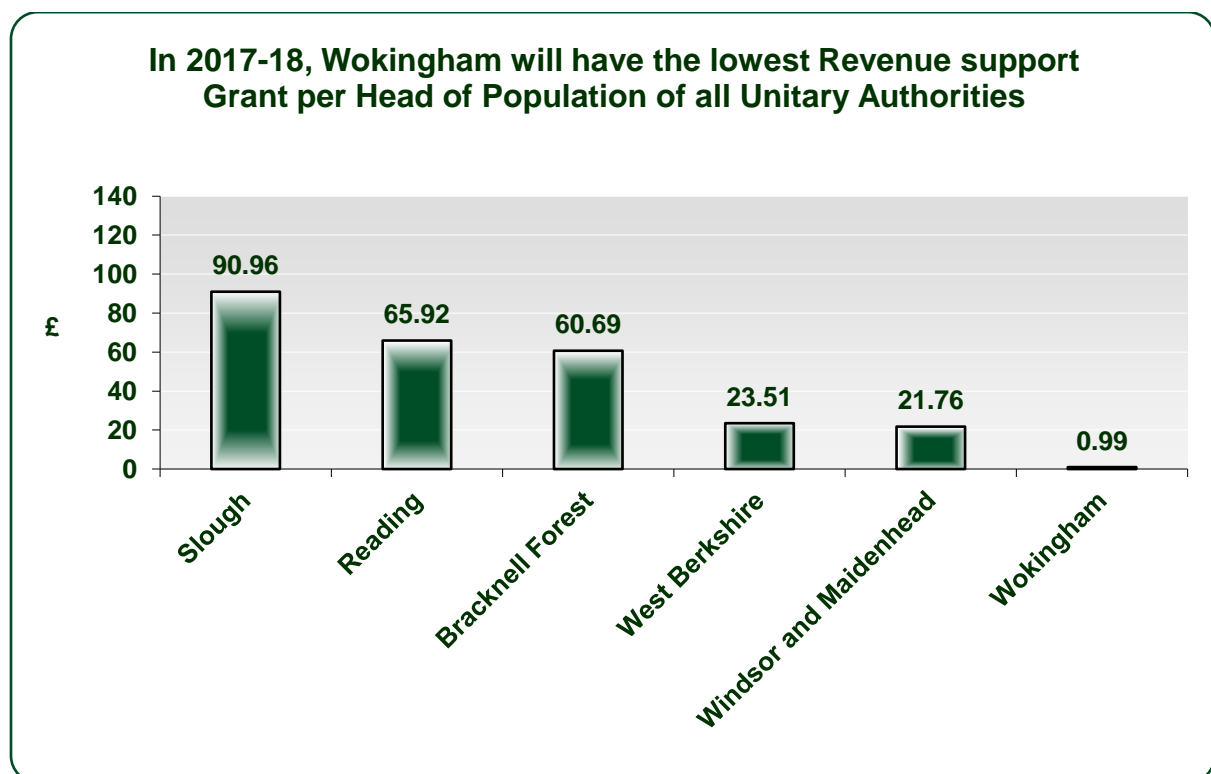


This figure shows a reduction of 97.4% of the Council's RSG. The Council now receives only £160k of RSG funding for the entire year, less than £500 per day to support local services.

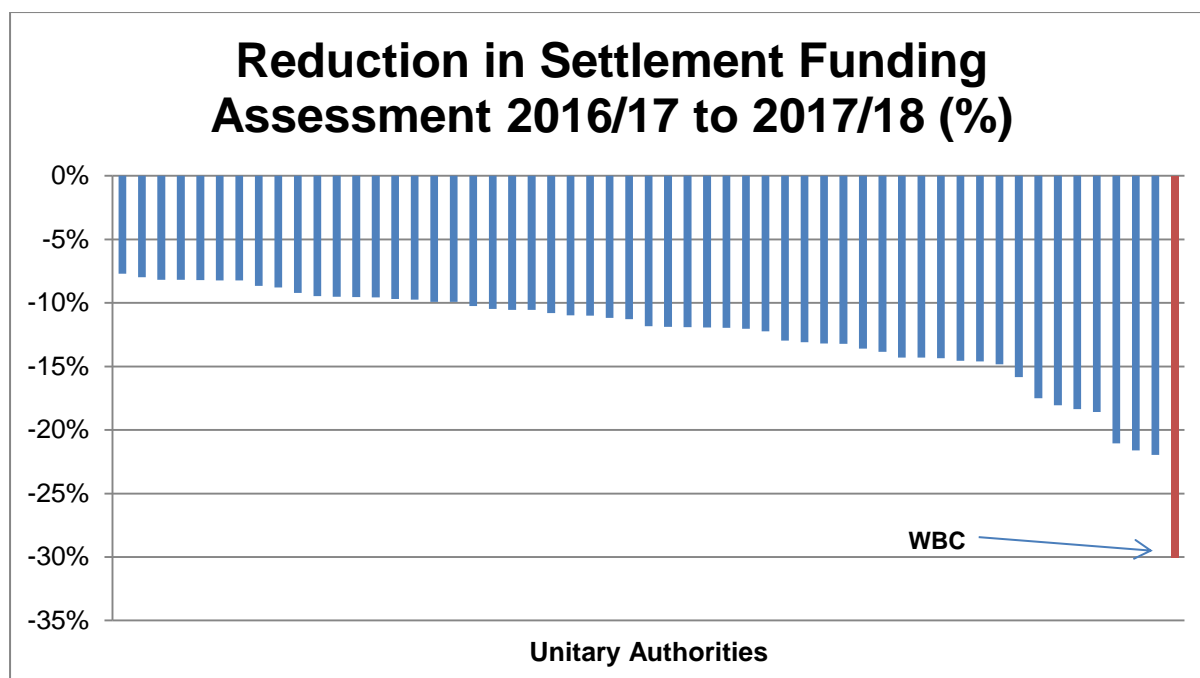
The graph below shows Wokingham's revenue support grant reduction compared to all other unitary authorities. This highlights what an outlier Wokingham is in the settlement.



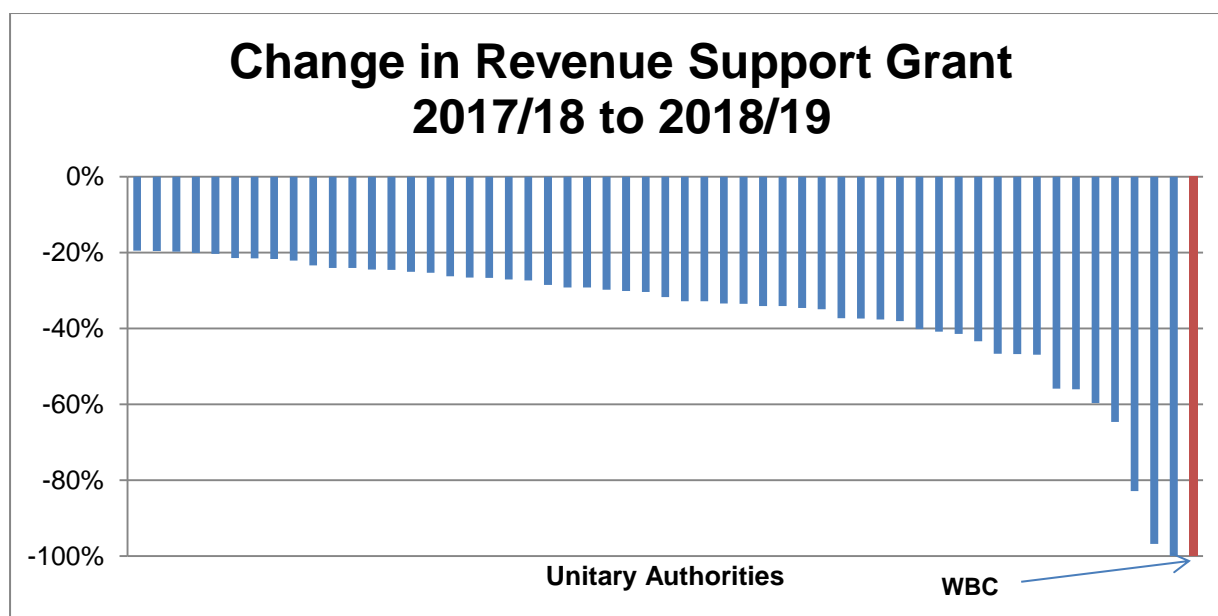
The graph below calculates the RSG for 2017/18 on a per head basis to enable a like for like comparison. The Wokingham figure of £0.99 per head is again the lowest in Berkshire as well as the lowest of any unitary authority. It shows a huge change from historic years, with Wokingham now receiving less than £1 per person per year in RSG for local services.



The above reductions are also reflected in respect of settlement funding assessment (SFA), 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.

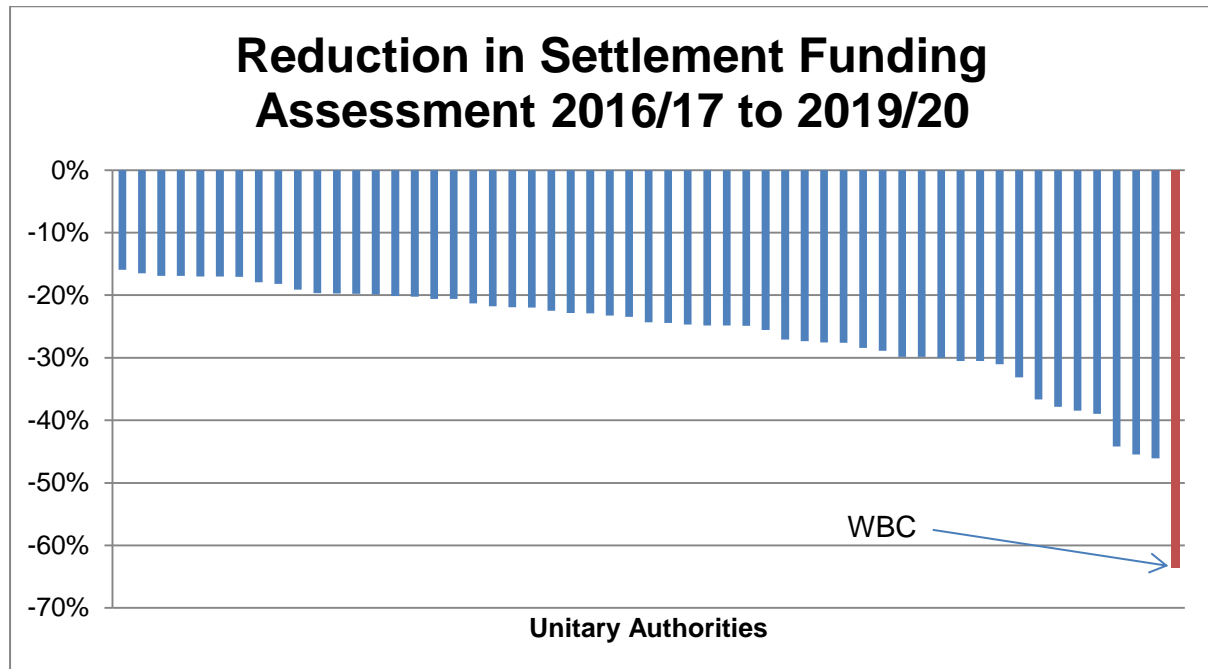


The graph below shows the change in RSG from 2017/18 to 2018/19 and again shows that Wokingham has the largest reduction of all unitaries. This confirms that for 2018/19, Wokingham sees a 100% reduction in its RSG, receiving no grant in 2018/19.

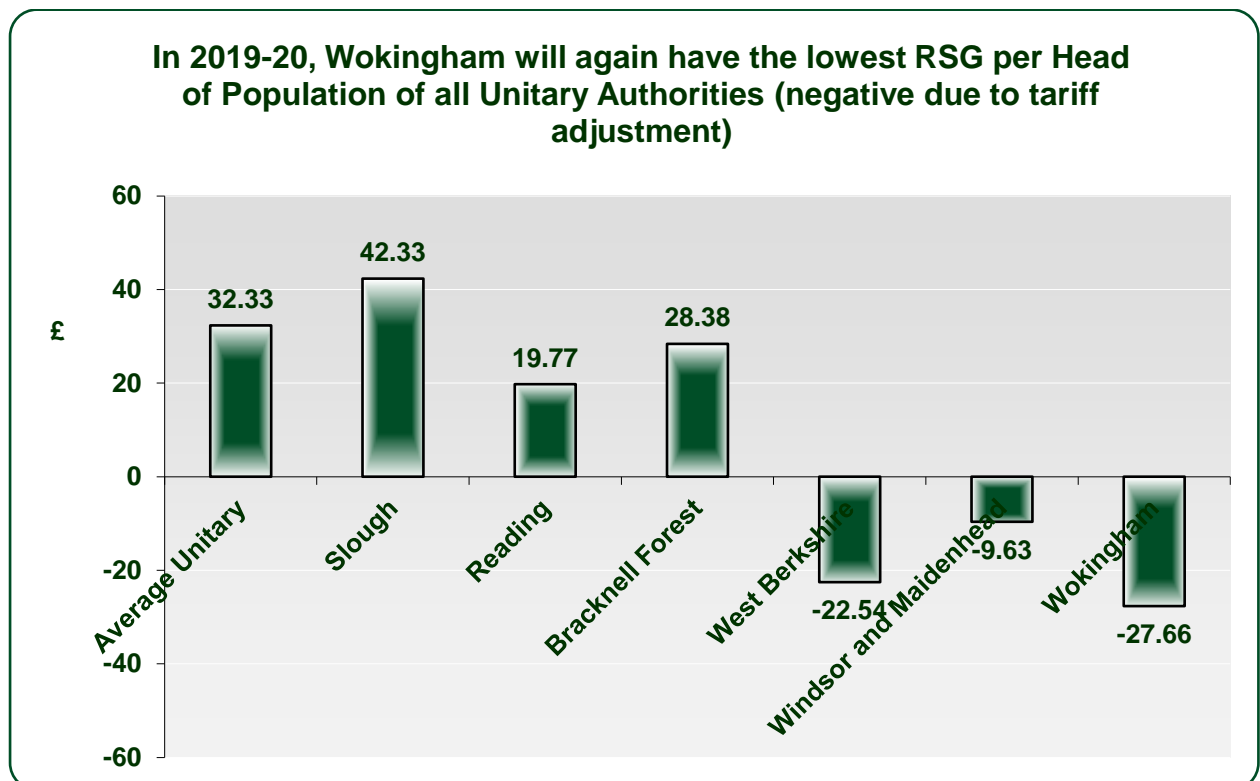


When looking at the four year horizon of the Settlement, the picture is bleak for Wokingham. Our remaining RSG is reduced by almost 100% in 17/18, down to £0.16m. A negative RSG is introduced when all of its' RSG has been removed. This negative RSG is enacted through a 'special' increase to the business rates tariff, which increases by £7.1m in 2019/20. As a result, by 2019/20 Wokingham expects to retain less than £7m of the £60m+ business rates we collect. The settlement funding assessment (made up of both RSG and retained

business rates) also shows Wokingham suffers more 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 (2017/18) and the longer term (2019/20). 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:



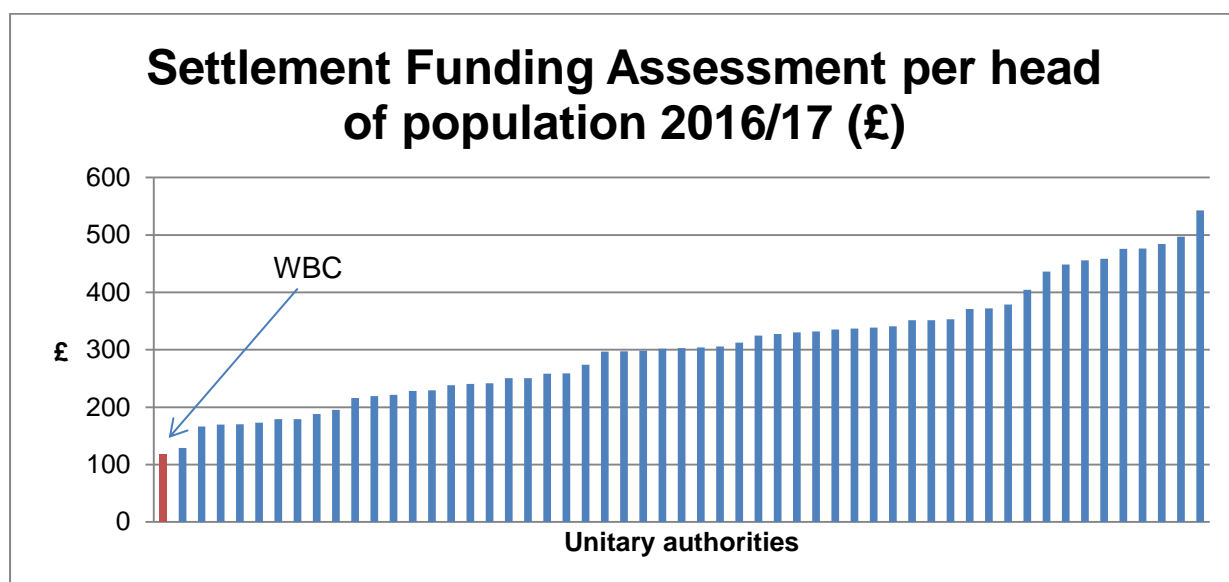
The graph below shows the specific impact by 2019/20 on a per head basis of the reductions in Formula grant.



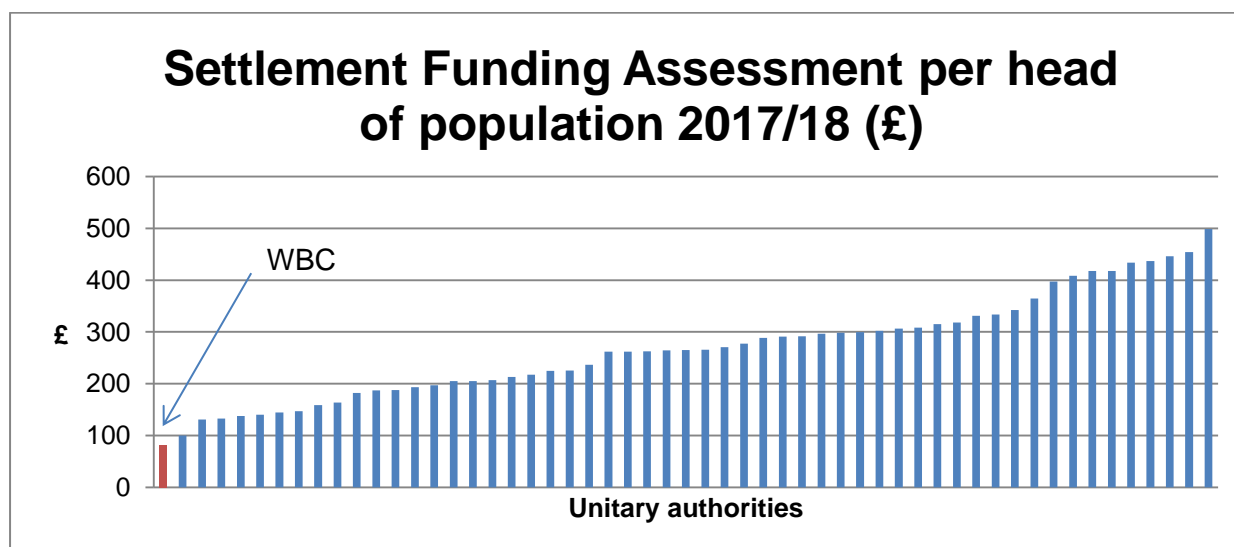
Settlement Funding Assessment (SFA)

Wokingham's total SFA will be £13.3m in 2017/18, compared to £19.1m in 2016/17, a reduction of 30.0%, or £5.8m.

The graph below confirms that Wokingham was starting from the position of being the lowest funded unitary authority in SFA terms in 2016/17, while the other graphs confirm that this position of being lowest funded is continued into later years.

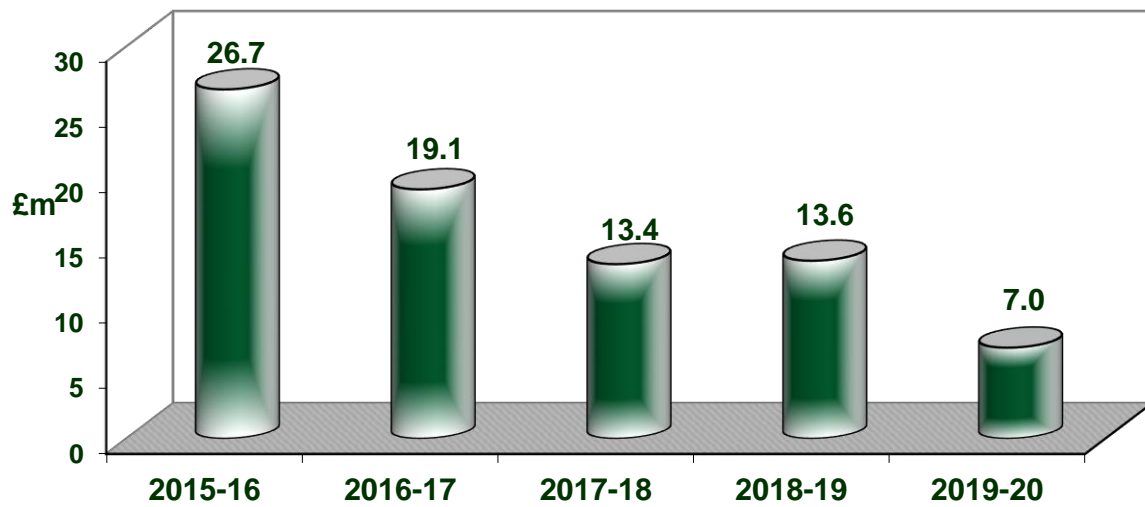


The graph below shows the position for 2017/18 and confirms that Wokingham remains the lowest funded, well below the unitaries average, and less than 16% of the highest funded authority:



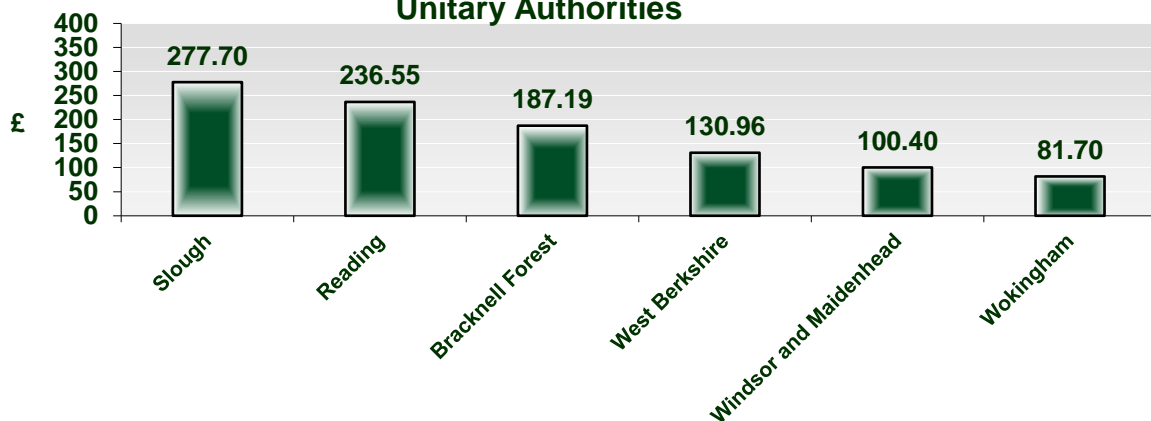
The graph below shows the settlement funding assessment for Wokingham over time, and the significant reduction in 2017/18 (30.0%) and further significant reductions planned for later years in the December 2016 settlement including a tariff adjustment in 2019/20. The cumulative changes from £19.1m in 2016/17 to £7.0m in 2019/20 represent a 64% reduction.

Settlement Funding Assessment for Wokingham

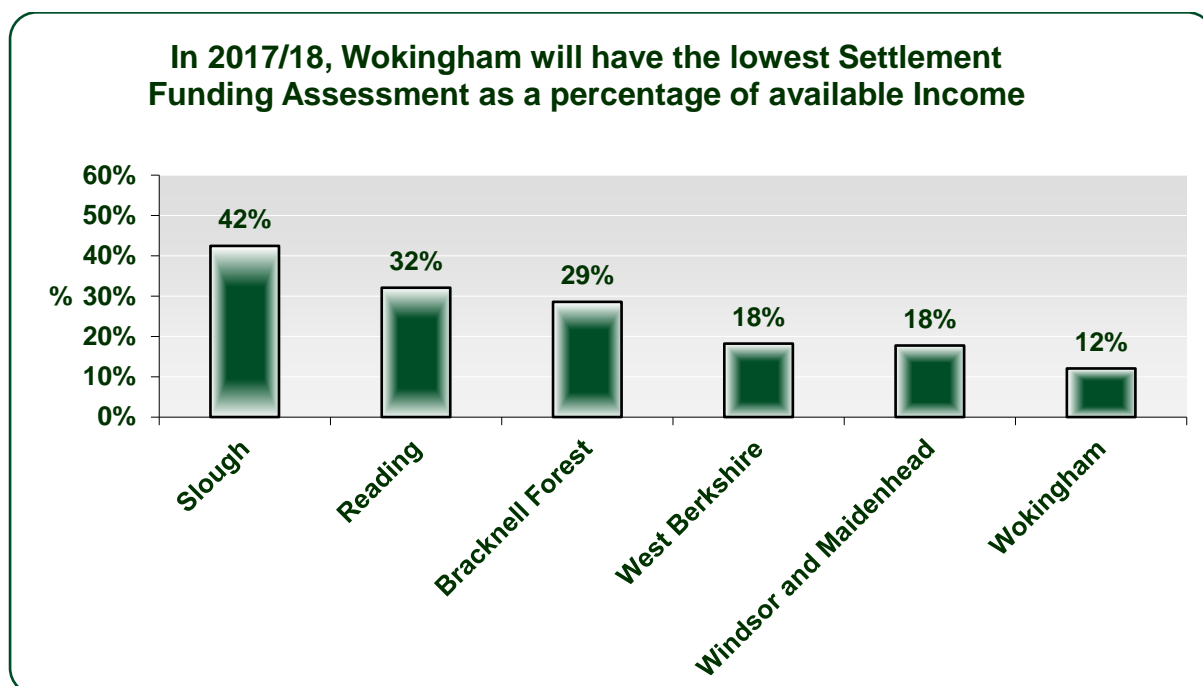


The graph below shows the settlement funding assessment on a per head of population basis for each Berkshire council. Wokingham will receive the SFA per head of £81.70, which is lower than the unitary authorities average. It is also less than half the three highest Berkshire authorities.

In 2017/18, Wokingham will have the lowest Settlement Funding Assessment (SFA) per Head of Population of all Unitary Authorities



Wokingham's settlement funding assessment income is only 12% of its 2017-18 total available income (known as spending power). This is less than a third of the highest funded Berkshire council (42%), and lower than all other unitary authorities. The practical implication for Wokingham is that it must fund a higher proportion of the council's expenditure through council tax than any other unitary authority, and therefore increases/decreases in council tax have a greater proportional impact on services.



In 2017/18, Wokingham will receive the lowest percentage of SFA grant as a share of its total income, of any unitary authority. Wokingham will receive 12%, compared to some unitary councils for whom government grants will fund over 65%, and an average of 37%. 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

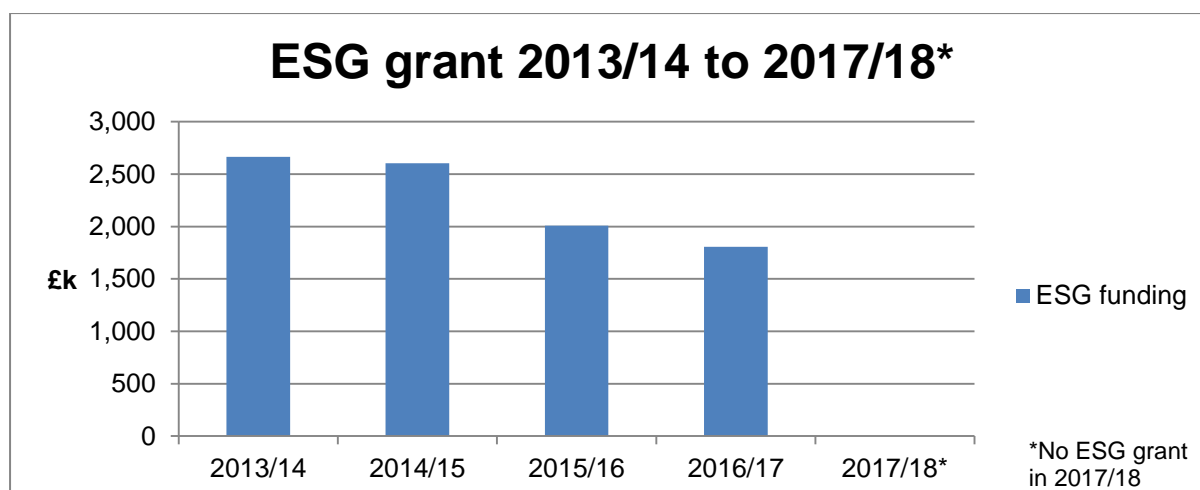
A headline that follows the local government finance settlement is the change in an authority's spending power. This can be misleading as it masks the real ongoing income position for the council that it must consider in its budget setting process. The table below shows that a £0.8m reduction in spending power is made up of a £5.8m reduction in settlement funding assessment, offset by other assumed increases. The largest contributor which offsets the large reduction in the SFA is assumed council tax base and inflationary council tax increases which are expected to bring in an additional £2.8m in 2017/18. On top of these is a further assumed 2% increase in council tax as a result of the adult social care precept. This brings the total assumed council tax increases to £4.6m. Without these assumed increases, the spending power would have fallen by £5.4m, not £0.8m. The change in spending power therefore substantially transfers the burden of funding council services to the council tax payer in 2017/18, since council tax as a percentage of spending power increases from 76.7% in 2016/17 to 81.4% in 2017/18. This is shown in the table below.

Spending Power	2016/17	2017/18	Change	Analysis
	£m	£m	£m	
Settlement Funding Assessment (SFA)	19.1	13.3	-5.8	£5.9m RSG reduction and other small changes
Assumed Council Tax	83.8	86.7	2.8	Assumed increase in council tax and base
New Adult Social Care (ASC) Precept	1.6	3.4	1.8	Assumed 2% increase
New Homes Bonus	4.8	4.8	0.0	Constant despite housing growth
Transition grant	2.1	2.1	0.0	Ends in 2018/19
Adult social care grant	0.0	0.4	0.4	New grant for 2017/18 only
Total Spending Power	111.5	110.7	-0.8	
% of spending power funded by assumed levels of Council tax	76.7%	81.4%	6.1%	

Education Services Grant (ESG, formerly LACSEG)

The education services grant provides funding for services provided by the local authority which support local education such as school improvement, education welfare services, therapies, health services, asset management and support services. The grant was provided as part of RSG prior to 2013/14. The funding is payable on a per-pupil weighted basis and as schools have become academies, the funding has reduced. 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 costs involved and the education services grant being less than the cost of services provided.

The Government confirmed in the Autumn Statement 2015 that ESG would reduce in 2016/17 and cease entirely over the spending review period. The ESG grant has been reduced drastically for 2017/18 and transferred into DSG, with a transition grant provided, although a like for like comparison for ESG is not currently available. Wokingham's allocation is £1.8m for 2016/17. This cut is in addition to those previously set out under the settlement funding assessment section of this report.



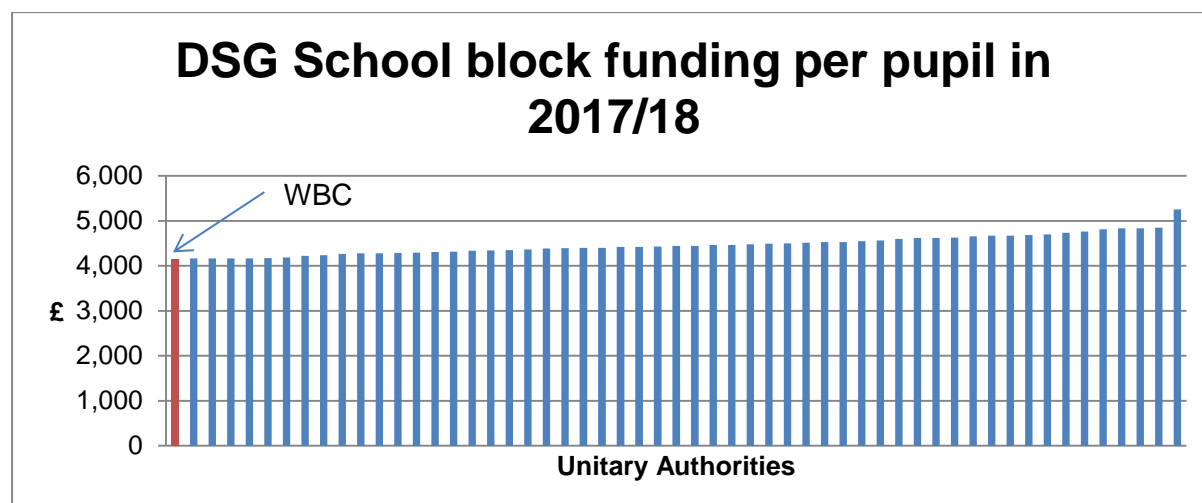
The Government advice to mitigate the shortfall of removing ESG is to allow local authorities to top slice early years funding by 7% in 2017/18 and 5% going forward. All local plans need to be agreed locally, and are subject to consideration by schools forum. This will put pressures on schools already facing reduced funding per pupil and have implications for adequate staffing due to a shortfall in pupils numbers partly as a result of academisation. The problem facing the Council is two-fold due to the Council not previously laying claim to this top slicing, and already having limited funding through on-going savings targets.

The Dedicated Schools Grant (DSG)

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. The amount for 2017/18 was notified to the authority by the DfE in December 2016, however a proportion of this amount is in respect of free schools and must be paid to them. The allocation available to the Council for 2017/18 is £115.1m, compared to £114.8m in 2016/17. The increase to 2017/18 is accounted for by changes in the numbers of pupils, a reduction in the per pupil funding rate, and a transfer relating to ESG. 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.

The per pupil figure used to calculate DSG for 2017/18 is £4,152, compared to £4,155 for 2016/17, and is lower than the indicative figure for 2017/18 of £4,166. This is the lowest funding level of all local authorities. The graph below shows the funding per pupil for Wokingham compared to all other unitary authorities.



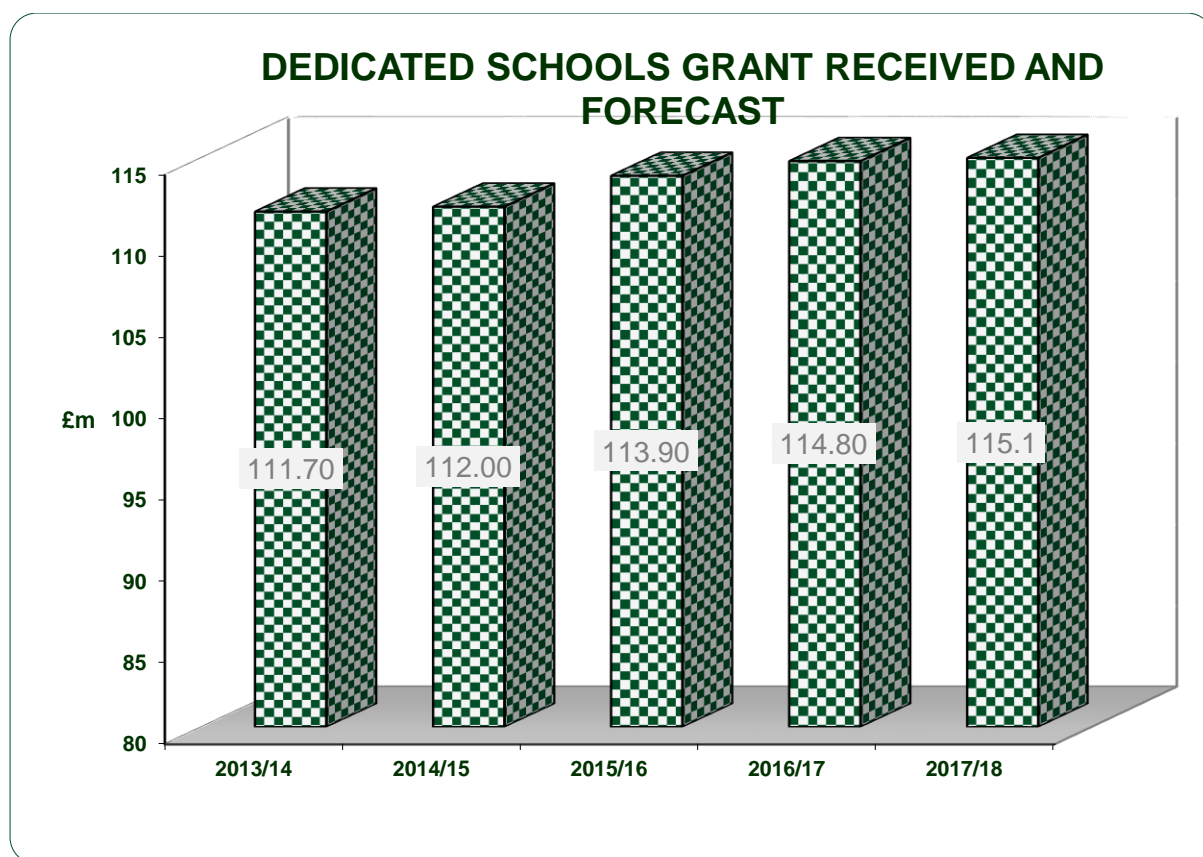
DSG and the national funding formula

The Government's long term intention has been to move school funding to a national funding formula. 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 effective school financial management in order 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.

For the 2017/18 financial year schools will continue to be funded through the local authority funding formula but this will change for 2018/19 when the new national funding formula will apply.

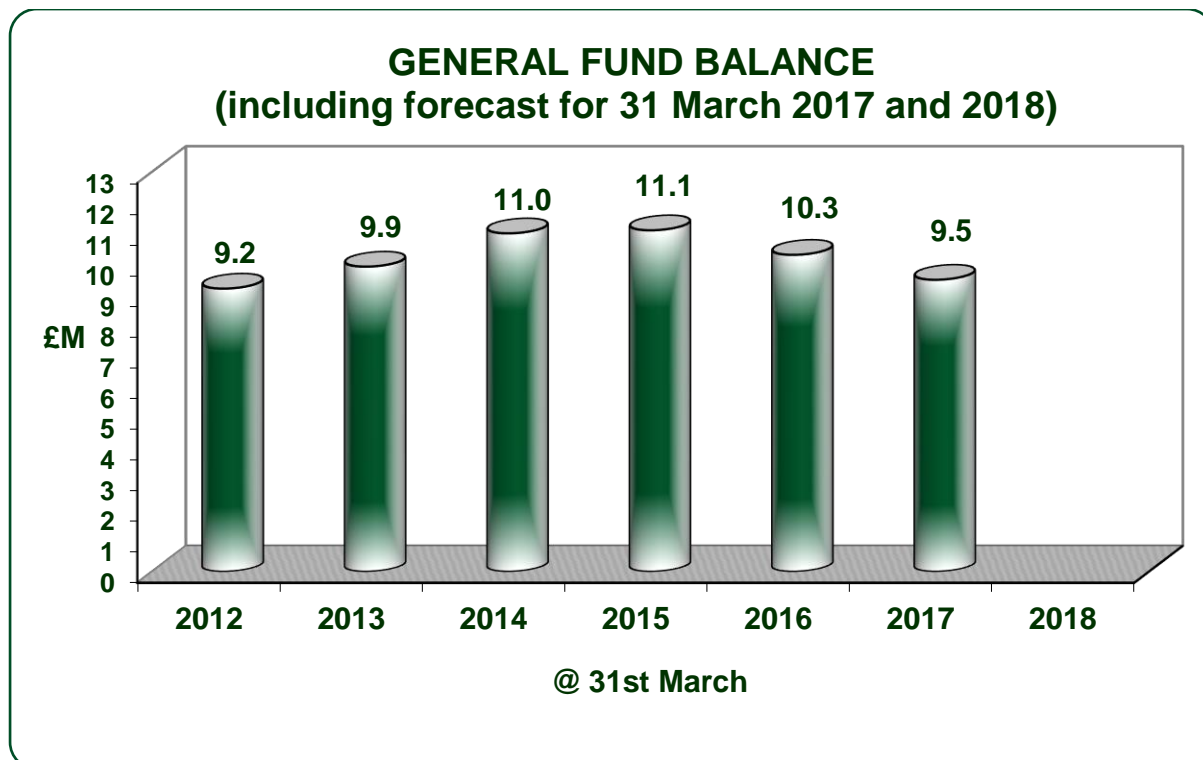


4. General fund balances (GFB)

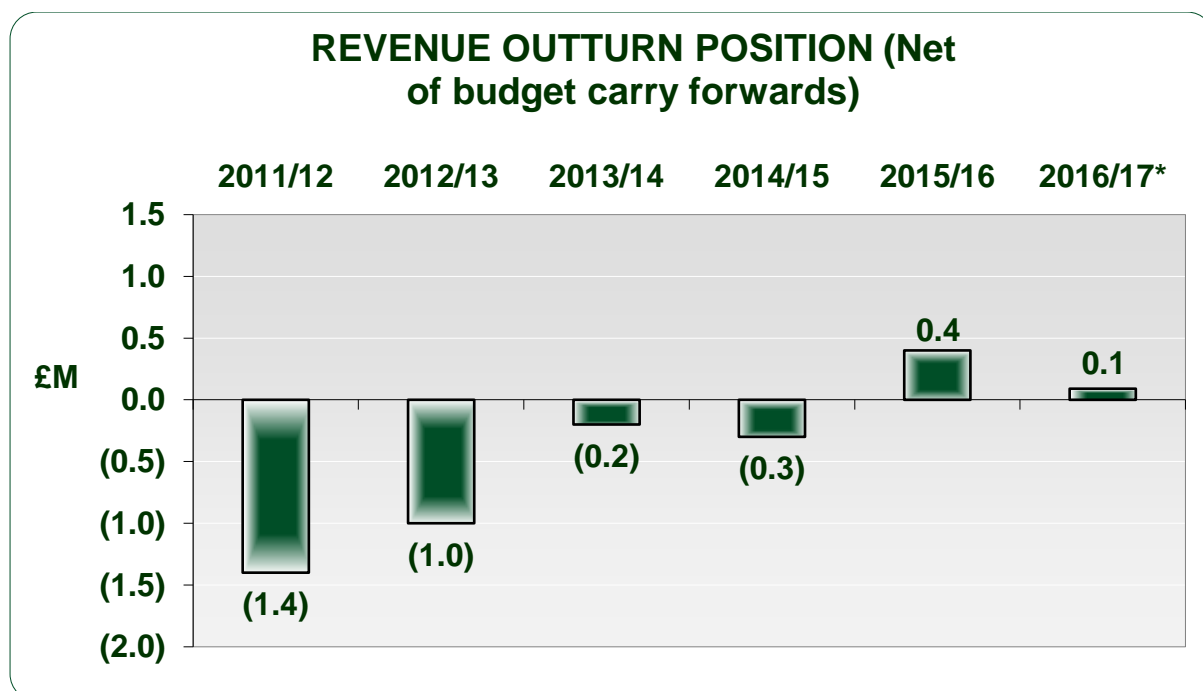
The GFB is required as a contingency to meet unforeseen spending requirements and to provide stability in medium term financial planning (e.g. by using balances to contain growth in future years). The level of balances is informed by a budget risk analysis. This approach was introduced in 2003/04 when the Council agreed the policy on GFBs. The budget risk analysis is included in the annual medium term financial plan. The graph below shows actual GFBs at 31 March 2016 and a forecast for 31 March 2017. The figures for 31 March 2017 and 31 March 2018 will be updated in the 2017/18 MTFP.

GFBs need to remain in the region of £9m 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; further grant reductions; additional service pressures; substantial

regeneration programmes requiring forward funding of interest costs on SDL schemes; risks around business rate receipts, the level of retained business rates; and significant risks around the Care Act.



A further consideration in setting a prudent level of GFBs 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).



*This includes significant one off income adjustments such as supplementary estimates, which masks a substantial underlying pressure.

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 2016/17 currently shows an overspend of £0.1m compared to the budget approved in February 2016, this is based on November monitoring. It should be recognised that within the overall position there are significant underlying cost pressures within the 2016/17 budget including, for example, pressures on child placements; this will need to be considered within the 2017/18 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.

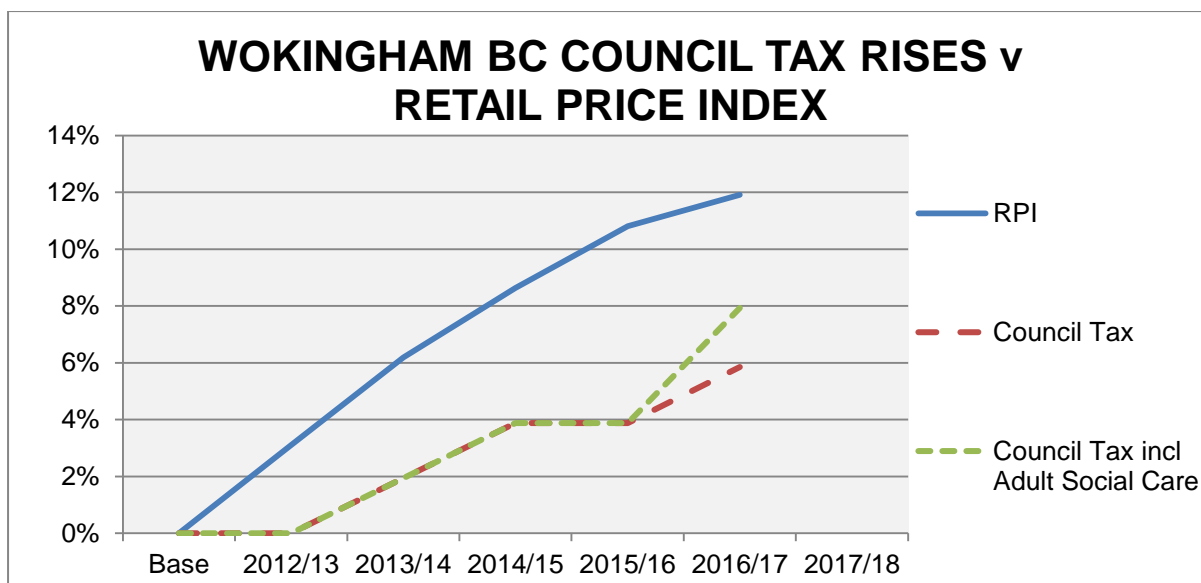
6. Council tax

Funding is fixed by the Government and therefore, increases in service funding affects 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 table below. In 2016/17 the increase exceeded the inflation level, but this is due to the government's calculations which assume a 2% adult social care increase for Council tax. Recent changes in Council tax can be seen in the table below.

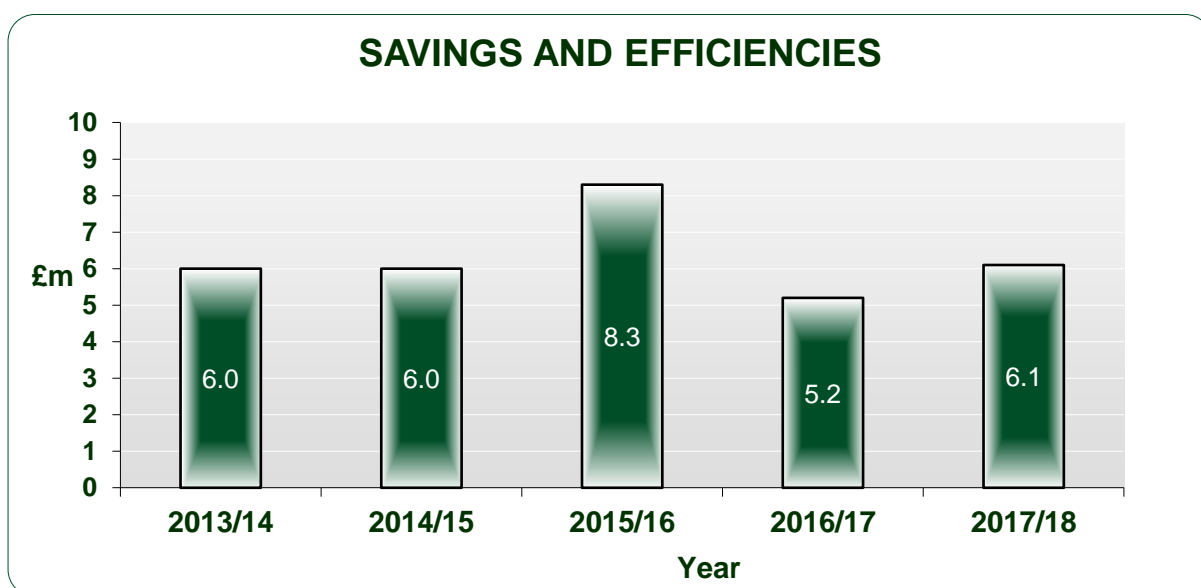
Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
RPI	3.1%	3.0%	2.3%	2.0%	1.0%	
Wokingham BC Council tax	0.0%	1.9%	1.9%	0.0%	3.9%	

Taken across a longer time period, as can be seen in the graph below, Council tax increases have been kept below inflation. 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 2017/18 will be updated in the 2017/18 MTFP.



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 £31.6m over the five years. Savings are used to fund growth, inflation and reductions in Government grants.

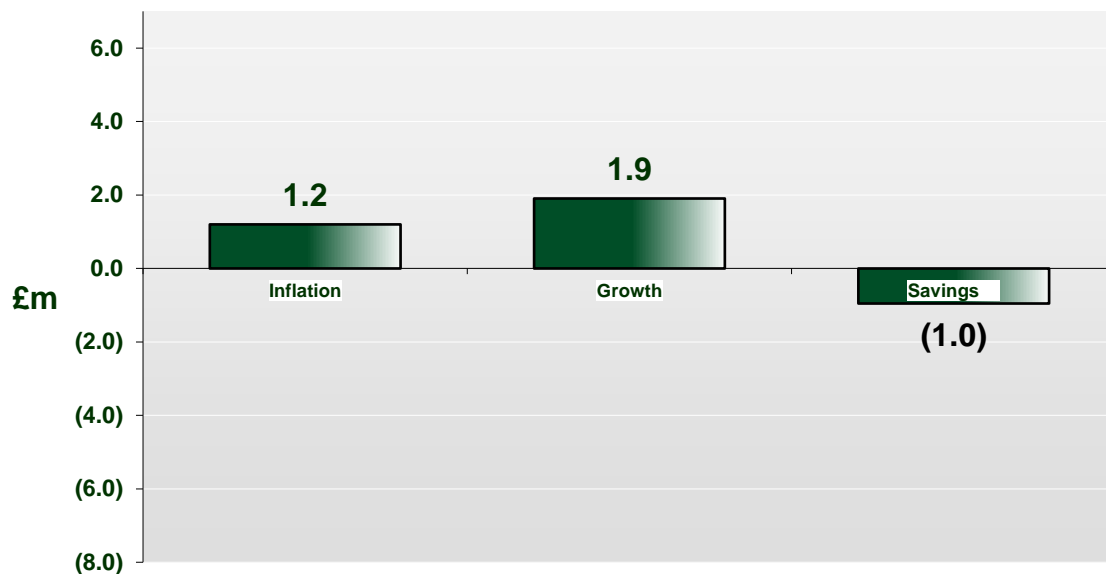


The savings shown for 2016/17 and 2017/18 are those included in the 2016/17 MTFP as part of the budget setting process. Updated figures for 2017/18 will be included in the 2017/18 MTFP.

7. Budget pressures

An overview of the 2017/18 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). These figures are those included in the 2016/17 MTFP as part of the budget setting process; updated figures for 2017/18 will be included in the 2017/18 MTFP.

INDICATIVE BUDGET PRESSURES 2017/18



The growth is largely driven by adults' services including demographic pressures, government changes and increases in complex cases. The growth is also driven by highways maintenance, drainage, and traffic management.

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 GFB required. Many of the risks are largely those that featured in the budget submission February 2016, updated where appropriate, and some such as the European referendum result, 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:

21st century Council

The 21st century council programme changes the shape, structure and operating model of the organisation. It will improve availability of and access to Council services through digital channels, deliver swifter resolution of issues and queries, give a greater focus to problem-

solving and customer responsiveness and produce a leaner, more efficient Council costing significantly less to run. The implementation of the programme is expecting to save £2m in 2017/18 and a further £2m in 2018/19. The detail of these plans is a significant area of work across the Council and delivery of these plans is key to achieving a balanced budget.

Statutory costs of care

The Care Act introduced a new national threshold and the demand has significantly increased as a result of extending eligibility to certain adult services from the 'critical' threshold to the 'substantial' threshold. This has resulted in the need for an in-year £722k demand led supplementary estimate, with the requirement for additional ongoing budget relating to this. In addition, Children's Services also have budget pressures in 2016/17 for additional children's residential placements. The increase in the living wage to £7.50 in 2017/18 from £7.20 in 2016/17 will put additional pressure on care providers as they seek to retain staff. These pressures will need to be considered along with other budget pressures in the 2017/18 budget and beyond.

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. In the context of reductions to public health funding and the costs of Council tax support this uncertainty is compounded in the current economic climate alongside increasing service needs, and cost increases as a result of the living wage. Care providers are likely to be operating at even tighter margins leading to the risk that they could enter financial difficulties and possibly even provider failure. These risks will need to be managed as part of the 2017/18 budget and beyond.

Schools funding

The per pupil figure used to calculate DSG for 2017/18 is £4,152, compared to £4,155 for 2016/17, and is lower than the indicative figure for 2017/18 of £4,166. This is the lowest funding level of all local authorities.

Schools are under more pressure than previously as a result of staffing cost pressures, reductions in pupil numbers and the ESG pressures previously mentioned. The increase in the number of schools forecasting in-year deficits also puts pressure on 2017/18 budget setting as schools have to address the in-year deficit relating to 2016/17 and funding reductions for the 2017/18 financial year.

Funding the Council's ambitions for regeneration

The Council is at a stage of significant investment in its strategic development locations (SDLs) 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 proposed changes to the NHB which make the scheme less attractive for Wokingham by reducing the length of payments from six years to four. The council is now set to receive £4.8m for NHB in 2016/17, and again £4.8m for 2017/18. This grant should have increased to fund the authority for the significant amount of house building

which has taken place in the borough. The government have reduced the national amount of NHB grant, and therefore the amount Wokingham receives has stayed constant. 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 incentivise 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 environment

The initial negative impact of the European Union referendum result on the economic environment has somewhat lessened. Subsequent surveys have shown a sharp recovery in confidence and business surveys and it is generally expected that the economy will now avoid flat lining and there are some positive signs. The ongoing impact of the wider current economic environment means that 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 economic uncertainty will need to continue to meet the increased level of demand.

The Bank of England on August 4 addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August which cut the Bank Rate to 0.25% and gave forward guidance that it expected to cut the Bank Rate again to near zero before the year end. The Bank of England in November's statement shifted to a "neutral" policy position, stating that central bank policy can respond "to either direction" as per changes in the economic outlook, removing its previous view that a rate cut was a possibility. The governor of the Bank of England (Mark Carney) has repeatedly stated that increases in the bank rate will be slow and gradual after they do start. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently.

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, business rates revaluation and council tax

From 2013/14 the localisation of business rates began with a 50% share for local authorities. 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 support and will bear the risk of economic conditions giving rise to an increase in claims.

2017/18 will be the first year based on updated business rate valuations. Despite increases in the value of properties in Wokingham, the Council will not be rewarded for these, as increases are distributed across the country. The new valuation list delivers more risk to the authority as all the properties can again challenge their business rates bill which may require the authority to pay large amounts of business rate income.

More recent Government announcements make clear an intention to return all business rates to local authority control in 2020. Although this sounds attractive, this is likely to mean little to Wokingham, as at this stage Wokingham will keep a mere £6m of the £60m+ business rates.

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 and 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. The financing costs of any new borrowing falls directly upon the council tax payer. The annual revenue cost of new borrowing is approximately 7.1% of the sum borrowed (4% principal and 3.1% interest).

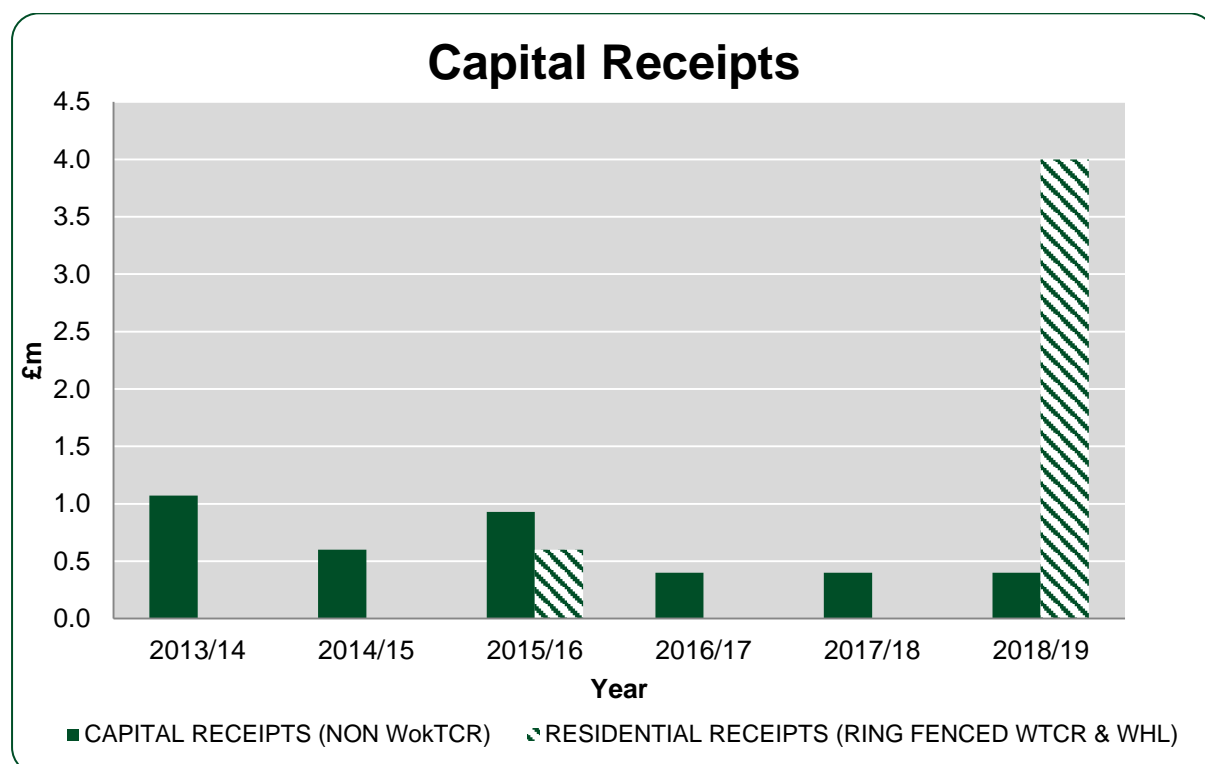
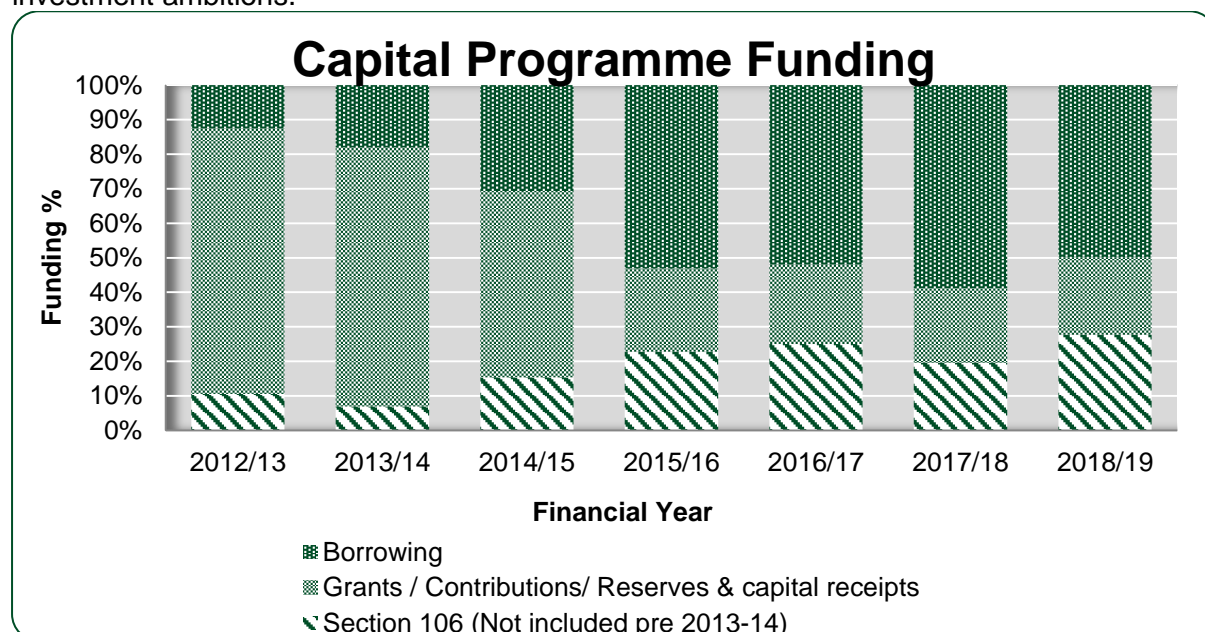
Capital programme

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 three 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 (SDLs) and Wokingham Housing Ltd investments. They are from the MTFP approved in February 2016 and will be updated in the 2017/18 MTFP. The capital programme funding is expected to increase considerably over the period of the MTFP in order to fund the Council's investment ambitions.



Note: Receipts from 2015/16 to 2018/19 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, was finished with the refurbishment of the Peach Place corner in 2014. Consent was granted for the main Peach Place scheme in March 2015 and construction will begin in January 2017 for approximately 18 months. Phase 1 of the Carnival scheme, the construction of a new multi-storey car park and new bowling alley, is currently underway and due to open in spring/summer 2017. Feasibility work on phase 2 of the Carnival scheme (including the extension of leisure facilities on the site) is currently being undertaken. Consent was granted for the Elms Field scheme in April 2016 and work is due to begin on site in early summer 2017. 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.

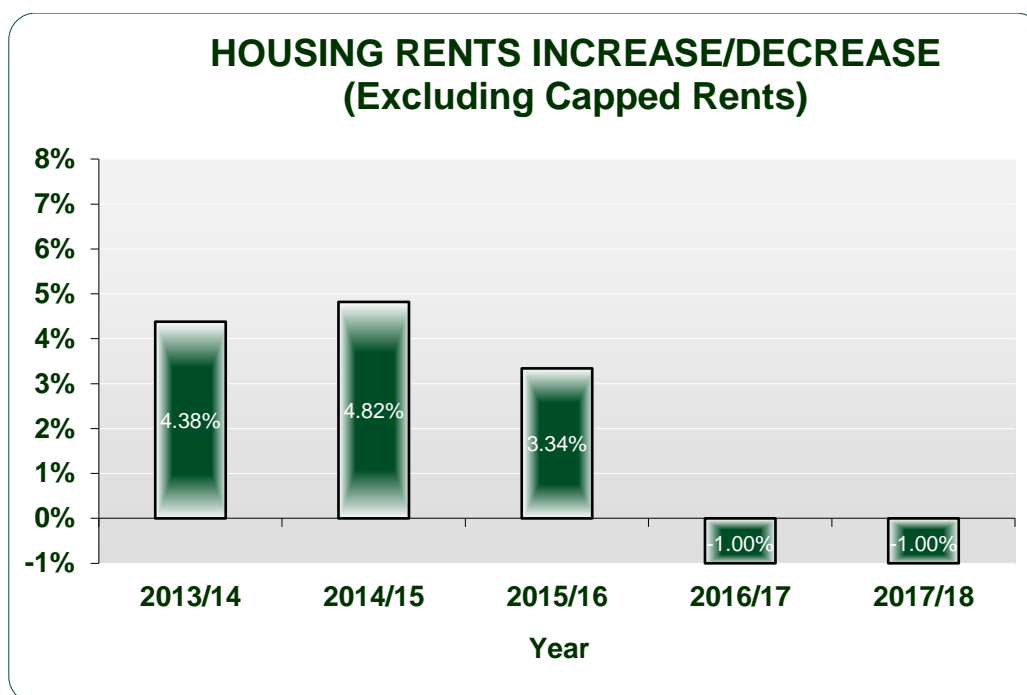
Capital receipts and contributions

Significant costs relating to the development of SDLs are in respect of building major roads and schools. Developer contributions through S106 contributions or Community Infrastructure Levy are key to funding these and minimising 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. The capital ambition of the organisation is high, and future years of the programme show a rising deficit of funding available against investment ambition. This will be bridged through a combination of maximising resources, modifying and prioritising schemes.

10. Housing Revenue Account (HRA)

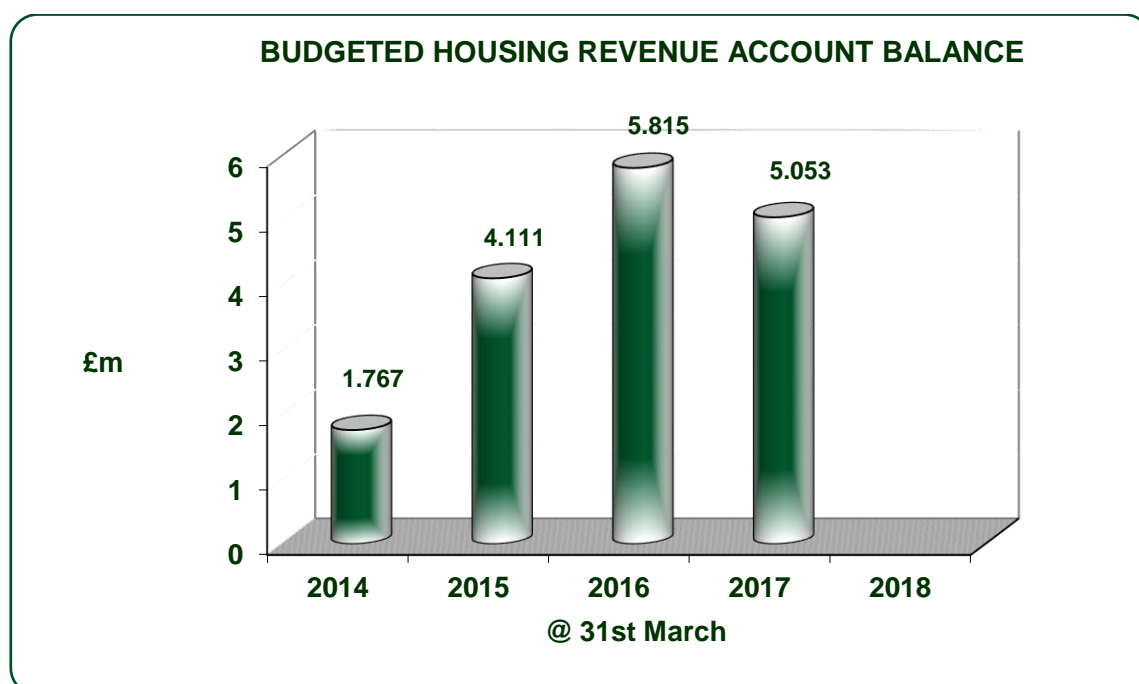
The HRA is a ring-fenced account and as such has no impact on the level of Council Tax. The money spent maintaining the Council's housing stock (valued at approximately £164m) and providing a service to council tenants is mainly funded by housing rents paid by council tenants. Gross expenditure on the HRA is in the region of £18.2m and is predominately in the areas of repairs and maintenance, capital financing, investment in capital works, and management. Housing rents are required to be adjusted 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 re-let.

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 chart above shows actual HRA balances at 31 March 2016 and a forecast for 31 March 2017. A revised forecast for 31 March 2017 and a forecast for 31 March 2018 will be

provided in the 2017/18 MTFP. The estimated balance at 31 March 2017 will be used to fund capital expenditure in 2017/18 and later years, and fund the loss of rental income due to the 1% rent 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. The ongoing expansion of Optalis through a merger with the Royal Borough of Windsor and Maidenhead is delivering on plans to grow the business, with a go-live date of 1 April 2017 planned.

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)



12. Glossary

Abbreviation	Description
ASC	Adult social care
ESG	Education services grant
GFB	General fund balances
HRA	Housing revenue account
MTFP	Medium term financial plan
NDR	Non-domestic (business) rates
NHB	New homes bonus
RSG	Revenue support grant
SFA	Settlement funding assessment
SDL	Strategic development locations
SoBM	Summary of budget movements
TCR	Town centre regeneration
WHL	Wokingham Housing Limited

TITLE	Treasury Management Mid-Year Report 2016-17
FOR CONSIDERATION BY	Executive on 26 January 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME / BENEFITS TO THE COMMUNITY

Effective and safe use of our resources to deliver service improvements and service continuity through capital investments.

RECOMMENDATION

The Executive are asked to:

- 1) note the mid-year Treasury Management report for 2016/17;
- 2) note the actual 2016/17 prudential indicators within the report;
- 3) recommend the report to Council for approval.

SUMMARY OF REPORT

This report summarises the Treasury Management operations during the first six months of 2016/17. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices.

As at 30th September 2016 the Council is forecast to exceed its investment return budget by 12% and there has been no external loan taken out in the first six months. The Director of Finance and Resources confirms that as at 30th September 2016 there have been no breaches of the treasury strategy 2016/17.

Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses. On occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

Analysis of Issues

External Debt

In the first six months external debt did not increase as the Council took the opportunity to use internal funds and other sources to fund the capital programme. As at 30th September 2016 external debt was:

- General fund (Non- Housing Revenue Account): £46.6m
- Housing Revenue Account: £85.0m.

Capital Expenditure forecast year end outturn

As at 30th September 2016:

- General fund (Non- Housing Revenue Account) external debt: £84.6m
- Housing Revenue Account: £5.9m.

Investment forecast year end outturn

As at 30th September 2016:

- Returns on investments (external and internal companies): £1.6m

Appendices

The full Treasury Mid-Year report for 2016/17

Appendix A

The Council's Prudential indicators

Appendix B

The Council's Current Loan Portfolio

Appendix C

The Council's Current Investments as at 30th September 2016

Appendix D

A Glossary of Terms

Appendix E

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)	£150.2m External Loans £1.6m Return on Investments	Yes	Capital and Revenue
Next Financial Year (Year 2)	To be determined through the Medium term financial plan		Capital and Revenue
Following Financial Year (Year 3)	N/A		

Other financial information relevant to the Recommendation/Decision
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None

Cross-Council Implications

None

List of Background Papers

None

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Date 12 January 2017	Version No. 2

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WOKINGHAM BOROUGH COUNCIL



WOKINGHAM BOROUGH COUNCIL

Treasury Management

Mid-Year Treasury Management Report 2016-17

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3. The Council's Capital Expenditure and Financing 2016/17	4
4. The Council's Overall Borrowing Need	5
5. External borrowing and compliance with treasury limits and prudential indicators	6
6. Compliance with treasury limits and prudential indicators for investments	8
7. Conclusion	9

Appendices

Prudential and Treasury indicators	Appendix B
Loan Portfolio	Appendix C
Investment Portfolio	Appendix D
Glossary of Terms	Appendix E

1. Introduction

This report presents the Council mid-year treasury position for 2016-17 in accordance with the Council treasury management practices.

It explains the current economic environment expectations for the near future. It then analyses the latest analysis of capital expenditure which is a key driver of treasury management, driving the borrowing requirement of the organisation. It then shows how the Council has financed its borrowing between internal and external borrowing and then how the Council has managed its short-term cash investments.

The Council's treasury management strategy is largely influenced by capital expenditure. Revenue expenditure is largely balanced with expenditure matching income, and short term borrowing and deposits. The large driver of the longer term treasury management strategy is therefore capital expenditure and financing.

There are two aspects of treasury performance – debt management and cash investment:

- debt management relates to the Council's borrowing;
- cash investment relates to the investment of surplus cash balances.

2. The Economy and Interest Rates forecast

The referendum vote on the EU referendum in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, it is generally expected that although the economy will now avoid flat lining, growth will be weak through the end of 2016 and in 2017.

The Bank of England on August 4 addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August which cut the Bank Rate to 0.25% and gave forward guidance that it expected to cut the Bank Rate again to near zero before the year end. The bank of England in November's statement shifted to a "neutral" policy position, stating that central bank policy can respond "to either direction" as per changes in the economic outlook, removing its previous view that a rate cut was a possibility. The governor of the Bank of England (Mark Carney) has repeatedly stated that increases in the bank rate will be slow and gradual after they do start. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently.

The Council's treasury advisor, Capita Asset Services, has provided forecasts for PWLB rates based on the certainty rate (minus 20 bps) which has been accessible to most local authorities since 1 November 2012, as shown in table 1, below.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Bank Rate	0.25%	0.25%	0.25%	0.25%	0.10%	0.25%	0.25%	0.25%	0.25%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%

The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017. The MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise the bank rate.

The new Chancellor Phillip Hammond announced in the Autumn Statement on November 23, that the target of achieving a budget surplus in 2020 will be eased after the referendum result.

3. The Council's Capital Expenditure and Financing 2016/17

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- financed in year, immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need or;
- funded by borrowing (internal or external).

The actual capital expenditure forms one of the required prudential indicators. During August 2016/17 the Council undertook an exercise to obtain more accurate forecasts of capital expenditure from budget managers. This provides the Council with a more realistic year end outturn giving the Council the opportunity to adjust its capital budget and related funding plans. Tables 2 and 3 below show the actual capital expenditure and the funding.

Table 2: General fund capital expenditure and financing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure			
Financed in year	57,747	48,467	33,685
Funded by borrowing (borrowing requirement)	73,103	56,611	50,945
Total	130,850	105,078	84,630

Table 3: HRA capital expenditure and financing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure			
Financed in year	9,827	9,991	5,909
Funded by borrowing (borrowing requirement)	0	0	0
Total	9,827	9,991	5,909

4. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). It represents the 2016/17 capital expenditure financed by borrowing, and prior years' unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

The Council's general fund underlying borrowing need (CFR) is not allowed to rise indefinitely. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This ensures the general fund pays for the capital asset and is a proxy for depreciation. The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- an additional revenue contribution to the statutory minimum revenue provision (MRP) each year through a Voluntary Revenue Provision (VRP).

This differs from the treasury management arrangements which relates to cash transfers. External debt can be borrowed or repaid at any time, but this does not change the CFR.

The Council's CFR forecast for 2016/17 year end is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. However no borrowing is actually required against these schemes as a borrowing facility is included in the contract.

Table 4: Capital financing requirement: General Fund	2016/17 Budget £'000	2016/17 Quarter 1 Year end forecast £'000	2016/17 Quarter 2 Year end forecast £'000
Opening balance	113,308	118,580	118,580
Capital expenditure funded by Borrowing	73,103	56,611	50,946
Sub Total	186,411	175,191	169,526
Less Minimum Revenue Provision			
MRP Charge	(3,310)	(3,024)	(3,024)
PFI Principal Charge	(215)	(215)	(215)
Sub Total	(3,525)	(3,239)	(3,239)
Closing Balance	182,886	171,952	166,287
Movement	69,578	53,372	47,707

Table 5: Capital financing requirement: HRA

	2016/17 Budget £'000	2016/17 Quarter 1 Year end forecast £'000	2016/17 Quarter 2 Year end forecast £'000
Opening balance	93,876	93,876	93,876
Repayment of Loan Principle	(3,476)	(3,476)	(3,476)
Closing Balance	90,400	90,400	90,400

Table 6: Capital financing requirement: General fund and HRA

	2016/17 Budget £'000	2016/17 Quarter 1 Year end forecast £'000	2016/17 Quarter 2 Year end forecast £'000
Opening balance	207,184	212,456	212,456
Movements	66,102	49,896	44,231
Closing Balance	273,286	262,352	256,687

The in-year increase in the borrowing requirement is due to a large increase in the capital programme for schemes such as the town centre regeneration and loans to group companies and will reduce again when capital receipts are recovered or loans repaid. It has also increased as a result of the forward funded schemes. These will decrease again as developer contributions are received.

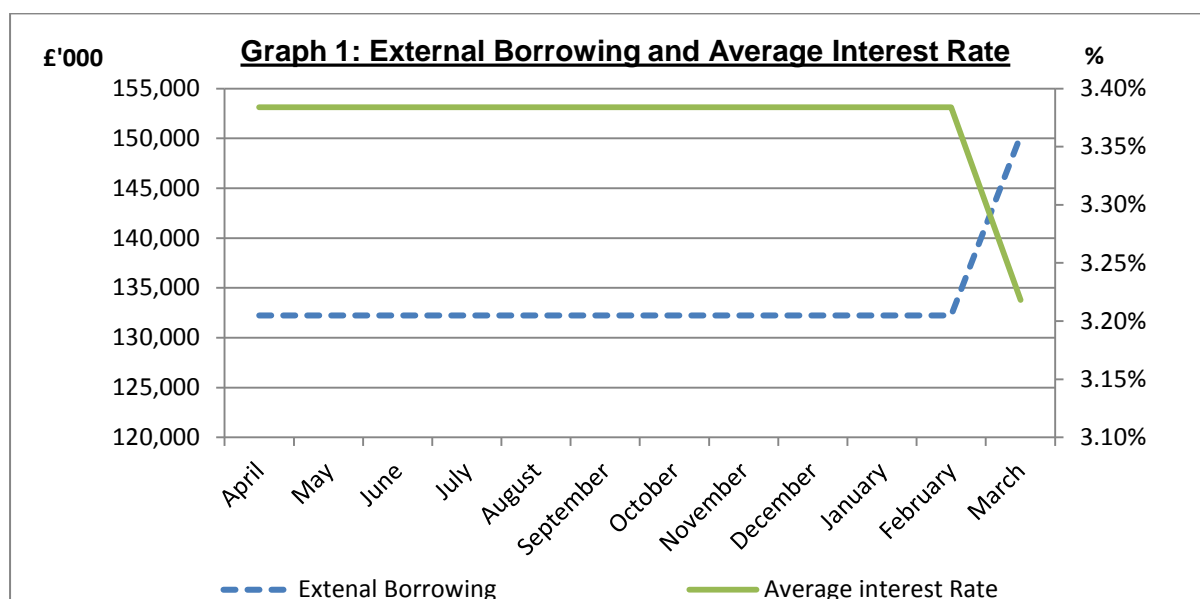
Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. The Council does not borrow all of this money externally but uses some of its internal cash reserves to fund this expenditure. This is referred to as "internal borrowing". This means that the Council's capital financing requirement is higher than its external borrowing figures. External borrowing may be sourced from bodies such as the Public Works Loan Board [PWLB] or the money markets.

5. External borrowing and compliance with treasury limits and prudential indicators

Table 7, below, demonstrates the current and forecast for 2016/17 external borrowing.

Table 7: External Borrowing	Actuals @ 30-09-16 £'000	Quarter 2 16/17 Year end forecast £'000
Market	24,000	24,000
PWLB	107,482	125,482
Local Enterprise Partnership	750	750
Total borrowing	132,232	150,232

Included in the total borrowing is an estimated £18m loan to be taken out prior to 31 March 2017. This will be at a special rate of 40 bases point lower than the PWLB rate. (Local Enterprise Partnership Agreement)



Graph 1 shows the £18m loan will increase the external borrowing to £150.2m. The loan however is likely to be at a significantly lower rate than our current loans. This will mean the average interest rate will drop to 3.2% from 3.39%

During the first six months of the 2016/17 financial year, the Council operated within the treasury limits as set out in treasury management strategy. The position for the treasury management prudential indicators is shown in table 8, below. These show that all prudential indicators have been complied with. Further detail on each of these indicators is included in Appendix B.

**Forecast year-end position
@ 30-09-16**

Table 8: Prudential Indicator – Debt

	Does gross borrowing exceed CFR?	Has the limit/boundary been broken
Gross external borrowing	NO	
Authorised limit		NO
Operational boundary for external debt		NO
HRA debt limit		NO
Maturity structure of borrowing		NO
Upper limits on interest rate exposure		NO
The percentage of financing costs set aside to service debt financing costs		NO

In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing

requirement in the preceding year (plus the estimates of any additional capital financing requirement for the current and next two financial years). This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs.

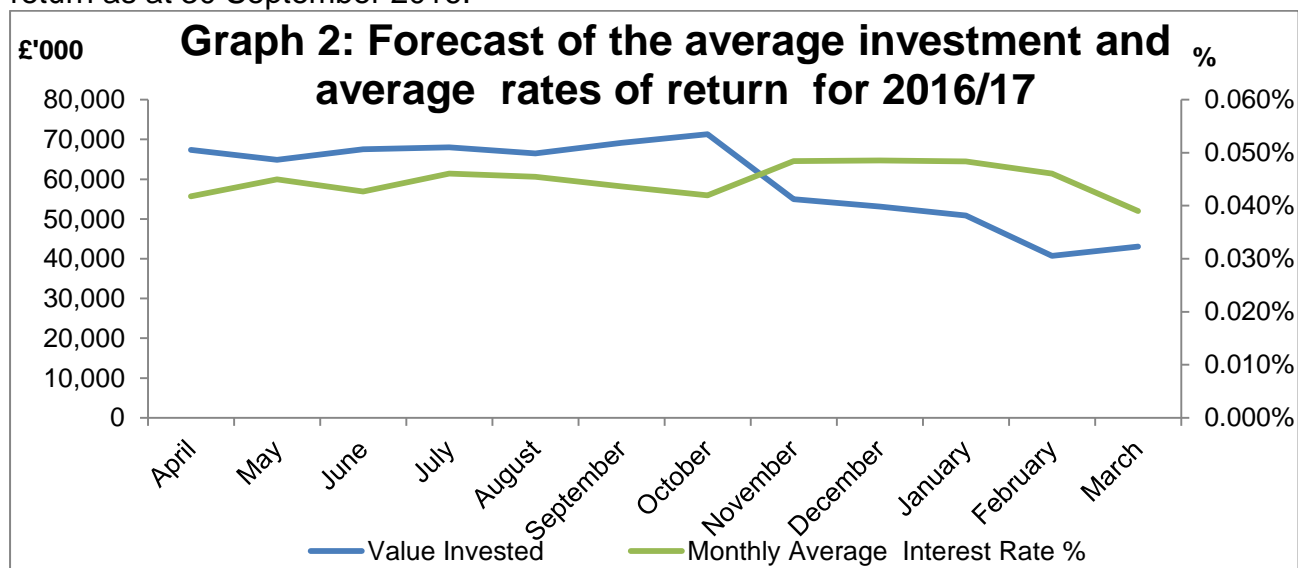
6. Compliance with treasury limits and prudential indicators for investments

The treasury management team ensure the cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return. The return on investments contributes to the Council's budget for both the general fund and housing revenue account.

Table 9, below, shows the counterparties where cash deposits are held. Further detail is available in appendix D.

Table 9: Investment Type	Actuals invested @ 31-03-16	Actuals invested @ 30-09-16 £'000
Money Market funds	0	0
Local Authorities	37,000	52,000
Fund Mangers	21,413	12,575
Internal Companies investments	12,128	15,961
Total	70,541	80,536

Graph 2 shows analysis of forecast of the average values invested and the rate of return as at 30 September 2016.



During the first six months of the 2016/17 financial year the Council operated within the treasury limits as set out in investment strategy. The position for the investment prudential indicators is shown in table 10 and full details are available in appendix B.

**Table 10: Prudential Indicator – Investment
Forecast year-end position @ 30-09-16**

**Has the
limit/boundary
been broken**

**Is the budget
forecast to
achieve at
year end**

Upper limits on interest rate exposure	NO	
Investment interest received		Yes

7. Conclusion

The Director of Finance and Resources confirms that the approved limits within the Annual Investment Strategy were not breached during the first 6 months of 2016/17 and that no difficulties are envisaged for the remaining 6 months in complying with the prudential indicators. The Council is operating in a stringent financial climate, but is still managing to deliver within budgeted interest levels.

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Prudential and treasury indicators as at 30th September 2016**General Fund**

Prudential Indicators Capital	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure	130,850	105,077	84,630
Capital Financing Requirement (CFR)	182,886	171,952	166,287
Annual change in CFR	69,578	53,372	47,707
In year borrowing requirement	73,103	56,611	50,945

Prudential Indicators Borrowing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Ratio of financing costs to net revenue stream	3.8%	3.6%	3.4%

The percentage of the revenue budget set aside each year to service debt financing costs is shown above. The quarter two forecast is below budget as a result of favourable returns compared to budget.

This is calculated as follows: Financing cost Divide by Net revenue stream

As per budget 2016/17: £4,293 / £113,918 = 3.8%

HRA

Prudential Indicators Capital	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure	9,827	9,991	5,909
Capital Financing Requirement (CFR)	90,400	90,400	90,400

Prudential Indicators Borrowing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Ratio of financing costs to net revenue stream	18.8%	18.6%	18.6%

The percentage of the revenue budget set aside each year to service debt financing costs.

This is calculated as follows: Financing cost Divide by Total income received

As per budget 2015/16: £2,851 / £15,164 = 18.8%

General Fund & HRA

Prudential Indicators - Capital Expenditure & CFR	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure	140,677	115,069	90,539
Capital Financing Requirement (CFR)	273,286	262,352	256,687
Annual change in CFR	66,102	49,896	44,231
In year borrowing requirement	73,103	56,611	50,945

Upper limit -Debt Only	2016/17 Budget	Quarter 1 (Apr-Jun) Actual	Quarter 2 (Jul-Sep) Actual
	£'000	£'000	£'000
Fixed rate exposures	180,000	107,482	107,482
Variable rate exposures	40,000	24,000	24,000

Internal Borrowing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
CFR (year-end position)	273,286	262,352	256,687
Less External Borrowing	(197,119)	(150,232)	(150,232)
Less Other long term liabilities	(10,000)	(10,000)	(10,000)
Internal Borrowing*	66,167	102,120	96,455
Movement	(5,499)	46,306	40,641
% of internal borrowing to CFR	24.21%	38.92%	37.58%

Note:* This will be reviewed on a regular basis to make sure we are getting best value for money. The Council is currently using its own cash flow (as rates of return are low), if rates start to increase a new external loan may need to be taken out.

Upper limit -Investments Only	2016/17 Budget	Quarter 1 (Apr-Jun) Actual	Quarter 2 (Jul-Sep) Actual
	£'000	£'000	£'000
Fixed rate exposures	(80,000)	(41,114)	(56,120)
Variable rate exposures	(40,000)	(12,432)	(12,432)

Upper limit for principal sums invested over 364 days	2016/17 Budget	Quarter 1 (Apr-Jun) Actual	Quarter 2 (Jul-Sep) Actual
	£'000	£'000	£'000
In house	0	0	0
Fund managers	10,000	0	0

Internal investments: interest Received	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
HRA Internal loan from The General fund	399	399	399
Wokingham Housing	0	320	503
Age Concern	0	3	3
	399	722	905

Internal investments:	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000
HRA Internal loan from The General fund	8,874	8,874
Wokingham Housing	8,095	13,562
Optalis	50	50
Wokingham Enterprise Ltd	75	75
Total	17,094	22,561

General Fund Loan portfolio @ 30th September 2016

PWLB/Market	Loan no	Principle £'000	Interest Rate %	Maturity Date
General fund				
PWLB - GF	485805	976	4.88	01/08/2022
PWLB - GF	488876	2,343	4.95	01/02/2034
PWLB - GF	491320	2,929	3.85	01/08/2051
PWLB - GF	491456	1,431	4.35	30/09/2046
PWLB - GF	491474	5,587	4.40	01/08/2052
PWLB - GF	493309	9,764	4.60	31/03/2054
Market - GF	3b	4,882	4.35	24/02/2077
Market - GF	2c	4,882	4.60	11/01/2077
Market - GF - KA Finanz	1c	4,882	4.88	06/02/2066
Market - GF	4	1,953	3.68	16/02/2066
Market - GF	5	4,882	3.73	19/10/2076
Market - GF	6	1,953	3.77	19/10/2076
Local Enterprise Partnership	A	120	0.00	01/12/2016
Local Enterprise Partnership	B	380	0.00	01/12/2017
Local Enterprise Partnership	C	250	0.00	01/12/2017
Total		47,214		

Housing Revenue Fund Loan portfolio @ 30th September 2016

PWLB/Market	Loan no	Principle £'000	Interest Rate %	Maturity date
Housing Revenue account				
PWLB - HRA	485805	24	4.88	01/08/2022
PWLB - HRA	488876	57	4.95	01/02/2034
PWLB - HRA	491320	71	3.85	01/08/2051
PWLB - HRA	491456	35	4.35	30/09/2046
PWLB - HRA	491474	135	4.40	01/08/2052
PWLB - HRA	493309	236	4.60	31/03/2054
PWLB - HRA	501033	1,750	1.50	28/03/2018
PWLB - HRA	501034	3,482	2.21	28/03/2021
PWLB - HRA	501035	8,516	3.30	28/03/2032
PWLB - HRA	501036	1,988	1.99	28/03/2020
PWLB - HRA	501037	7,231	3.26	28/03/2031
PWLB - HRA	501038	4,199	2.40	28/03/2022
PWLB - HRA	501039	6,378	3.15	28/03/2029
PWLB - HRA	501040	5,415	3.01	28/03/2027
PWLB - HRA	501041	3,476	1.24	28/03/2017
PWLB - HRA	501043	9,276	3.34	28/03/2033
PWLB - HRA	501044	1,000	3.37	28/03/2034
PWLB - HRA	501045	3,744	2.82	28/03/2025
PWLB - HRA	501046	5,981	3.08	28/03/2028
PWLB - HRA	501047	6,789	3.21	28/03/2030
PWLB - HRA	501048	3,971	2.92	28/03/2026
PWLB - HRA	501049	4,116	2.70	28/03/2024
PWLB - HRA	501050	3,484	2.56	28/03/2023
PWLB - HRA	501051	3,098	1.76	28/03/2019
Market - HRA	3b	118	4.35	24/02/2077
Market - HRA	2c	118	4.60	11/01/2077
Market - HRA - KA Finanz	1c	118	4.88	06/02/2066
Market - HRA	4	47	3.68	16/02/2066
Market - HRA	5	118	3.73	19/10/2076
Market - HRA	6	47	3.77	19/10/2076
WBC General Fund *		8,874	4.50	
Total		93,892		

* Note this is an internal loan from the general fund to the HRA and is not included in the total external loans.

Total external borrowing loans @ 30th September 2016

External Borrowing	Actuals @ 30-09-16	Quarter 2 16/17 Year end forecast
	£'000	£'000
Market	24,000	24,000
PWLB	107,482	125,482
Local Enterprise Partnership	750	750
Total borrowing	132,232	150,232

Note: Included in the total borrowing is an estimated loan £18m loan to be taken out prior to 31 March 2016. This will be at a special rate of 40 bases point lower than the PWLB rate. (Local Enterprise Partnership Agreement)

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Investment portfolio

Current Investment's @ 30/09/16

Institution	Amount £'000	Rate	Date Deal made	Maturity Date	Trade Date	Broker
Current lending						
Barnsley BC	2,000	0.55%	03/12/2015	03/11/2016	03/12/2015	Sterling
Birmingham CC	3,000	0.50%	22/01/2016	22/11/2016	22/01/2016	Tradition
Conwy County Borough Council	3,000	0.55%	10/12/2015	30/11/2016	10/12/2015	Tradition
Woking Borough Council	5,000	0.58%	16/02/2016	16/01/2017	05/04/2016	Tradition
Leeds BS	2,000	0.44%	26/07/2016	26/01/2017	01/08/2016	Tradition
West Dunbartonshire Council	5,000	0.55%	16/02/2016	14/02/2017	03/05/2016	Tradition
Salford CC	2,000	0.55%	06/05/2016	23/02/2017	23/05/2016	Sterling
Fife Council	5,000	0.60%	22/03/2016	21/03/2017	19/04/2016	Tradition
North Ayrshire Council	3,000	0.60%	04/04/2016	03/04/2017	11/04/2016	Tradition
Eastleigh BC	5,000	0.54%	09/06/2016	18/04/2017	15/07/2016	Tradition
Lancashire CC	5,000	0.58%	09/06/2016	04/05/2017	09/06/2016	Tradition
Blaenau Gwent County Borough Council	3,000	0.58%	24/05/2016	16/05/2017	16/06/2016	Tradition
Corby Borough Council	3,000	0.60%	16/06/2016	15/06/2017	04/07/2016	Tradition
Salford CC	3,000	0.35%	04/08/2016	26/06/2017	25/08/2016	Tradition
Glasgow City Council	3,000	0.32%	22/09/2016	27/03/2017	27/09/2016	Prebon
Total	52,000					
Money Market Funds						
Invesco	0	Variable	Call			
Goldman sachs Govt	0	Variable	Call			
Deutsche Global (Henderson)	0	Variable	Call			
Goldman sachs	0	Variable	Call			
Total	0					
Grand total	52,000					

	Mkt Value £'000	Interest Received £'000	Cumulative rate %
Fund Managers @ 30/09/16			
Royal London Asset Management (Rlam)	631	11	0.48%
Aberdeen Asset Management	11,943	20	0.04%
	12,574	30	

Internal investments:

**Actuals
invested
@ 30-09-16**

£'000

HRA Internal loan from The General fund	8,874
Wokingham Housing	6,962
Optalis	50
Wokingham Enterprise Ltd	75
Total	15,961

Glossary of terms

Authorised Limit – Represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desirable, could be afforded in the short term, but is not sustainable in the longer term.

Boundary Limit – Is an estimate of the authorised limit but reflects an estimate of the most likely, prudent, but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements.

Capital Financing Requirement (CFR) - reflects the Council's underlying need to borrow for a capital purpose. It shows the total estimated capital expenditure that has not been resourced from capital or revenue sources. This requirement will eventually be met by revenue resources through the Minimum Revenue Provision mechanism.

CIPFA Prudential Code - is a professional code of practice to support local authorities in taking capital investment decisions. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality local public services in accordance with the Prudential Code.

Consumer price index (CPI) - measures changes in the price level of a market basket of consumer goods and services purchased by households.

Department for Communities and Local Government (DCLG) - Is a ministerial department, supported by 11 agencies and public bodies. They are working to create great places to live and work, and to give more power to local people to shape what happens in their area.

European Central Bank (ECB) - The central bank for the euro and administers monetary policy of the eurozone, which consists of 19 EU member states and is one of the largest currency areas in the world.

Fair value - Is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price

FED - The Federal Reserve System (also known as the Federal Reserve, and informally as the Fed) is the central banking system of the United States.

Financing Cost to Net Revenue Stream-The percentage of the revenue budget set aside each year to service debt financing costs.

Funding for Lending Scheme (FLS) – was launched by the Bank and HM Treasury on 13 July 2012. The FLS is designed to incentivise banks and building societies to boost their lending to the UK real economy.

Gilt - is a UK Government liability in sterling, issued by HM Treasury and listed on the London Stock exchange.

Gross domestic product (GDP) - is the market value of all officially recognized final goods and services produced within a country in a given period of time (usually the fiscal year).

Local Authority Lender Option Borrower Option (LOBO) - The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates, such as every 5 years.

Local enterprise partnerships - Are partnerships between local authorities and businesses. They decide what the priorities should be for investment in roads, buildings and facilities in the area.

London Interbank Bid Rate - the rate at which banks will bid to take deposits in Eurocurrency from each other. The deposits are for terms from overnight up to five years.

Monetary Policy Committee (MPC) - Interest rates are set by the Bank's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be achieved.

Minimum Revenue Provision (MRP) - Is a provision the council has set-aside from revenue to repay loans arising from capital expenditure financed by Borrowing.

Private Finance Initiative (PFI) - This is funding public infrastructure projects with private capital.

Public Works Loan Board (PWLB) - is a statutory body operating within the Debt Management Office, an Executive Agency of HM Treasury.

PWLB certainty rate - A reduced interest rate from PWLB to principal local authorities, which provided required information to government on their plans for long-term borrowing and associated capital spending.

Quantitative easing (QE) - A government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. Quantitative easing increases the money supply by flooding financial institutions with capital, in an effort to promote increased lending and liquidity.

Voluntary Revenue Provision (VRP) – This a discretionary provision to reduce the unfinanced capital expenditure (Borrowing) by additional loan repayments.

TITLE	The 21st Century Council – Update
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None Specific
LEAD OFFICER	Andy Couldrick, Chief Executive
LEAD MEMBER	Keith Baker, Leader of Council Pauline Jorgensen, Executive Member for Resident Services

OUTCOME / BENEFITS TO THE COMMUNITY

The transformation of the way the Council operates will achieve the following benefits:

- Improved availability of, and access to, Council services through digital channels
- Swifter resolution of issues and queries
- Ability for residents to track the progress of their issue as it is resolved by the Council
- Greater focus on problem-solving and customer responsiveness
- A leaner, more efficient Council costing significantly less to run

RECOMMENDATION

The Executive is recommended to note the progress in implementing the 21st Century Council programme.

SUMMARY OF REPORT

The purpose of this report is to inform the Executive of implementation progress following the September 2016 Executive decision to implement the 21st Century Council programme. It should be noted that the Executive will be receiving quarterly reports during the implementation period reporting on progress of implementation and revenue return on investment.

The key highlights are set out in the report - all elements to deliver the savings and other benefits from phase 1 are underway with an expected go live in May 2017.

Background

Implementation commenced following Executive approval in September 2016. The implementation is phased over the following 18 months, to ensure transition to the new model is safe and effective.

Phase 1 runs from October 2016 to Spring 2017 and includes:

- Establishment of the reconfigured senior leadership team (Directors and the management tiers below)
- Establishment of the reconfigured Strategy and Commissioning and Support Services
- Implementation of the key IT improvements and integration
- Development of rules and scripts to guide the operating model

Phase 2, commencing in Spring 2017, will complete the new operating model by moving, Children's Services, Health and Wellbeing and Environment, into the new operating model.

Member Engagement with the Programme

Progress to date has been reported to the dedicated 21st Century Council Member-Officer Working Group, and also to the Sustainable Finance Group and to the Member IT Reference sub group. In addition, the Audit Committee on 5th December reviewed the governance and risk management arrangements for the programme.

Looking forward, it is envisaged that the Member-Officer Working Group will continue to monitor and support implementation, the Sustainable Finance Group will monitor progress on savings realisation, and that reports on progress should come to the Executive on a quarterly basis. In addition, a series of workshops will be offered to Members to provide a platform for further engagement as we move towards implementation.

Highlight Report

Good progress has this made this period.

The Implementation Team is fully operational and all workstreams within the programme are underway. Process and service redesign for the new Corporate Services directorate is well advanced. This includes support services, governance and strategy and commissioning. Good progress has been made with the build and development of the new and enhanced technology. A great deal of staff engagement has been undertaken and change and transition planning is well advanced.

Capital and revenue expenditure for phase 1 is within forecast and savings and other financial benefits are on track – see below.

The next period will see the implementation and mobilisation of the new service areas in Corporate Services.

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)	710	Yes	As per Executive report
Next Financial Year (Year 2)	2,180 (2,250)	Yes	As per Executive report
Following Financial Year (Year 3)	1,500 (2,250)	Yes	As per Executive report

Other financial information relevant to the Recommendation/Decision

Financial benefits for phase 1 as set out in the business plan of £2.250m are currently on track for delivery. Forecast current year expenditure is within budget (£710k revenue, £2.752m capital).

The total programme will deliver a cost reduction of 4.5million. After the required investment this predicts a break even position in 2019/20 and an ongoing reduction each year after

Cross-Council Implications

This change programme impacts on the whole Council.

List of Background Papers

21st Century Council Business Case – see Executive papers 29 September 2016

Contact Andrew Moulton	Service Governance & Improvement
Telephone No 07747 777298	Email Andrew.moulton@wokingham.gov.uk
Date 17 January 2017	Version No. 1

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TITLE	Leisure Strategy
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Judith Ramsden, Director of People Services
LEAD MEMBER	Angus Ross, Executive Member for Environment

OUTCOME / BENEFITS TO THE COMMUNITY

Sustaining Wokingham Borough as a great place to live; an even better place to do business, through a corporate focus on improving health and sustaining the good wellbeing outcomes enjoyed by Borough residents by the provision of high quality leisure facilities.

RECOMMENDATION

That Executive agrees to ratify and endorse the Leisure Strategy, which has now been supported by feedback from an eight week period of public consultation.

SUMMARY OF REPORT

The 21st Century Leisure Strategy seeks to fill a gap between the Council Vision and high-level strategies such as the Local Plan / MDD DPD; and much more detailed plans and strategies, such as the Playing Pitches Strategy and Leisure Contract specifications. The previous Leisure Strategy which covered as broad an agenda but in more detail expired in April 2016.

Background

The Council's last overarching Sport, Leisure and Recreation Strategy (2006-2016) has expired, and a replacement is overdue. The context has changed significantly since the last strategy was written. More than anything, the Council's budgetary pressures impacting upon available revenue and capital funds for leisure services and facilities has worsened significantly; whilst there is increasing momentum of population growth and housebuilding as the SDLs make progress.

This strategy sets out high-level objectives only as many other strategies and work programmes have set out the more detailed plans and priorities for individual projects or contributory and allied strategies. These include the Shaping Our New Communities (SONC) strategy; The playing pitches strategy; and the Managing Development Delivery Plan. At high level, the leisure strategy can provide the link between other high level strategies such as the Health and Wellbeing Strategy and the Council Plan, allowing detail to be reserved for programmes which will follow, such as the re-procurement plan for the Council's leisure contract; and the options for the various building works at the leisure centres and swimming pools.

The strategy aims to set out the high-level vision for the council, to include:

- The need for the Leisure Strategy;
- What we want to achieve;
- The strategic context including national sport and public health guidelines;
- Health and wellbeing indicators;
- Individual, social and community development: the local sports landscape; and
- Economic development

The strategy is a succinct document, written in plain English to encourage ownership amongst the wide range of stakeholders such as sports clubs and Parish Councils, and to be clear to residents on the council's leisure offer within the Borough.

We had a good number at 139, and good range of responses to the consultation. These were largely in favour of the strategy. There was nothing in the responses to suggest that the draft strategy was lacking in any detail. We have therefore not made any changes to the draft strategy that we now recommend for approval. As with any open public consultation, we did get a huge number of very helpful suggestions and comments, including feedback on the current facilities and activities on offer in the Borough, many of which are in the responsibility of the Council. These fall into the operational level of detail, and will be hugely useful to us in setting the new specification for the management of the leisure centres in the Borough, which will be going out to tender later this year. It is in this detail that the public consultation has proven most useful to us.

Analysis of Issues

The new strategy sets a direction for the provision of 21st century leisure opportunities for borough residents and how the council proposes to facilitate their provision. In setting out this vision, we have consulted the public, for a period from 28th October to 23rd December 2016, and the strategy aims are well supported by the public. We are compiling a report of the detail of the responses, and a summary will be available in the first week of January 2017. Those that have been seen, give some direction to the priorities we would wish to include within the specification for the management of the

leisure centres when this contract goes out to tender in March 2017.

The top level aims and principles of the strategy have been set out and have been endorsed by the Sports and Leisure Working Group following their meeting of 6th September 2016. Our Vision for the Borough is, “a great place to live, an even better place to do business.” Having a strategy for sport and leisure will show how these can contribute to this vision.

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.

The following figures represent the cost to the council of the majority of major leisure items covered by the strategy: namely the Sports Development Team; The Country Parks Service; and the Leisure Centres Operational Contract. Together they cover their costs and provide a contribution to the general fund. These figures are included here with the intention of giving a figure as to the scope of the council’s leisure business streams. For year three (2018/19), we include additional income (£500,000) we should derive from the procurement of the Leisure Centres Operating Contract, showing the increase in contribution to the general fund, as included in the MTFP.

	The estimate of leisure services expenditure	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1) 2016/17	£2,364K expenditure £2,992K income (£628K saving)	Yes	Revenue
Next Financial Year (Year 2) 2017/18	£2,364K expenditure £2,992K income (£628K saving)	Yes	Revenue
Following Financial Year (Year 3) 2018/19	£2,364K expenditure £3,492K income (£1,128K saving)	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

The strategy does not commit the council to spend on any particular projects. Detailed business cases for projects which support the aims of the strategy will be presented separately, each with their own financial business case.

The strategy does state that the Council should “*Deliver services and facilities which cover their delivery and maintenance costs, providing a significant and maximised income for the Council, which provides value to the council tax payer and gains maximum return on investment and sets fair levels of charges for the population.*” This sets a clear approach for the detailed projects which will come about as a result of adopting this strategy.

Cross-Council Implications

This strategy aims to give all Council departments the ability to link their work on leisure, or the needs of their service users to this strategy.

List of Background Papers	
Consultation Responses to the Leisure Strategy, January 2017. Draft 21 st Century Leisure Strategy Health and Wellbeing Strategy 2014-17 Wokingham Borough JSNA (online at: jsna.wokingham.gov.uk)	

Contact Darrell Gale	Service Public Health
Telephone No 0118 908 8293	Email Darrell.gale@wokingham.gov.uk
Date 5 January 2017	Version No. 3



21st Century Leisure Strategy

A Vision for Leisure in the Borough

January 2017



SUMMARY

The principle reason that Wokingham Borough Council needs a leisure strategy is to guide the specification of and procurement to a new leisure centres' operational contract or contracts, from May 2018. The current 15 year contract was extended by a further three years so now needs to be openly tendered to elicit the best provision for the next 10-15 years. The procurement and re-specification is in its preliminary stages, but is expected to begin in December 2016, and will create one contract for all our Leisure Centres to achieve best value for the Council and best integrated access provision for residents who may wish to use different venues for different facilities.

Whilst the contract(s) will cover the operation of our centres, the buildings also require improvements to ensure they provide the best value in operational terms as well as the safest and most accessible facilities. Within the period 2017-2018, major improvements are required at the Bulmershe Leisure Centre to ensure its ongoing sustainability, which may involve a full refurbishment or rebuild on the same site. The Carnival Pool centre will be upgraded to include a new multipurpose sports hall, and will create an enhanced leisure offer within the plans for Wokingham Town Centre's regeneration by 2020. The Arborfield Sports Centre will be opening to the public as part of the new leisure contract(s) from May 2018, and a new swimming pool will be provided here within the period 2020-2026. These are identified in the Council's ongoing 5-year capital programme. The remaining centres at Loddon Valley and St Crispin's will be maintained to ensure continued operation.

With the Playing Pitches Strategy nearing completion and the Council's stated proposal to provide many of the additional pitches required at Grays Farm south of Wokingham Town, to be funded through developer contribution, the detailed design and engagement with likely users will begin within the next few years.

Wokingham Borough Council must always ensure the best value to its residents and the provision of leisure facilities will always need to be weighed against other priorities the Council faces. The Council may not necessarily always be the direct provider or owner of the leisure facilities within its current portfolio. Parish or Town Councils, and community groups may well seek to become the providers or owners of facilities to ensure their sustainability, with the Council acting as facilitator or commissioner.

The future sustainability of the Council and its new 21st Century operating model, together with its responsibilities for health and wellbeing, have provided a complex set of challenges to be resolved within its inherited leisure services and facilities. This strategy sets out a bold vision to give direction and focus for the detailed business cases; plans and strategies to come. The time is now right to seek the very best value for the Council Taxpayer to maximise incomes to cover all costs and to ensure the enormous opportunities afforded through capital investment made via developer contributions are used wisely across the Borough.

1. INTRODUCTION

Wokingham Borough Council recognises the significant benefits that the provision of sport and leisure activities and facilities can bring to the physical, social and economic health of our communities. Physical activity raises achievement in our schools and can engage those who are isolated. Recent research has concluded that for every £1 spent on sport and physical activity, £1.91 worth of social benefits are generated (Sports Industry Research Centre, 2016). With a growing focus on developing resilience within our communities, self-care for those with long-term health conditions and the need to prevent illness and immobility throughout life stages, the Council seeks to maximise the benefits of its community assets; leisure centres; country parks and open spaces; rights of way and cycling infrastructure to meet these agendas. To gain maximum benefit, including the reduction of future demands being placed on both Council and NHS services, a degree of targeting of certain programmes and initiatives will be expected, alongside differential support to, for instance, vulnerable groups of both children and adults and to provide specialist input.

Sport England, the English non-departmental public body for building the foundations of a community sports system notes the changing sporting landscape during the last decade. Shifting social patterns have given rise to new activities while others have declined in popularity due, in part, to unprecedented pressure on leisure time and competing demands for people's attention.

Wokingham Borough Council, as with all local authorities, faces a difficult financial future as it plans for the complete withdrawal of its Government support grant during the next two years, and is therefore embarking upon a radical approach to future sustainability – The 21st Century Council. Establishing core business for the future sees leisure services and the Council's leisure facilities being reviewed so that the Council concentrates its resources on targeted provision to improve health, independence and self-determination amongst the most vulnerable, whilst enabling and sustaining the universal provision of facilities. However, there is an expectation that these generate the income required to cover their costs. It is in this context that the need to envision the Council's leisure offer to its residents has been established.

2. WHY DO WE NEED A LEISURE STRATEGY?

Councils have legal duties for promoting wellbeing, both to individuals (Care Act 2014) and to the population across their areas (Local Govt, Act 2000). Intrinsic in this are new public health duties for improving the health of their populations including “giving information, providing services or facilities to promote healthy living and providing incentives to live more healthily” (Department of Health, 2012). There is therefore a strong legislative framework within which local authorities should invest in the provision of sports, leisure, physical activity and open space services and infrastructure, although many leisure services and facilities are discretionary functions. Physical activity does not just include sporting and fitness activities. It includes casual walks in our open spaces and public rights of way, play in our play areas and country parks, the use of allotments and community gardens and orchards in areas across the borough and of course the contribution to active travel, walking and cycling. The Borough now boasts many cycle paths and will soon have a network of Greenways across

the borough to supplement existing rights of way, for members of the public to use safely for enjoyment and active travel. With a new playing pitch strategy, there are opportunities to increase the quality and quantity of pitch provision across the borough, and opportunities to secure external funding will be explored from sports governing bodies for facilities to be upgraded to meet the appropriate standards.

There are an increasing number of national strategies, and local programmes and needs assessments that focus on the importance of increasing participation in sports and physical activity. These include:

- Sport England: Towards an Active Nation Strategy 2016-2021
- Sporting Future: A New Strategy for an Active Nation, HM Government 2015
- A Sporting Habit of Life 2012-2017: Sport England Strategy
- Healthy Lives, Healthy People: White paper published by the Department of Health 2010
- Places People Play: Nationwide large scale funding programme that focuses on the legacy of London 2012 Olympics and Paralympics

Wokingham Borough Council needs an up-to-date, overarching 21st Century strategy to highlight our ambitions, and give future direction for sport, leisure and physical activity provision and support across the Borough. This can be sustained for current and future populations, and maximises the positive individual and community benefits for all. We don't need to bring together the detailed plans covering the various contributory services and infrastructure which support physical activity and sport; but we do need to set out our Council's vision and principles for sport and physical activity.

3. WHAT DO WE WANT TO ACHIEVE?

Our Vision for the Borough is, *"a great place to live, an even better place to do business"*. Having a strategy for sport and leisure will demonstrate their contribution to this vision.

This strategy sets the high level vision of the authority. Many of the detailed plans which meet the aims of this vision are contained within other strategies and work plans, and investment in facilities and maintenance are included in the business cases that set out the detail for each individual scheme. As a local authority committed to open government, all of these documents are or will be, when prepared, available to the public.

In the current and future context, our new vision for leisure should be to:

- Be an Authority which promotes opportunities for all residents to be active and to participate in sporting and leisure activities to improve health and wellbeing, in high quality facilities or environments.
- Enable an increase in the proportion of the adult population achieving the CMO's physical activity guide levels from 66% to 70%; and to reduce those who are deemed inactive from 20.9% to 16% by 2021 (measured by Public Health Outcomes Framework).

- Support the aims of the Childhood Obesity Plan (HM Government, 2016) for children to engage in 60 minutes of physical activity each day, with half of this being delivered in schools.
- Maintain leisure centre provision through a model of community facilities (which include both wet and dry-side activities) in each of the Borough's main localities (Wokingham, Woodley, and Earley), with Arborfield & Ryeish Green facilities being added to the borough's leisure assets in the near future. The development of Grays Farm will provide an excellent new additional sporting hub.
- Enable the provision of other facilities across the Borough which offer multiple use and not exclusivity for one group or activity, and which make use of the Borough's open green spaces.
- Support the contribution made by voluntary organisations to grassroots sports clubs in promoting sporting excellence, attainment of sporting success, inclusion and volunteering.
- Deliver services and facilities which cover their delivery and maintenance costs, providing a significant and maximised income for the Council, which provides value to the Council Tax payer and gains maximum return on investment and sets fair levels of charges for the population.

4. THE STRATEGIC CONTEXT

The illustration below shows the importance of this leisure strategy across many areas of the Council's business. The Leisure Strategy translates the Council Plan and aspects of the Core Strategy and Health and Wellbeing Strategy into the individual work plans strategies and service specifications which contribute to the delivery of our aims. These relationships are not hierarchical, but show the inter-dependencies of policy and strategies both detailed and high-level across the authority. The strategy is shaped by the evidence base and national policies supporting sports and physical activity in the post London 2012 Olympics legacy period, as we celebrate and capitalise upon the unprecedented success of Team GB at the 2016 Rio Olympics.

The most recent Government strategy: Sporting Future: A New Strategy for an Active Nation (2015) sets a bold and ambitious direction for sport policy which goes beyond simple participation to how sport changes lives and becomes a force for social good. At its heart are five outcomes that are reflected and embedded in our vision:

- physical wellbeing
- mental wellbeing
- individual development
- social and community development
- economic development

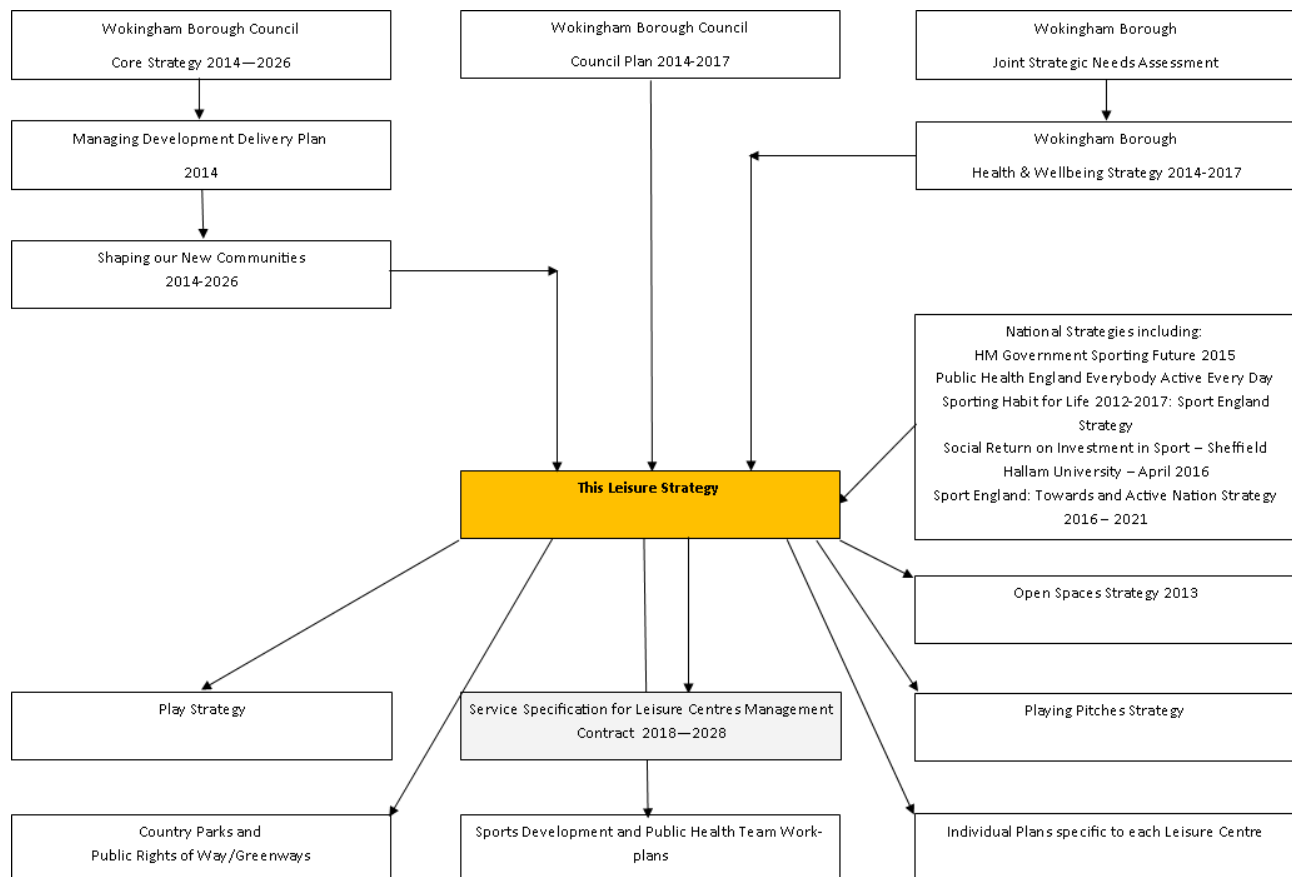


Image: The Leisure Strategy in context

5. PHYSICAL AND MENTAL WELLBEING

From 1 April 2013, the Council received its new responsibility for public health outcomes. Our statutory Joint Strategic Needs Assessment (JSNA) and Health and Well-being Strategy are overseen by the Wokingham Borough Health and Well-being Board, and drive much of the integration between Council, NHS and associated services.

The Council recognises in the way it works the strong integration between public health and leisure by maintaining a sports development team to commission and deliver specialist targeted and more universal programmes. Both leisure and clean and green services in Wokingham Borough are seen as an important resource for improving public health and well-being and in addressing priority public health concerns. For example, service provision encourages more active and healthy lifestyles through increasing participation in physical activity and sport and increasing people's access to and use of green space which can have a lasting positive effect on resident's mental and physical well-being and quality of life.

Participation in physical activity plays an essential role in the prevention of ill-health, reducing health inequalities and improving mental health. These improvements in turn have an impact on reducing costs to the wider economy, the Council (especially in adult social care services) and the NHS in the long-term. This is even more pressing due the Borough's

ageing population and the growth of the population across all groups due to the housing growth within the Borough's Strategic Development Locations. The Chief Medical Officer CMO recommends that adults should undertake 150 minutes (2.5 hours) of moderate physical activity per week, in sessions of at least 10 minutes.

The Public Health Outcomes Framework 2016, Sport England and Active People Survey find that 66% of Wokingham Borough's population are active. This percentage is higher than the England prevalence where 57% are considered active. 20.9% of people are inactive in Wokingham and 13.1% are insufficiently active compared with 27.7% inactive and 15.2% insufficiently active in England. National data states that the participation gap between higher and lower socio-economic groups has increased in recent years, 39% of adults in higher socio-economic groups played sport once a week, compared to 26% of those in lower socio-economic groups. In Wokingham Borough, 41.5% of surveyed people with limiting illness or disability are active and 39.2% are inactive.

Based on these facts, we aim to increase adults' participation in physical activities by 20% during the next 5 years. There appears to be an awareness that there are health benefits in being active, however our leisure and sport centres accommodate different people's demands and preferences. In line with Wokingham Borough Council's goal to improve the whole population health and wellbeing, additional efforts to raise the population awareness and support existing projects and venues will be dedicated to ensure achieving the above target, focusing also on people that are less active due to their limiting illness or disability, or due to their socio economic circumstances. Overweight (BMI >25) and obese (BMI>30) status increases the risk of: vascular diseases, diabetes, bone diseases, joints problems and depression. The rates of obesity (8%) and of being overweight (62%) in Wokingham are slightly lower than the national averages, however, they are disproportionately higher in those who are inactive or who are in lower socio economic groups.

To maintain basic level of health; NHS Guidelines recommend that children and young adults aged between 5-18 years need to have at least 60 minutes of physical activities every day ranging from moderate activities such as cycling and playground activities to vigorous activities such as running and tennis. For children under 5 years old, three days a week, physical activities have to include exercises for strong muscles such as push-ups and exercises for strong bones such as jumping and running (NHS Choices, 2015). Providing enhanced access and support for physical activity to the Borough's most vulnerable children and young people will improve a range of measures for these residents and may begin to tackle intergenerational inactivity in some families and communities.

The Care Act 2014 put new responsibilities on local authorities with the overarching principle of well-being, meaning that the services commissioned by local authorities have to focus on maintaining physical and mental health as well as independence. This sets the context in which under the 21st Century Council, the Council recognises in the way it works the strong integration between public health and leisure. Most targeted physical activity and leisure interventions will continue to need to be provided, both for adults and for vulnerable children and young people.

6. INDIVIDUAL, SOCIAL AND COMMUNITY DEVELOPMENT: THE LOCAL SPORTS LANDSCAPE

The Wokingham Borough Sports Council has been established for over 30 years and have excellent knowledge of the Borough's sports clubs and societies and their needs and aspirations. The WBC Sports Development Team works with sports clubs in the borough to increase participation, ensure that there are pathways from grass roots sports to the elite pathway, supported in part by the Sports Sponsorship Fund, which has enabled over 50 young people per year for the past 20 years to develop and enhance their sporting achievement by way of a small grant. The team also works with selected sports clubs to achieve governing body accreditation. This ensures that clubs are compliant with the appropriate policies and procedures in place, including safeguarding. This also ensures that all members of the public wanting to join a club can be assured that it is a safe recognised club within which they can achieve their goals.

Facility development for all sports and providers is key to increasing participation from grass roots to elite sports. Working with clubs, the Borough Council has managed to secure funding to help clubs develop their facilities and capacity. Funding streams from Sport England include small grants, and facility development grants, and certain sports governing bodies including Cricket, Rugby, & Football have funding schemes that are available. The WBC Sports Development Team working through the Sports Council to bring clubs and resources together can often add enormous value to the resources being realised for facilities within the Borough. An example being the Piggott School in Wargrave, which required a 3G pitch for school use, and it was found that four local large clubs also required improved training facilities. The clubs and school were brought together, and WBC took the lead on a Football Foundation bid for £275k, identified and secured Section 106 funds and a contribution from the school and clubs, to enable a total project value of £550k for the new 3G pitch which the school now have, and the four clubs can now access as their training facilities throughout the year.

The Government has placed the importance of volunteering at the heart of its Sporting Future Strategy. Volunteering for its own sake as well as an enabler for others to engage, and contribute to all of the five values – physical wellbeing, mental wellbeing, individual development, social and community development and economic development. Across the Borough there are over 170 clubs and societies known to the Sports Council or Sports Development Team whose sporting activities in the Borough involve some 1600 volunteers on a regular basis, adding hugely to the Borough's social capital.

7. ECONOMIC DEVELOPMENT

There is a recognition that investment in sports and leisure brings about a heightened return in social benefit. However, as the Council embarks on its new way of working under the 21st Century Council model, it needs to guarantee that any investment in leisure covers its costs, and sets up a stream of revenue to cover lifecycle maintenance costs. The re-procurement of the management contract for the Council's leisure centres should seek to maximise

income generation whilst meeting the targeted objectives necessary to meet its health and wellbeing responsibilities.

Some major Infrastructure costs for the extension, refurbishment or replacement of facilities are linked to the Section 106 and Community Infrastructure Levy (CIL) contributions made by developers who are building new houses in the Borough. The ongoing maintenance of facilities which can include items of high cost such as swimming pool plant, heating and ventilation services and the building structures themselves, should have planned programmes and the costs for works hypothecated against the income from running the facilities. The ability of the Council to generate income through the leisure contract should be seen in the context of the investment in maintaining the facilities to the quality level required for them to operate at a viable level of return.

REFERENCES

Department of Health, 2012. *The new public health role of local authorities*. Gateway reference: 17876

HM Government, 2016. *Childhood Obesity: A Plan for Action*

NHS Choices, 2015. *Physical activity guidelines for children (under five years)*. Available at: <http://www.nhs.uk/Livewell/fitness/Pages/physical-activity-guidelines-for-children.aspx>
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Sports Industry Research Centre, 2016. *Social return on Investment in Sport; A participation wide model for England*.

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TITLE	SuDS Strategy
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Josie Wragg, Interim Director for Environment
LEAD MEMBER	Angus Ross, Executive Member for Environment

OUTCOME / BENEFITS TO THE COMMUNITY

The SuDS Strategy guidance document sets out the long term vision for the use of Sustainable Drainage Systems (SuDS) within the Borough with a focus on managing flood risk and improving the water environment. The use of properly designed and constructed SuDS will promote strong, resilient, sustainable communities and reduce flood risk across the Borough. The strategy and detailed Technical Guidance will enable developers and WBC Planning Officers to design effective SuDS early in the Planning process.

RECOMMENDATION

That the Executive:

- 1) note the SuDS Strategy Public Consultation Summary and agree to the approach and amendments detailed in Appendix 1;
- 2) approve the amended SuDS Strategy provided in Appendix 2.

SUMMARY OF REPORT

[Due to the size of the SuDS Strategy (Appendix 2) it is not included in the agenda. A copy can be found on the Council's website using the following link <http://wokingham.moderngov.co.uk/ieListDocuments.aspx?Cld=129&MId=1955> or is available on request from Democratic Services.]

The SuDS Strategy sets out the long term vision for the use of Sustainable Drainage Systems (SuDS) in the Borough with a focus on managing flood risk and improving the water environment. Following Executive Approval dated June 2016 the draft strategy was issued for consultation from 22nd July 2016 to 16th September 2016.

The majority of respondents were supportive of a SuDS Strategy for Wokingham and confirmed that the SuDS Strategy met with stakeholder expectations of what such a strategy might contain. There were various recommendations made regarding additional beneficial information that should be included within the document and these recommendations have been noted and incorporated where appropriate.

Background

1. WBC has had a long standing commitment to consider adopting SuDS within the Borough and for this reason has drafted a Wokingham specific SuDS Strategy with attached SuDS Technical Guidance to ensure that the SuDS are designed appropriately to the local conditions found within the borough.
2. The guidance document aims to set out WBC's local requirements for sustainable drainage in the Borough and provide guidance on the suitability of the various SuDS options in different areas of the Borough. The document supplements national guidance on SuDS and is intended for use by developers and their consultants seeking guidance on the Borough Council's requirements for the design of sustainable drainage systems in Wokingham.
3. Once the SuDS Strategy is adopted, planning applications will need to show that their proposed developments meet the requirements laid out in the document.
4. Agreement was obtained from the Executive Committee in June 2016 for officers to consult on the draft SuDS Strategy. The draft strategy was issued for consultation from 22nd July 2016 to 16th September 2016.

Consultation

5. The consultation was advertised on the Council website, through Wokingham Borough Council Social Media channels Facebook and Twitter, in the local newspaper, and through the town and parish councils. Officers also attended town and parish council meetings when requested by town and parish councils to discuss the benefits and implications of the strategy in more detail.
6. Respondents had the opportunity to answer an online questionnaire or email their comments to sudsstrategy@wokingham.gov.uk. Thirteen comments were received in total – 10 of which were through the online questionnaire and 3 were received via email. All who made comments on the strategy during the consultation were responded to individually.
7. Most respondents welcomed a SuDS Strategy for the borough in order to ensure a more integrated and standardised approach to the SuDS process. There were a number of suggestions including the need for more details regarding maintenance and the need to consider natural flood risk management techniques in addition to the more conventional SuDS features. Various comments were also made about the local standards of the technical guide.
8. A number of respondents have suggested that the SuDS Strategy should be adopted as a Supplementary Planning Document (SPD). However, it is considered that it is more appropriate that this is adopted as a Council Strategy.
9. An SPD is a document that provides additional guidance to the policies contained in a Local Plan. The Council's current Local Plan is being reviewed and SPDs adopted under this will become out of date once the plan is superseded. Adopting the document at present as an SPD will mean that this is only relevant for a relatively short period of time.
10. In addition, SPDs are onerous to amend and adopt. As national guidance and best practice is developing, a strategy document is more easily adapted to reflect this

relative to an SPD. A strategy would carry weight as it has been out to public consultation and been adopted by the Council.

11. The comments received have been collated into the *Wokingham Borough Council SuDS Strategy Public Consultation Summary Document* which has been included in Appendix 1 of this report. Amendments to the draft strategy have been made where appropriate and the amended SuDS Strategy has been included in Appendix 2.

Conclusion

12. The Strategy will ensure development is delivered in accordance with best practice relating to SuDS, and that the systems will be designed and constructed to the specific needs of the borough, leading to a reduction in flood risk.
13. The Executive is asked to review and note the amendments made to the strategy in accordance with the consultation responses and to approve the final version to enable its adoption by Wokingham Borough Council.

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	N/A
Next Financial Year (Year 2)	£0	Yes	N/A
Following Financial Year (Year 3)	£0	Yes	N/A

Other financial information relevant to the Recommendation/Decision

N/A

Cross-Council Implications

N/A

List of Background Papers

Flood and Water Management Act 2010
June 2016 Executive Report
Wokingham SuDS Strategy July 2016 - draft for consultation
SuDS Strategy Public Consultation Summary Appendix 1
SuDS Strategy (for Adoption) Appendix 2

Contact Francesca Hobson	Service Highways and Transport
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Date 16 January 2017	Version No. 3

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Appendix 1 - Wokingham Borough Council SuDS Strategy Public Consultation Summary

This report summarises the responses and key themes which emerged from the responses to the Wokingham Borough Council (WBC) SuDS Strategy public consultation.

The strategy sets out the long term vision for the use of Sustainable Drainage Systems in the Borough with a focus on managing flood risk and improving the water environment. It is designed to be used by developers when master planning all major developments and for planners when assessing planning applications.

WBC sought feedback on the quality of information provided in the strategy regarding the implementation of SuDS in Wokingham and the local standards for developers to adhere to. Stakeholders were invited to comment on WBC's new SuDS Strategy during an 8 week public consultation period ending on Friday 16th September 2016.

WBC received a total of 13 responses, 10 of which were through the online questionnaire, and the other 3 were comments received via email. 11 of the responses received came from residents of Wokingham Borough Council and 1 came from a consultant on behalf of developers and 1 from the University of Reading.

The majority of responses were generally supportive of the SuDS Strategy for Wokingham and confirmed that the SuDS Strategy met with stakeholder expectations of what such a strategy might include.

The themes that emerged from this exercise included:

- The potential to adopt the SuDS Strategy as a Supplementary Planning Document.
- The importance of adequate maintenance plans to be agreed during the outline planning application stage so that there is a clear understanding of who the responsible party will be and that they are aware of the specific maintenance requirements for such structures/features.
- The supportiveness of residents for the Council to adopt a strategy like this to ensure that developers are held accountable. With this in mind, residents would like to see this strategy adopted as a Supplementary Planning Document.
- The importance of all stakeholders considering other methods of flood risk management including natural flood risk management techniques such as the use of woody debris and flood storage.

1. Summary of Questionnaire Responses

The rest of this document provides a summary of the questionnaire responses received.

Q1 Is the purpose of the document made clear in section 1?

100% Yes

0% No

Q2 Are there any other stakeholders not mentioned that this document should be targeting?

A number of respondents suggested that this document should also target those responsible for paying the developers for the maintenance of SuDS. In addition, respondents felt that other stakeholders such as community flood groups, the Rivers Trust, the Loddon Fisheries Conservation Consultative and the Loddon Catchment Partnership should be seen as the targeted stakeholders for this strategy.

WBC response: In terms of the first comment relating to those responsible for paying the developers for the maintenance of SuDS, dependent on who is adopting the SuDS feature, it would usually be the local authority, a water company, or a management company that would take on the role of managing the SuDS feature. In the case of the water company and the local authority, the developer would usually be required to pay them a commuted sum in order to fund the cost of maintenance over the lifetime of the feature. If a management company is put in place, in many cases, the residents would be required to pay a maintenance fee which would fund the costs of maintenance of the SuDS feature. For this reason, officers will extend the list of stakeholders to include the local authority, water companies, and management companies. Officers will also extend the list of stakeholders to include community groups such as the ones mentioned above, as these groups play an important role in the management of flood risk across the borough.

Q3 Do you agree with the 6 key objectives for flood risk and the water environment for Wokingham?

90% Yes

10% No

If no, what else should the Council be considering?

One respondent felt that an additional objective should be to slow the flow of surface water into local watercourses as Wokingham is in an area of scarce water resources and SuDS also offer opportunities to help ease this problem. Furthermore, objective 1, to manage known surface water drainage issues in the borough' should be more clear in stating that the objective is to manage the flood risk which surface water can cause.

WBC response: This is not necessary as the 6 objectives adequately cover slowing the flow of water into a local watercourse and the overall management of flood risk from both surface water and fluvial flooding.

Q4 Does the document clearly explain what SuDS are and why SuDS should be used?

80% Yes

20% No

Are there any other SuDS features that should be included in table 1.3?

Two respondents indicated that the list is too limiting and should include natural flood risk management techniques such as woody debris and flood storage.

WBC response: The national SuDS Manual, produced by CIRIA, was used to develop this table and natural flood risk management techniques are not included within the manual. Natural flood risk management techniques include the alteration, restoration or use of landscape features to reduce flood risk and although they play a similar role to SuDS in managing flood risk by slowing the flow, in many cases it is not possible to use a natural flood risk management technique within a development to manage the surface water drainage.

Q5 Is there any more information that needs to be provided in relation to how SuDS features can improve water quality?

90% No

10% Yes

Q6 Is the geological suitability for SuDS in Wokingham made clear?

100% Yes

0% No

If not, how can this be made clearer?

N/A

Q7 Is the hydrological suitability for SuDS in Wokingham made clear?

80% Yes

20% No

If no, how can this be made clearer?

Some respondents have noted that although the hydrological suitability for SuDS in Wokingham has been made clear, the document does not make it clear who will be responsible for managing and maintaining SuDS features and for ensuring that the features are able to absorb the potential hydraulic flows similar to that of the 2007 rainstorm event.

WBC response: This information is not provided within the strategy because the maintenance and management of SuDS features for individual development sites will be decided on a case by case basis, depending on the drainage strategy and the organisation responsible for managing the system that the SuDS feature is serving. Having said this, in order to ensure that a clear plan for maintenance will be in place, the strategy requires that a developer submits a maintenance plan to the Local Planning Authority during the outline planning application stage.

Q8 Is the information provided about why particular SuDS are needed in particular locations made clear?

90% Yes

10% No

If not, how can this be made clearer?

One respondent has stated that the strategy should include hydraulic calculations based on recorded rainfall from the July 2007 rainfall event.

WBC response: This kind of detailed technical information is not required within the strategy. Furthermore, this kind of information is not available for all areas of the borough.

Q9 Is there any more information that should be included in the section regarding opportunities for SuDS outside of new developments?

80% No

20% Yes

Those who said that more information could have been included suggested speaking to Chris Uttley from Stroud District Council and also the local fisheries groups and community flood action groups.

WBC response: Officers have spoken with Chris Uttley and are aware of the techniques being used in Stroud to manage flood water. Officers are also working with partner agencies to try and implement these types of measures in various locations with watercourses across the borough. Whilst information relating to natural flood risk management and community projects elsewhere across the county is important and a good source of information to build projects on, this information would be better placed in the Local Flood Risk Management Strategy which is being reviewed in 2017.

Q10 Is there anything that hasn't been mentioned in the SuDS Strategy that the Council should include with regards to improving water quality under the Water Framework Directive?

100% No

0% Yes

Q11 Are the requirements of planning applications in terms of SuDS made clear?

70% Yes

30% No

If no, how can this be made clearer?

Respondents who said the requirements of planning applications in terms of SuDS could be made clearer all stated that the strategy should be adopted as a Supplementary Planning Document (SPD) to ensure that developers are held accountable when building new housing developments.

WBC response: It is considered that it is more appropriate that this is adopted as a Council strategy. An SPD is a document that provides additional guidance to the policies contained in a Local Plan. The Council's current Local Plan is being reviewed. SPDs adopted under the current Local Plan will become out of date where policies are superseded. Adopting the strategy at present as an SPD will likely mean that this is only relevant for a relatively short period of time. In addition, SPDs are onerous to amend and adopt. As national guidance and best practice is developing, a strategy document is more easily adapted to reflect this relative to an SPD. A strategy would carry weight as it has been out to public consultation and been adopted by the Council.

Q12 Are the links to current Wokingham Borough Council Policy made clear?

100% Yes

0% No

If no, how can this be made clearer?

N/A

Q13 Do you have any comments on the local standards for sustainable drainage in Wokingham?

Only one respondent responded to this question suggesting that developers should be forced to design infrastructure to cater for a flooding event on the scale of that of 2007.

WBC response: Since February of this year, the Environment Agency have implemented new climate change allowances for both surface water and river flooding, which must be considered by developers and consultants when producing flood risk assessments and drainage strategies for new developments. Officers have amended the strategy to include information relating to these amended climate change allowances.

Q14 Are there any additional subject areas you feel should be included in the Strategy?

Four respondents replied to this question by stating that more information about maintenance requirements of SuDS should be included within the document. It was suggested that the strategy included a deadline date for the introduction of a maintenance plan and also an explanation of how the maintenance would be financed. Maintenance plans and the financing of maintenance should be included at the outline planning application stage.

WBC response: Please refer to Q7 which relates to these suggestions.

Q15 Do you have any further comments on the Strategy? Please quote the page number your comments refer to, if applicable.

Only one respondent answered this question suggesting that the 6 months ground water monitoring needs to appear in the checklist.

WBC response: This has been amended in the final version.

2. Summary of email responses:

In addition to those who filled out the online questionnaire, 3 responses were also received via email from a resident of the borough and a consultant on behalf of both the South of the M4 SDL Consortium and the University of Reading.

The first email response received by a resident of Wokingham stated that rather than developing a SuDS Strategy, Wokingham Borough Council should minimise flood risk by maintaining rivers and streams through dredging and maintaining existing drainage assets. In response to this, officers have said that whilst the maintenance of existing watercourses and drainage features is key, it is also vital to ensure that sustainable drainage systems are implemented in future developments as these methods of draining sites are able to match greenfield run off rates and in some case achieve betterment. Furthermore, WBC contractors inspect and maintain the ditches which are included on the Critical Ditch List and the gulleys on the Gulley Maintenance list on a regular basis to minimise the risk of flooding. These lists are reviewed and updated with new information every year. It is also important to note that WBC is not responsible for the majority of ordinary watercourses in the borough and there are numerous riparian owners who also share a similar responsibility. In addition, the Environment Agency is responsible for coordinating the management of watercourses designated as Main River. WBC officers work in close partnership with the Environment Agency and other risk management authorities to ensure that there is a coordinated approach to flood risk management across the borough.

The other 2 responses, by a consultant on behalf of the South of the M4 SDL Consortium and the University of Reading, provided technical comments on the Appendix A Technical Guide. There were a number of suggestions made, the main ones of which are summarised below. Wokingham Borough Council has not made all of the suggested amendments given by this respondent as it was felt that a few of the suggestions were unnecessary and would reduce the ability of the document to serve its purpose which is to ensure that the most appropriate and well-designed SuDS schemes are implemented in Wokingham. The table below shows the amendments that have been made to the SuDS Strategy in accordance with some of the suggestions made by this respondent.

Local standard	Changes made
WokBC-LS5	<p>The local standard requires demonstration that proposed development discharge rates do not exceed their corresponding greenfield/previously developed rates for return periods 1 in 1 year, 1 in 2 year, 1 in 5 year, 1 in 30 year, 1 in 100 year and 1 in 100 year including climate change return periods. The respondent commented that this goes against current national guidance and such a definitive spread of return periods is impractical to achieve. These comments have been noted and an amendment has been made such that the local standard reads: <i>'Demonstration of this is required for the 1 in 1 year, 1 in 30 year, and 1 in 100 year including allowances for climate change, unless discharge rates have been restricted to QBar'</i>.</p> <p>The section relating to this in the major development outline application</p>

	drainage checklist has also been amended to match this.
WokBC-LS11	<p>There was a comment regarding the fact that current Defra/EA guidance allows for Long Term Storage to be removed if mitigated through compliance to QBar for all discharge rates above the 1 in 1 year return period. This has been noted and an amendment has been made such that the local standard is written as followed: <i>'Long term storage must be provided to limit the volume of runoff from the 1 in 100 year event with an allowance for 40% climate change, unless discharge rates have been restricted to QBar'</i>.</p> <p>The section relating to this in the major development outline application drainage checklist has also been amended to match this.</p>
WokBC-LS13	<p>The local standard states a freeboard allowance for all surface water storage features. The respondent suggested rewording the standard as the amount of freeboard required may be dependent on the depth of water and depth of the feature especially where they are shallow features. An amendment has been made such that the local standard is as followed: <i>'All surface storage features (ponds, wetlands and basins) must provide a 300mm freeboard above the maximum design water level, unless otherwise agreed'</i>.</p>
WokBC-LS14	<p>The local standard relates to the requirement for a freeboard allowance for all surface conveyance features of 150mm and the respondent has indicated that the freeboard amount may be dependent on the depth of water and depth of the feature, especially in respect to very shallow systems. An amendment has been made such that the local standard is as followed: <i>'All surface conveyance features (swales and channels) must provide a 150mm freeboard above the maximum design water level, unless otherwise agreed'</i>.</p>
WokBC-LS17	<p>The local standard states that no overland flow/exceedance routes/storage areas shall be within private ownership and requests how these areas will be safeguarded. An amendment has been made such that the local standard is as followed: <i>'Overland flow/exceedance routes/storage areas should be outside private ownership areas unless otherwise avoidable'</i>.</p> <p>The section relating to this local standard in the major development full application drainage checklist has also been amended to match this.</p>
WokBC-LS22	<p>The local standard requires details of all structures or chambers in excess of 1m deep or 600mm diameter, or 600mm high to be submitted for approval with all structural calculations. The respondent states that it is already industry practice to specify components that have been designed, developed and tested to stringent criteria under European and/or British Standards but that some developments may require the use of non-standard components and therefore the policy should be directed at such elements rather than all structures or chambers in excess of these conditions. This point has been noted and the amended standard reads: <i>'All details of non-standard structures or chambers in excess of 1m deep or 600mm diameter, or 600mm high shall be submitted with structural design calculations relating to the ground conditions proven by site investigations'</i>.</p>
WokBC-LS39	<p>The local standard relates to the provision of guidance as to when pervious surfaces should be constructed. The respondent states that the wording is too prescriptive and could force a construction programme that may not be suitable with respect to Health and Safety and pedestrian/traffic movements. This point has been noted and an amendment has been made such that the local standard is as followed: <i>'Any pervious surfaces should not be constructed, unless adequate protection is provided to prevent clogging or binding once it has been constructed. The function of permeable systems will be destroyed if soil or subsoil is deposited on the surface and should be avoided'</i>.</p>

TITLE	Community Infrastructure Levy Regulation 123 List Clarification
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Josie Wragg, Interim Director of Environment
LEAD MEMBER	Mark Ashwell, Executive Member for Planning and Regeneration

OUTCOME / BENEFITS TO THE COMMUNITY

The proposed clarifications should help ensure a clearer, fairer and more transparent system of collecting developer contributions and securing infrastructure required as a result of new development.

RECOMMENDATION

It is recommended that the Executive:

- 1) notes the consultation responses to the Draft Regulation 123 List Consultation Document (attached at Appendix A); and
- 2) adopt the updated Regulation 123 List Document as amended (attached at Appendix B)

SUMMARY OF REPORT

The Wokingham CIL Regulation 123 List of infrastructure that can or may be funded by CIL was adopted by Full Council in February 2015. It was intended that the list would be reviewed and updated on a periodic basis using the benefit of our experience in operating the system as initially adopted.

Executive approved an updated list for consultation on 28/07/2016. Consultation was held from 01/09/2016 to 13/10/2016.

This paper provides a summary of representations received together with individual officer responses to the representations. The changes will help provide further assurance that there will be no double counting of CIL and S106 planning obligations and they also help ensure that site-specific planning obligations can be secured where they are required by new development.

An updated Regulation 123 List will support the effective implementation of the Community Infrastructure Levy and S106 Agreements in Wokingham. It is recommended that the Executive adopt the updated Regulation 123 List.

Background

On 6 April 2015, the Council implemented the Community Infrastructure Levy (CIL), which replaced the previous Section 106 led tariff-based approach for collecting developer contributions in the Borough. As part of this new approach towards collecting developer contributions the Council adopted what is known as a 'Regulation 123 List' of infrastructure.

The Regulation 123 List serves as a means of identifying those infrastructure needs which can or may be delivered through the use of CIL funds. Inclusion on the list does not imply priority, or that the Council will spend CIL on every item, or not spend CIL on other unlisted items. Prioritisation of CIL funds will be member-led, through the Council's Capital Programme.

However, the main purpose of the Regulation 123 List (as set out in the CIL Regulations) is to prevent CIL expenditure and Section 106 planning obligations from overlapping, and hence prevent developers from being 'double charged' for the same items of infrastructure.

As such, the Council, as Local Planning Authority, is not able to also negotiate a S106 obligation for any type or item of infrastructure included on the CIL Regulation 123 list. Therefore, it is important that the Regulation 123 List does not limit the Council's ability to negotiate a S106 obligation where directly related and specific infrastructure needs are identified.

Analysis of Issues

The Council was clear from the outset as to the intention and nature of the types and items of infrastructure on the list. However, it has come to light that the way in which some of these items and types of infrastructure are worded on the Regulation 123 List could lead to a broader interpretation than was intended, thus restricting the Council's ability to negotiate S106 obligations.

In order to address any ambiguity in the wording of the 'Regulation 123 List' and to clarify the original intention of the Regulation 123 List, the Draft CIL Regulation 123 List Consultation Document was approved for public consultation at a meeting of the Executive on 28/07/2016. The consultation took place between 01/09/2016 and 13/10/2016.

Removing any ambiguity ensures that where site-specific mitigation is required alongside CIL for a development proposal (for example, the construction of a new roundabout for a large residential scheme), this can be secured through a separate legal agreement. Importantly, where S106 planning obligations are sought for such purposes, they need to meet a number of statutory tests, which are set out in the CIL regulations. The obligation must be:

1. necessary to make the development acceptable in planning terms;
2. directly related to the development; and
3. fairly and reasonably related in scale and kind to the development.

The clarifications also provide further assurance to developers that there will be no

‘double counting’ of CIL and planning obligations. A copy of the consultation document is attached at Appendix C for information

A summary of representations together with an individual officer response to each representation is attached at Appendix A.

In summary, there were four respondents to the consultation:

Respondent	Officer Response
Arborfield and Newland Parish Council – comments were on detailed points in relation to the prioritisation or addition of specific schemes.	As this was just an exercise in clarification no schemes were added. Also, The Regulation 123 List is a list of infrastructure items that can, or may, be funded via CIL. It is not a prioritisation exercise. Other detailed points are dealt with in Appendix A
Finchampstead Parish Council – comments were on detailed points in relation to the prioritisation or addition of specific schemes.	See above.
Gladman Developments Ltd – comments were on the general approach to updating the Regulation 123 List. In particular that the changes meant that items could be secured under S106 which developers would have expected to fall under CIL and that the viability evidence supporting the charging schedule had not been revised	This is an exercise in clarification – no items would be secured by S106 after the proposed clarifications than was originally intended. The changes just remove any ambiguity. The changes set out at Draft Revised Regulation 123 List do not have any implications on the level at which CIL is set as the update indicates a continuing infrastructure need and consequently a continued funding gap. Gladmans have not provided any viability evidence to the contrary.
Persimmon Homes – Comments were in support of having the South Wokingham Distributor Road on the list and also in relation to prioritisation of that project.	The Regulation 123 List is a list of infrastructure items that can, or may, be funded via CIL. It is not a prioritisation exercise.

Conclusion

An updated Regulation 123 List will support the effective implementation of the Community Infrastructure Levy and S106 Agreements in Wokingham. It is recommended that the Executive adopt the updated Regulation 123 List.

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)	-	Funded	
Next Financial Year	-	Funded	

(Year 2)			
Following Financial Year (Year 3)	-	Funded	

Other financial information relevant to the Recommendation/Decision

The amended Regulation 123 List will allow the Council to continue agreeing Section 106 obligations (where justified in accordance with CIL Regulation 122). Failure to clarify the list could compromise the Councils ability to negotiate some site-specific infrastructure through planning obligations (S106).

Cross-Council Implications

Potential to negotiate infrastructure through S106 outside of CIL, thus enabling services to deliver more infrastructure.

List of Background Papers

Appendix A – Summary of Consultation Responses to the Draft Regulation 123 Clarification consultation document
Appendix B – Draft Revised Wokingham Regulation 123 List
Appendix C – Draft Regulation 123 Consultation Document

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Date 18 December 2016	Version No. 1

APPENDIX A - COMMUNITY INFRASTRUCTURE LEVY REGULATION 123 – SUMMARY OF REPRESENTATIONS

Respondent	Regulation 123 Clarification (suggested additional text highlighted in red)	Summary of Representations	Officer Response
Arborfield and Newland PC	<p>Provision and ongoing maintenance in perpetuity of SANG (part of Thames Basin Heaths Special Protection Area (TBHSPA) Avoidance and Mitigation measures) at Rooks Nest Woods <u>and Clare's Green Wood.</u></p> <p>Arborfield Cross Relief Road (ACRR) - a new road <u>between a new junction on the A327 south of Langley Common Road and a new junction on the A327 West of Arborfield Cross;</u></p> <p>Barkham Bridge Improvement – <u>widening to one lane each direction;</u></p>	<p>SANG - SANGS on the SDL locations are explicitly excluded. The Council is not aware of Wokingham Borough Council (WBC) or the developers having agreed any provision for ongoing funding for the SANGS being provided as part of the Arborfield SDL development. The Council therefore requests WBC to consider including the Arborfield SDL SANGS for perpetual funding in line with the provisions made for Rook's Nest and Clare's Green.</p> <p>Arborfield Cross Relief Road - The Council requests that WBC include specific provision for a footbridge over the ACRR to carry the footpath 17 across the cutting required for the ACRR. The Council would also like WBC to consider including specific provision for the footpath/cycleway that it has been suggested will be included as part of The ACRR development.</p> <p>Barkham Bridge Improvements – Arborfield and Newland PC - The Council notes that the Draft Regulation 123 List includes provision for "widening to one lane in each direction" which we understand is one of several options currently being considered. The Council therefore requests that Barkham Bridge mitigation remains specific in the list, but the method of mitigation is left</p>	<p>No change proposed - SANG will be secured on-site and off-site via S106 Agreement. On the Arborfield Garrison site a maintenance sum in excess of £3m was secured towards the cost of maintaining SANGS for an indefinite period.</p> <p>No change proposed – The requirement for a footbridge to carry footpath 17 across the ACRR will be assessed as part of the detailed project. However, if required it could benefit from CIL funding. Any footway / cycleway provided as part of the overall project could benefit from CIL funds.</p> <p>No change proposed – The change would not preclude the Council from using CIL towards a different scheme option at Barkham Bridge.</p>

Respondent	Regulation 123 Clarification (suggested additional text highlighted in red)	Summary of Representations	Officer Response
	<p>Comment is not in relation to a proposed clarification</p> <p>Improvements along the A327 <u>to deliver pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites along the A327 between the Borough Boundary to the South and the Borough Boundary to the North which ends just south of Whitley Wood Road;</u></p>	<p>open until the necessary modelling works and consultation have been completed.</p> <p>California Crossroads – Arborfield and Newland PC – It is not on the list, how will it be funded?</p> <p>Improvements along the A327 - Arborfield and Newland PC - The Council queries the exclusion ‘not directly related, in part or in whole’, to development sites along the A327. The Council would like to see specific inclusion for the mitigation works required at the Langley Common Road/A327 roundabout which we believe to be critical to ensure traffic leaving the development area by the Biggs Lane exit will use the ACRR to access Reading.</p>	<p>No change proposed – S106 contributions have already been secured towards California Crossroads. Also the fact that is not on the list does not preclude WBC from using CIL funds towards it if required.</p> <p>No change proposed - This caveat has been included to clarify that improvements along the A327 directly related to specific development sites should be secured via S106, and that it was never intended that development specific transport and highways requirements for improvements along the A327 would be funded via CIL. The original inclusion of ‘Improvements along the A327’ was so that infrastructure requirements resulting from incremental development along the A327 could be funded via CIL. The proposed changes clarify that. There is no requirement to</p>

Respondent	Regulation 123 Clarification (suggested additional text highlighted in red)	Summary of Representations	Officer Response
	<p>Comment is not in relation to a proposed clarification but suggests additional changes</p> <p>Comment is not in relation to a proposed clarification</p> <p>Comment is not in relation to a proposed clarification but suggests additional</p>	<p>Education facilities – The Council would welcome provision for ongoing funding to allow community access to education facilities outside school hours, in particular those facilities being provided at the Bohunt School Wokingham which will be so critical to the development of a full functioning community at the Arborfield SDL.</p> <p>Green Infrastructure - Arborfield and Newland PC – The Council notes the exclusion of green infrastructure within the Arborfield SDL. While the Council understands the exclusion of the provision of land for CIL funded facilities within the SDLs the Green Infrastructure exclusions list includes the land exclusion but goes further to exclude Amenity Open Space and Play Areas in the SDLs. Can the Council please clarify the reason for this specific exclusion and how these important facilities will be funded in the Arborfield SDL development?</p> <p>Community Centres - Arborfield and Newland PC - Include a specific requirement for funding for a new community centre to replace the existing Garrison Community Centre.</p>	<p>be more specific about the project.</p> <p>No change proposed – CIL has to be spent on the provision of infrastructure, as defined in the planning act 2008. Access to facilities does not equate to the provision of infrastructure. CIL will partially fund the secondary school at Arborfield.</p> <p>No change proposed – Amenity open space and play areas have been excluded on the SDL's because they will be secured via S106, and they already have been in the case of the Arborfield Garrison site which came forward before CIL was implemented in Wokingham. No change / clarification was proposed to the adopted approach towards amenity open space and play areas.</p> <p>No change proposed – Community centres can benefit from CIL funds, including if</p>

Respondent	Regulation 123 Clarification (suggested additional text highlighted in red)	Summary of Representations	Officer Response
	changes		required, a replacement for the existing Garrison Community Centre.
Finchampstead PC	<p>Comment is not in relation to a proposed clarification but suggests additional changes</p> <p>Comment is not in relation to a proposed clarification but suggests additional changes</p>	<p>California Crossroads - The California Crossroads improvement scheme is not included on the List. We understood this is on hold due to lack of funds and other priorities. The implication is therefore that this will be CIL funded.</p> <p>The proposed cycle path on the Nine Mile Ride, providing a safe route to the new Secondary School is not included on the List</p>	<p>No change proposed – S106 contributions have already been secured towards California Crossroads. Also the fact that is not on the Regulation 123 list does not preclude WBC from using CIL funds towards it if required</p> <p>No change proposed – Cycle Network Improvements are included on the list.</p>
Gladman Development Ltd	General comments on approach to updating the Council's Regulation 123 List	The proposed changes to the CIL 123 List seek to significantly tighten the definition of a number of infrastructure schemes. The consequence of this would be the inability to use funding from CIL to finance infrastructure within a number of typologies and in a number of locations in the way that was initially expected upon the introduction of CIL in April 2015.	No change proposed – The update does not seek to tighten the definition of infrastructure schemes. It just clarifies that which was originally intended for the avoidance of doubt. The Regulation 123 List does not restrict what the authority can spend CIL funds on.

Respondent	Regulation 123 Clarification (suggested additional text highlighted in red)	Summary of Representations	Officer Response
		<p>The proposed approach would result in planning obligations being sought under Section 106 of the Town and Country Planning Act 1990 (as amended) for infrastructure that would reasonably be expected to be funded through CIL at present. The proposed changes are therefore contrary to the advice contained within the PPG.</p>	<p>No change proposed – Planning Practice Guidance set out that Authorities may amend their Regulation 123 List at any stage, without reviewing their charging schedule. It was always the intention that the list would be subject to periodic review using the benefit of our experience in operating the system as initially adopted.</p> <p>In order to address any ambiguity in the wording of the ‘Regulation 123 List’, the Draft CIL Regulation 123 List Consultation Document proposes changes to clarify the original intention of the Regulation 123 List items or types of infrastructure and to avoid any misinterpretation as to their meaning in the future.</p> <p>The proposed changes do not remove any items so that they may be funded by S106. The changes simply provide clarification, for the avoidance of doubt, as to the original intention</p>

Respondent	Regulation 123 Clarification (suggested additional text highlighted in red)	Summary of Representations	Officer Response
		<p>In addition, the viability evidence that informed the introduction of CIL has not been revisited in the context of the proposed changes, so at this stage it is not clear as to whether the Council has considered the impact that the proposed changes might have on the viability evidence that supported examination of its charging schedule.</p>	<p>of the projects listed. Furthermore Gladman Developments have not provided any examples of where they expect this might happen.</p> <p>No change proposed – Statutory guidance sets out that if any changes to the Regulation 123 list would have a very significant impact on the viability evidence that supported examination of the charging schedule, this should be made as part of a review of the charging schedule.</p> <p>The proposed changes do not have any implications on the level at which CIL is set as the changes are to clarify the intention of the original List. There is a continuing infrastructure need and consequently a continued funding gap. Furthermore Gladman Developments have not provided any viability evidence to the contrary.</p>



Respondent	Regulation 123 Clarification (suggested additional text highlighted in red)	Summary of Representations	Officer Response
Persimmon Homes	General comments on approach to updating the Council's Regulation 123 List	Persimmon Homes are supportive of the changes made to the CIL Regulation 123 List which provides clarity and further detail concerning a number of infrastructure schemes proposed within the List. Persimmon believe that infrastructure delivery at the SDLs should be prioritised and, in particular, the South Wokingham Distributor Road (SWDR) be delivered / prioritised as part of the regulation 123 List. Persimmon believe that a prioritisation in favour of the A329 improvements (over the SWDR) would be a mis-judgement given the essential nature of delivering the SWDR in terms of then being able to deliver suitable development within the South Wokingham SDL.	Support noted - No change proposed – The Regulation 123 List is a list of infrastructure items that can, or may, be funded via CIL. It is not a prioritisation exercise.

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Wokingham Borough Council Community Infrastructure Levy (CIL)

Draft Regulation 123 List – November 2016

Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) (CIL) prevents the local planning authority from taking into account as a reason for granting planning permission certain planning obligations for infrastructure that will be funded in whole or part by CIL.

The list does not signify a commitment by the Council to deliver the project, nor does it indicate any priority. The list will be subject to periodic review. Proposed insertions to the Council's adopted Regulation 123 List are underlined with red text. Proposed deletions are highlighted in red strikethrough text.

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Infrastructure Type or Project	Exclusions*
<p><u>Suitable Alternative Natural Greenspace (SANG) - defined as:</u></p> <p>Provision and ongoing maintenance in perpetuity of SANG (part of Thames Basin Heaths Special Protection Area (TBHSPA) Avoidance and Mitigation measures) at Rooks Nest Woods and Clare's Green Wood.</p>	<p>On-site and off-site delivery of SANG (in accordance with the TBHSPA Avoidance and Mitigation Strategy, necessary to meet the requirements of the Habitat Regulations) in connection with the following Strategic Development Location (SDL) sites:</p> <ul style="list-style-type: none"> • North Wokingham SDL • South Wokingham SDL • South of M4 SDL • Arborfield SDL <p>SPA-wide Strategic Access and Management Monitoring (SAMM) (N.B. This item is not considered to fall within the definition of infrastructure and will continue to be secured through legal agreements).</p>
<p><u>Transport, defined as:</u></p> <p>The following Local Road Network capacity</p>	<p>All other development-specific transport and highways improvements</p>

Infrastructure Type or Project	Exclusions*
<p>improvements:</p> <ul style="list-style-type: none"> • Improvements along the A329 to deliver pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites between the Coppid Beech Roundabout to the junction of the B3350; • Winnersh Relief Road – a new road between Kings Street Lane and the A321 Reading Road (near the M4 overbridge); • North Wokingham Distributor Road (NWDR) – new sections of road through the North Wokingham SDL, between Warren House and Twyford Road, and, between Toutley Road (near Brimblecombe Close) and the A321 Reading Road; • South Wokingham Distributor Road (SWDR) – a new road through the South Wokingham SDL, from Montague Park (just south of the school access) to an improved junction on the A321 (near Tesco); • Replacement railway bridges on the A321 Finchampstead Road, specifically: <ul style="list-style-type: none"> • Southern underbridge, single span masonry arch bridge (bridge no. 1165 Network Rail reference 19/1375) • Northern underbridge, single span 	<p>as identified in a development specific transport assessment.</p> <p>Travel Plans</p> <p>The delivery, commissioning, or subsidy of a new or existing expanded bus service.</p> <p>Provision of land for transport requirements on the SDLs</p> <p>Sections of the Greenways Network within the SDL's</p>

Infrastructure Type or Project	Exclusions*
<p>masonry arch bridge (bridge no. 1166 Network Rail reference 4/34);</p> <ul style="list-style-type: none"> • Improvements along A321 - to deliver pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites along the A321 between the southern Borough boundary starting at Wokingham Road (Crowthorne) and the end of the A321 in Wargrave towards the north of the Borough; • Arborfield Cross Relief Road (ACRR) - a new road between a new junction on the A327 south of Langley Common Road and a new junction on the A327 West of Arborfield Cross; • Nine Mile Ride Extension – a new road through the Arborfield SDL between byway 18 and the Nine Mile Ride connection with Park Lane; • Barkham Bridge Improvement – widening to one lane each direction; • Improvements along the A327 to deliver pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites along the A327 between the Borough Boundary to the South and the Borough Boundary to the North which ends just south of Whitley Wood Road; • Shinfield Eastern Relief Road; 	

Infrastructure Type or Project	Exclusions*
<ul style="list-style-type: none"> • Capacity improvements on the A329(M) from M4 Junction 10 to Coppid Beech • Corridor Improvements - the delivery of sustainable transport measures that are not directly related, in part or in whole, to development sites, including: <ul style="list-style-type: none"> • Bus stop improvements; • Footpath / cycleway improvements. <p>Strategic Road Network (SRN) improvements outside the Borough within contiguous Local Authorities (The SRN is made up of motorways and trunk roads that are managed by Highways England).</p> <p>Public Rights of Way (PROW) and Cycle Network improvements including:</p> <ul style="list-style-type: none"> • Four crossings over the Waterloo Line (Tanhouse / Gypsy Lane / Star Lane / Eastern Gateway); • The_Greenways Network. <p>Public Transport Network improvements including:</p> <ul style="list-style-type: none"> • Thames Valley Park, Eastern Expressway – a new road to support public transport in Thames Valley Park 	

Infrastructure Type or Project	Exclusions*
<p>The following improvements to Parking Provision (including Park and Ride infrastructure):</p> <ul style="list-style-type: none"> • Park & Ride near the Coppid Beech roundabout • Carnival Pool Car Park Expansion • Thames Valley Park, Park and Ride 	
<p><u>Education, defined as:</u></p> <p>Nursery Schools</p> <p>Primary and Secondary Education Further and Higher Education Special Educational Needs Provision</p>	<p>Provision of land for schools on the SDLs and service / utilities provision / pedestrian and vehicular access connections to the schools.</p>
<p><u>Green Infrastructure, defined as:</u></p> <p>Allotments and Community Gardens</p> <p>Biodiversity Projects</p> <p>Amenity Open Space and Play Areas</p> <p>Cemeteries and Churchyards Outdoor Sport Facilities</p>	<p>Amenity open space and play areas in connection with the following Strategic Development Location (SDL) sites:</p> <ul style="list-style-type: none"> • North Wokingham SDL • South Wokingham SDL • South of M4 SDL • Arborfield SDL <p>Provision of land for green infrastructure on the SDLs</p>

Infrastructure Type or Project	Exclusions*
Country Parks	
<u>Community/Social Infrastructure</u>, defined as: Community Centres/Halls Libraries Indoor Sports Facilities Culture and Heritage	Provision of land for community / social infrastructure on the SDLs
<u>Public Services</u>, defined as: Emergency Services facilities and equipment Health centres/GP surgeries	Fire Hydrants

*Exclusions: projects identified in this column are expected to be delivered in kind or by developer contributions, secured through Section 106 agreements.

Appendix C

Wokingham Borough Council Community Infrastructure Levy (CIL)

Draft Regulation 123 List Consultation Document

Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) (CIL) prevents the local planning authority from taking into account as a reason for granting planning permission certain planning obligations for infrastructure that will be funded in whole or part by CIL.

The list does not signify a commitment by the Council to deliver the project, nor does it indicate any priority. The list will be subject to periodic review. Proposed insertions to the Council's adopted Regulation 123 List are underlined with red text. Proposed deletions are highlighted in red strikethrough text.

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Infrastructure Type or Project	Exclusions*	Reason for change
<u>Suitable Alternative Natural Greenspace (SANG) - defined as:</u> Provision and ongoing maintenance in perpetuity of SANG (part of Thames Basin Heaths Special Protection Area (TBHSPA) Avoidance and Mitigation measures) at Rooks Nest Woods <u>and Clare's Green Wood.</u>	On-site and off-site delivery of SANG (in accordance with the TBHSPA Avoidance and Mitigation Strategy, necessary to meet the requirements of the Habitat Regulations) in connection with the following Strategic Development Location (SDL) sites: <ul style="list-style-type: none">• North Wokingham SDL• South Wokingham	This is to clarify that, apart from specified exclusions, CIL will be used to mitigate SANG in the catchment of Rooks Nest Woods and also in the catchment of Clare's Green Wood.

Infrastructure Type or Project	Exclusions*	Reason for change
	<p>SDL</p> <ul style="list-style-type: none"> • South of M4 SDL • Arborfield SDL <p>SPA-wide Strategic Access and Management Monitoring (SAMM) (N.B. This item is not considered to fall within the definition of infrastructure and will continue to be secured through legal agreements).</p>	
<p><u>Transport. defined as:</u></p> <p>The following Local Road Network capacity improvements:</p> <ul style="list-style-type: none"> • Improvements along the A329 <u>to deliver pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites between the Coppid Beech Roundabout to the junction of the B3350;</u> • Winnersh Relief Road <u>– a new road between Kings Street Lane and the A321 Reading Road (near the M4</u> 	<p>The delivery of enabling works, including site access junctions for a development and roads within an application phase red line.</p> <p><u>All other development-specific transport and highways improvements as identified in a development specific transport assessment.</u></p>	<p>Change to ‘Improvements along the A329’ – to provide an exact definition of what constitutes ‘Improvements along the A329’ for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to Winnersh Relief Road – to provide an exact definition of what constitutes the ‘Winnersh Relief Road’ for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘North Wokingham Distributor Road’</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<p><u>overbridge</u>):</p> <ul style="list-style-type: none"> North Wokingham Distributor Road (NWDR) – <u>new sections of road through the North Wokingham SDL, between Warren House and Twyford Road, and, between Toutley Road (near Brimblecombe Close) and the A321 Reading Road;</u> Improvements to Coppid Beech Roundabout South Wokingham Distributor Road including road over rail bridge (SWDR) – <u>a new road through the South Wokingham SDL, from Montague Park (just south of the school access) to an improved junction on the A321 (near Tesco);</u> Replacement railway bridges on the A321 Finchampstead Road, <u>specifically:</u> <ul style="list-style-type: none"> <u>Southern underbridge, single span masonry arch bridge (bridge no. 1165 Network Rail reference 19/1375)</u> <u>Northern underbridge, single span masonry arch bridge (bridge no. 1166 Network Rail reference 4/34);</u> Improvements along A321 - <u>to deliver</u> 	<p>Travel Plans</p> <p><u>The delivery, commissioning, or subsidy of a new or existing expanded bus service.</u></p> <p>Land for provisionProvision of land for transport requirements on the SDLs</p> <p><u>Sections of the Greenways Network within the SDL's</u></p>	<p>- to provide an exact definition of what constitutes the 'North Wokingham Distributor Road' for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future. The definition omits sections of the NWDR which were secured via S106 prior to the introduction of CIL in Wokingham. This is to provide assurance that there will be no 'double counting' of CIL and planning obligations.</p> <p>Change to 'Improvements to Coppid Beech Roundabout' – to be deleted as the scheme has been completed.</p> <p>Change to 'South Wokingham Distributor Road' - to provide an exact definition of what constitutes the 'South Wokingham Distributor Road' for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future. The definition omits sections of the SWDR which were secured via S106 prior to the introduction of CIL in Wokingham. This is to provide assurance that there will be no 'double counting' of CIL and planning obligations.</p> <p>Change to 'Replacement railway bridges on the A321 Finchampstead Road' - to provide an exact definition of what constitutes 'Replacement railway bridges along the A321 Finchampstead Road' for</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<p><u>pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites along the A321 between the southern Borough boundary starting at Wokingham Road (Crowthorne) and the end of the A321 in Wargrave towards the north of the Borough;</u></p> <ul style="list-style-type: none"> • Arborfield Cross Relief Road <u>(ACRR) - a new road between a new junction on the A327 south of Langley Common Road and a new junction on the A327 West of Arborfield Cross;</u> • Nine Mile Ride Extension <u>– a new road through the Arborfield SDL between byway 18 and the Nine Mile Ride connection with Park Lane;</u> • Barkham Bridge Improvement <u>– widening to one lane each direction;</u> • Improvements along the A327 <u>to deliver pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites along the A327 between the Borough Boundary to the South and the Borough Boundary to the North which ends just south of Whitley Wood Road;</u> 		<p>the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Improvements along the A321’ - to provide an exact definition of what constitutes ‘Improvements along the A321’ for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Arborfield Cross Relief Road’ - to provide an exact definition of what constitutes the ‘Arborfield Cross Relief Road’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Nine Mile Ride Extension’ - to provide an exact definition of what constitutes the ‘Nine Mile Ride Extension’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Barkham Bridge Improvement’ - to provide an exact definition of what constitutes ‘Barkham Bridge Improvement’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<ul style="list-style-type: none"> Shinfield Eastern Relief Road; <u>Capacity improvements on the A329(M) from M4 Junction 10 to Coppid Beech improvement;</u> Corridor Improvements <u>- the delivery of sustainable transport measures that are not directly related, in part or in whole, to development sites, including:</u> <ul style="list-style-type: none"> <u>Bus stop improvements;</u> <u>Footpath / cycleway improvements.</u> <p>Strategic Road Network (SRN) improvements outside the Borough <u>within contiguous Local Authorities (The SRN is made up of motorways and trunk roads that are managed by Highways England).</u></p> <p>Public Rights of Way (PROW) and Cycle Network improvements including:</p> <ul style="list-style-type: none"> Four <u>crossings footbridges</u> over the Waterloo Line <u>(Tanhouse / Gypsy Lane / Star Lane / Eastern Gateway);</u> <u>The</u> Greenways Network. 		<p>Change to ‘Improvements along the A327’ - to provide an exact definition of what constitutes ‘Improvements along the A327’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘A329(M) – M4 J10 to Coppid Beech Improvement’ - to provide an exact definition of what constitutes ‘A329(M) – M4 J10 to Coppid Beech Improvement’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Corridor Improvements’ - to provide an exact definition of what constitutes ‘Corridor Improvements’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Strategic Road Network improvements outside the borough’ – to provide a definition of what constitutes the Strategic Road Network (SRN)</p> <p>Change to ‘PROW and Cycle Network Improvements’ - to provide an exact definition of what constitutes ‘PROW and Cycle Network</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<p>Public Transport Network improvements including:</p> <ul style="list-style-type: none"> Thames Valley Park, Eastern Expressway – <u>a new road to support public transport in Thames Valley Park</u> <p>The following improvements to Parking Provision (including Park and Ride <u>infrastructure</u>):</p> <ul style="list-style-type: none"> Park & Ride near the Coppid Beech roundabout Carnival Pool Car Park Expansion Thames Valley Park, Park and Ride 		<p>Improvements' for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to 'Thames Valley Park Eastern Expressway' - to provide an exact definition of what constitutes the 'Thames Valley Park, Eastern Expressway' for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Changes to the 'exclusions*' column – to clarify that the exclusion from CIL applies to all other site-specific transport improvements that are identified in a site specific assessment whether they are within the red line boundary of a planning application or not.</p> <p>To clarify that 'Public Transport Network Improvements' does not, and was never intended to, include the provision of bus services.</p> <p>To specify that 'Land for provision on SDL's' relates to the provision of transport infrastructure.</p> <p>To specify that CIL will only be used to fund the Greenways Network outside of the SDL's.</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<p><u>Education, defined as:</u></p> <p>Nursery Schools</p> <p>Primary and Secondary Education</p> <p>Further and Higher Education Special Educational Needs Provision</p>	<p>Land for Provision of land <u>for schools</u> on the SDLs <u>and service / utilities provision / pedestrian and vehicular access connections to the schools.</u></p>	<p>Change to the ‘exclusions’ column – To clarify that land for the provision of schools includes serviced sites</p>
<p><u>Green Infrastructure, defined as:</u></p> <p>Allotments and Community Gardens</p> <p>Biodiversity Projects</p> <p>Amenity Open Space and Play Areas</p> <p>Cemeteries and Churchyards Outdoor</p> <p>Sport Facilities</p> <p>Country Parks</p>	<p>Amenity open space and play areas in connection with the following Strategic Development Location (SDL) sites:</p> <ul style="list-style-type: none"> • North Wokingham SDL • South Wokingham SDL • South of M4 SDL • Arborfield SDL <p>Land for Provision <u>of land for green infrastructure</u> on the SDLs</p>	<p>Change to the ‘exclusions’ column – To specify that ‘land for provision on SDLs’ relates to the provision of Green Infrastructure.</p>
<p><u>Community/Social Infrastructure, defined as:</u></p>		

Infrastructure Type or Project	Exclusions*	Reason for change
Community Centres/Halls Libraries Indoor Sports Facilities Culture and Heritage	Land for Provision <u>of land for community / social infrastructure</u> on the SDLs	Change to the 'exclusions' column – To specify that 'land for provision on SDLs' relates to the provision of community / social Infrastructure.
<u>Public Services, defined as:</u> Emergency Services facilities and equipment Health centres/GP surgeries	Fire Hydrants	

*Exclusions: projects identified in this column are expected to be delivered in kind or by developer contributions, secured through Section 106 agreements.

Wokingham Borough Council Community Infrastructure Levy (CIL)

Draft Regulation 123 List Consultation Document

Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) (CIL) prevents the local planning authority from taking into account as a reason for granting planning permission certain planning obligations for infrastructure that will be funded in whole or part by CIL.

The list does not signify a commitment by the Council to deliver the project, nor does it indicate any priority. The list will be subject to periodic review. Proposed insertions to the Council's adopted Regulation 123 List are underlined with red text. Proposed deletions are highlighted in red strikethrough text.

Infrastructure Type or Project	Exclusions*	Reason for change
<p><u>Suitable Alternative Natural Greenspace (SANG) - defined as:</u></p> <p>Provision and ongoing maintenance in perpetuity of SANG (part of Thames Basin Heaths Special Protection Area (TBHSPA) Avoidance and Mitigation measures) at Rooks Nest Woods <u>and Clare's Green Wood.</u></p>	<p>On-site and off-site delivery of SANG (in accordance with the TBHSPA Avoidance and Mitigation Strategy, necessary to meet the requirements of the Habitat Regulations) in connection with the following Strategic Development Location (SDL) sites:</p> <ul style="list-style-type: none"> • North Wokingham SDL • South Wokingham SDL • South of M4 SDL • Arborfield SDL 	<p>This is to clarify that, apart from specified exclusions, CIL will be used to mitigate SANG in the catchment of Rooks Nest Woods and also in the catchment of Clare's Green Wood.</p>

Infrastructure Type or Project	Exclusions*	Reason for change
	<p>SPA-wide Strategic Access and Management Monitoring (SAMM) (N.B. This item is not considered to fall within the definition of infrastructure and will continue to be secured through legal agreements).</p>	
<p><u>Transport. defined as:</u></p> <p>The following Local Road Network capacity improvements:</p> <ul style="list-style-type: none"> Improvements along the A329 <u>to deliver pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites between the Coppid Beech Roundabout to the junction of the B3350;</u> Winnersh Relief Road <u>– a new road between Kings Street Lane and the A321 Reading Road (near the M4 overbridge);</u> North Wokingham Distributor Road 	<p>The delivery of enabling works, including site access junctions for a development and roads within an application phase red line.</p> <p><u>All other development-specific transport and highways improvements as identified in a development specific transport assessment.</u></p> <p>Travel Plans</p>	<p>Change to ‘Improvements along the A329’ – to provide an exact definition of what constitutes ‘Improvements along the A329’ for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to Winnersh Relief Road – to provide an exact definition of what constitutes the ‘Winnersh Relief Road’ for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘North Wokingham Distributor Road’ - to provide an exact definition of what constitutes the ‘North Wokingham Distributor Road’ for the</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<p><u>(NWDR) – new sections of road through the North Wokingham SDL, between Warren House and Twyford Road, and, between Toutley Road (near Brimblecombe Close) and the A321 Reading Road;</u></p> <ul style="list-style-type: none"> <u>Improvements to Coppid Beech Roundabout</u> South Wokingham Distributor Road <u>including road over rail bridge (SWDR) – a new road through the South Wokingham SDL, from Montague Park (just south of the school access) to an improved junction on the A321 (near Tesco);</u> Replacement railway bridges on the A321 Finchampstead Road, <u>specifically:</u> <ul style="list-style-type: none"> <u>Southern underbridge, single span masonry arch bridge (bridge no. 1165 Network Rail reference 19/1375)</u> <u>Northern underbridge, single span masonry arch bridge (bridge no. 1166 Network Rail reference 4/34);</u> Improvements along A321 <u>- to deliver pedestrian and cycle facilities and</u> 	<p><u>The delivery, commissioning, or subsidy of a new or existing expanded bus service.</u></p> <p><u>Land for provision Provision of land for transport requirements</u> on the SDLs</p> <p><u>Sections of the Greenways Network within the SDL's</u></p>	<p>purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future. The definition omits sections of the NWDR which were secured via S106 prior to the introduction of CIL in Wokingham. This is to provide assurance that there will be no 'double counting' of CIL and planning obligations.</p> <p>Change to 'Improvements to Coppid Beech Roundabout' – to be deleted as the scheme has been completed.</p> <p>Change to 'South Wokingham Distributor Road' - to provide an exact definition of what constitutes the 'South Wokingham Distributor Road' for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future. The definition omits sections of the SWDR which were secured via S106 prior to the introduction of CIL in Wokingham. This is to provide assurance that there will be no 'double counting' of CIL and planning obligations.</p> <p>Change to 'Replacement railway bridges on the A321 Finchampstead Road' - to provide an exact definition of what constitutes 'Replacement railway bridges along the A321 Finchampstead Road' for the purposes of CIL funds. This is to provide clarity</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<p><u>junction capacity improvements not directly related, in part or in whole, to development sites along the A321 between the southern Borough boundary starting at Wokingham Road (Crowthorne) and the end of the A321 in Wargrave towards the north of the Borough;</u></p> <ul style="list-style-type: none"> • Arborfield Cross Relief Road <u>(ACRR) - a new road between a new junction on the A327 south of Langley Common Road and a new junction on the A327 West of Arborfield Cross;</u> • Nine Mile Ride Extension – <u>a new road through the Arborfield SDL between byway 18 and the Nine Mile Ride connection with Park Lane;</u> • Barkham Bridge Improvement – <u>widening to one lane each direction;</u> • Improvements along the A327 <u>to deliver pedestrian and cycle facilities and junction capacity improvements not directly related, in part or in whole, to development sites along the A327 between the Borough Boundary to the South and the Borough Boundary to the North which ends just south of Whitley Wood Road;</u> 		<p>as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Improvements along the A321’ - to provide an exact definition of what constitutes ‘Improvements along the A321’ for the purposes of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Arborfield Cross Relief Road’ - to provide an exact definition of what constitutes the ‘Arborfield Cross Relief Road’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Nine Mile Ride Extension’ - to provide an exact definition of what constitutes the ‘Nine Mile Ride Extension’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Barkham Bridge Improvement’ - to provide an exact definition of what constitutes ‘Barkham Bridge Improvement’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<ul style="list-style-type: none"> Shinfield Eastern Relief Road; <u>Capacity improvements on the A329(M) from M4 Junction 10 to Coppid Beech improvement;</u> Corridor Improvements <u>- the delivery of sustainable transport measures that are not directly related, in part or in whole, to development sites, including:</u> <ul style="list-style-type: none"> <u>Bus stop improvements;</u> <u>Footpath / cycleway improvements.</u> <p>Strategic Road Network <u>(SRN)</u> improvements outside the Borough <u>within contiguous Local Authorities (The SRN is made up of motorways and trunk roads that are managed by Highways England).</u></p> <p>Public Rights of Way (PROW) and Cycle Network improvements including:</p> <ul style="list-style-type: none"> Four <u>crossings footbridges</u> over the Waterloo Line <u>(Tanhouse / Gypsy Lane / Star Lane / Eastern Gateway);</u> 		<p>Change to ‘Improvements along the A327’ - to provide an exact definition of what constitutes ‘Improvements along the A327’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘A329(M) – M4 J10 to Coppid Beech Improvement’ - to provide an exact definition of what constitutes ‘A329(M) – M4 J10 to Coppid Beech Improvement’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Corridor Improvements’ - to provide an exact definition of what constitutes ‘Corridor Improvements’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Strategic Road Network improvements outside the borough’ – to provide a definition of what constitutes the Strategic Road Network (SRN)</p> <p>Change to ‘PROW and Cycle Network Improvements’ - to provide an exact definition of</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<ul style="list-style-type: none"> <u>The</u> Greenways Network. <p>Public Transport Network improvements including:</p> <ul style="list-style-type: none"> Thames Valley Park, Eastern Expressway – <u>a new road to support public transport in Thames Valley Park</u> <p>The following improvements to Parking Provision (including Park and Ride <u>infrastructure</u>):</p> <ul style="list-style-type: none"> Park & Ride near the Coppid Beech roundabout Carnival Pool Car Park Expansion Thames Valley Park, Park and Ride 		<p>what constitutes ‘PROW and Cycle Network Improvements’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Change to ‘Thames Valley Park Eastern Expressway’ - to provide an exact definition of what constitutes the ‘Thames Valley Park, Eastern Expressway’ for the purpose of CIL funds. This is to provide clarity as to the original intention of the Regulation 123 List scheme and to avoid any misinterpretation in the future.</p> <p>Changes to the ‘exclusions*’ column – to clarify that the exclusion from CIL applies to all other site-specific transport improvements that are identified in a site specific assessment whether they are within the red line boundary of a planning application or not.</p> <p>To clarify that ‘Public Transport Network Improvements’ does not, and was never intended to, include the provision of bus services.</p> <p>To specify that ‘Land for provision on SDL’s’ relates to the provision of transport infrastructure.</p> <p>To specify that CIL will only be used to fund the Greenways Network outside of the SDL’s.</p>

Infrastructure Type or Project	Exclusions*	Reason for change
<u>Education, defined as:</u> Nursery Schools Primary and Secondary Education Further and Higher Education Special Educational Needs Provision	Land for Provision of land <u>for schools</u> on the SDLs <u>and service / utilities provision / pedestrian and vehicular access connections to the schools.</u>	Change to the 'exclusions' column – To clarify that land for the provision of schools includes serviced sites
<u>Green Infrastructure, defined as:</u> Allotments and Community Gardens Biodiversity Projects Amenity Open Space and Play Areas Cemeteries and Churchyards Outdoor Sport Facilities Country Parks	Amenity open space and play areas in connection with the following Strategic Development Location (SDL) sites: <ul style="list-style-type: none"> • North Wokingham SDL • South Wokingham SDL • South of M4 SDL • Arborfield SDL Land for Provision <u>of land for green infrastructure</u> on the SDLs	Change to the 'exclusions' column – To specify that 'land for provision on SDLs' relates to the provision of Green Infrastructure.

Infrastructure Type or Project	Exclusions*	Reason for change
<p><u>Community/Social Infrastructure, defined as:</u></p> <p>Community Centres/Halls</p> <p>Libraries</p> <p>Indoor Sports Facilities</p> <p>Culture and Heritage</p>	<p>Land for Provision <u>of land for community / social infrastructure</u> on the SDLs</p>	<p>Change to the 'exclusions' column – To specify that 'land for provision on SDLs' relates to the provision of community / social Infrastructure.</p>
<p><u>Public Services, defined as:</u></p> <p>Emergency Services facilities and equipment</p> <p>Health centres/GP surgeries</p>	<p>Fire Hydrants</p>	

*Exclusions: projects identified in this column are expected to be delivered in kind or by developer contributions, secured through Section 106 agreements.

TITLE:	Request for the Temporary Closure of Footpath 4 Remenham (part)
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	Remenham, Wargrave and Ruscombe
DIRECTOR	Josie Wragg, Interim 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:

- 1) to 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 3rd July to Wednesday 5th July 2017 inclusive and from Monday 10th July to Tuesday 11th July 2017 inclusive;
- 2) to include within the closure a 488m section for evening performances from Wednesday 5th July to Sunday 9th July 2017 inclusive and an afternoon performance on Sunday 9th July, 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 part of Footpath No. 4 Remenham between the hours of:

Day (2017)	Times	Length of closure (metres approx)
Monday 3 rd July	00.01- midnight	80m
Tuesday 4 th July	00.01- midnight	80m
Wednesday 5 th July	00.01- 17: 45pm	80m
Wednesday 5 th July	17: 45 -midnight	488m
Thursday 6 th July	17: 45 - midnight	488m
Friday 7 th July	17:45 - 1:00	488m
Saturday 8 th July	17: 45 – 2:00	488m
Sunday 9 th July	11:15 – 15:15	488m
Sunday 9 th July	17:45 - 23:30	488m
Monday 10 th July	06:00 - midnight	80m
Tuesday 11 th July	00: 01- 23:59	80m

The closure periods from Monday 3rd July to Wednesday 5th July 2017 and from Monday 10th July to Tuesday 11th July 2017, 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 11th 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, 2015 and 2016 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 November to those organisations agreed by the Executive as well as Henley Town Council, who had asked to be consulted in previous years. The deadline for comments was 16th November 2016. The only objection received was from the Open Spaces Society. In 2016 there were no complaints or objections to the Temporary Closure of part of footpath Remenham 4 during the Festival in July, 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 OSS believes that there is nothing about the Festival which requires the use of 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.
The council needs to 'have regard to the safety and convenience of alternative	The alternative routes identified for use by the public during the closure period is

routes suitable for traffic which will be affected by the order.	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. The owner of the land agrees annually to the use of their land as an alternative footpath during the closure period.

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 costs of the Closure Order	Yes	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

Other financial information relevant to the Recommendation/Decision

N/A

Cross-Council Implications

None

List of Background Papers

Email application
Letter of objection from the Open Spaces Society
Letter of permission from the Stewards of the Henley Regatta (tbc)

Contact Rebecca Walkley	Service Green Infrastructure
Telephone No 07823 533 910	Email Rebecca.walkley@wokingham.gov.uk
Date 12 December 2017	Version No.

TOWPATH APPLICATION – hours applied for

STAGE BUILD - short diversion taking walkers approx 10m off the towpath for a length of approx 80m around fenced off stage construction site.

Monday 3rd July 2017 00:01 - Wednesday 5th July 2017 17:45

Henley Festival will make every effort to re-open the towpath sooner, as long as it is safe to do so.

SHOW NIGHTS – full diversion as applied for, and granted over recent years, following a diverted route around the rear of the site

Wed 5th July 2017 17:45 - midnight

Thurs 6th July 2017 17:45 – midnight

Friday 7th July 2017 17:45 – 01:00

Saturday 8th July 2017 17:45 – 02:00

Sunday 9th July 2017 11:15 – 15:15

Sunday 9th July 2017 17:45 – 23:30

STAGE DE-RIG - short diversion taking walkers approx 10m off the towpath for a length of approx 80m around fenced off stage construction site.

Mon 10th July 2017 06:00 – Tues 11th July 2017 23:59

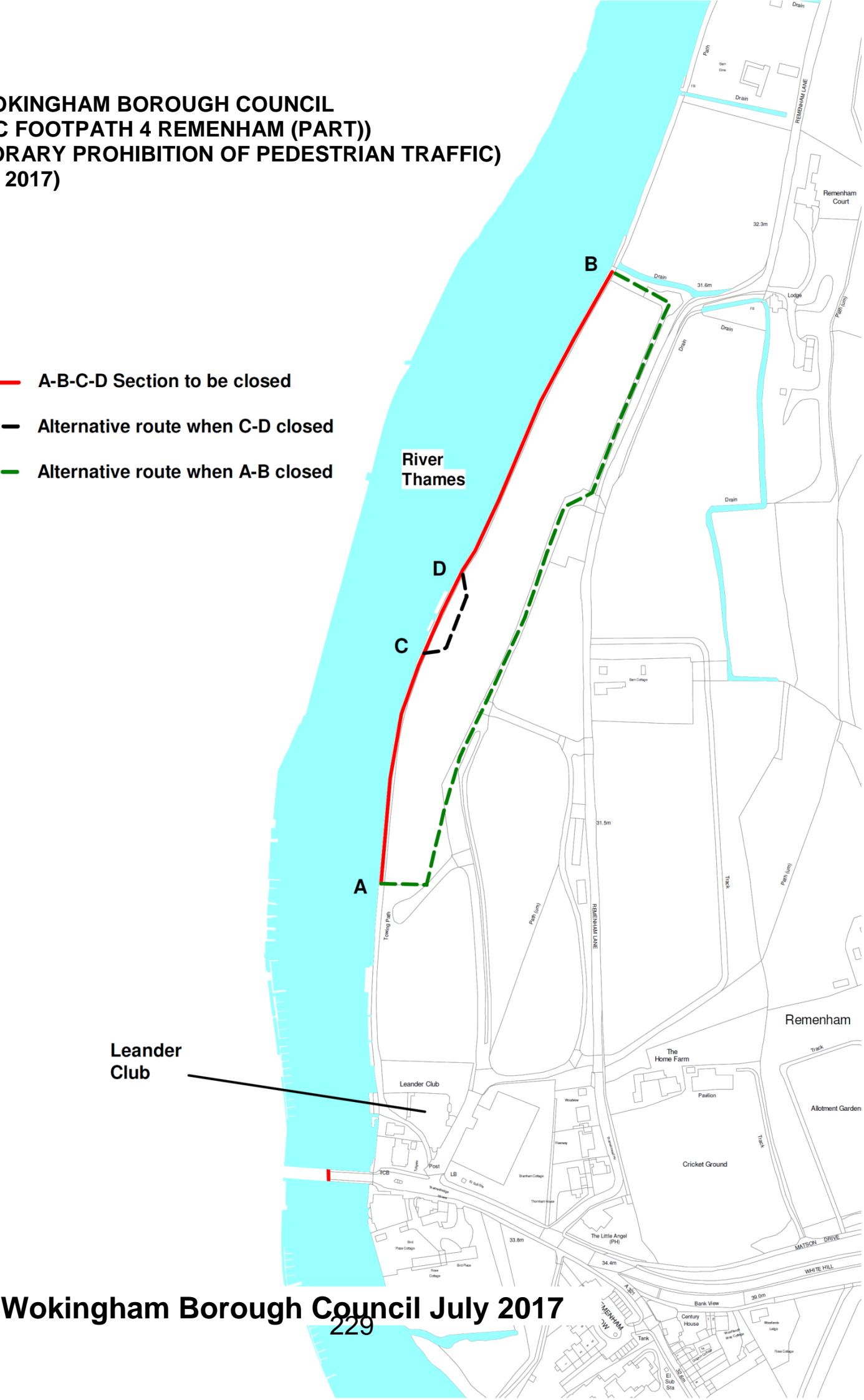
Henley Festival will make every effort to re-open the towpath sooner, as long as it is safe to do so.

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**THE WOKINGHAM BOROUGH COUNCIL
(PUBLIC FOOTPATH 4 REMENHAM (PART))
(TEMPORARY PROHIBITION OF PEDESTRIAN TRAFFIC)
ORDER 2017)**

KEY

- A-B-C-D Section to be closed**
- - - Alternative route when C-D closed**
- - - Alternative route when A-B closed**



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Rebecca Walkley
Countryside Officer (Public Rights of Way)
Wokingham Borough Council
Dinton Pastures Country Park
Davis Street
Hurst RG10 8AE

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16 November 2016

Dear Ms Walkley

Road Traffic Regulation Act 1984 – section 16A
Application for temporary closure of Remenham footpath 4 during the Henley Festival 2017

The Open Spaces Society objects to the proposed temporary closure of the footpath which we consider to be unnecessary for such a long period. The Festival should be required to demonstrate that it is essential to close the path i.e. that it cannot site its operations elsewhere to avoid the route.

In addition, it is for Wokingham Borough Council to 'satisfy itself that it is not reasonably practicable for the event to be held otherwise than on a road'. In our view, there is nothing about the Festival which requires the use of a road.

The Council also 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 ...'. By agreeing to this temporary closure, the Council is failing in its statutory duty.

This is the Thames Path National Trail, a route of international importance, which should not be interfered with merely for a private event.

In addition, 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 proposed alternative route is not a public highway and therefore does not have the necessary protection. The only available public highways are Remenham footpaths 7 and 8 which are a considerable extra distance, and Remenham Lane which is longer and dangerous. Section 16A (8) therefore cannot be satisfied.

We trust that this year the Council will not automatically agree to the proposals but will challenge the Festival to demonstrate why it cannot operate with the path left in place.

Yours sincerely

Kate Ashbrook

Kate Ashbrook
General Secretary

The Open Spaces Society 25a Bell Street Henley-on-Thames RG9 2BA



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From: Leek, Michelle P (NE) [<mailto:Michelle.P.Leek@naturalengland.org.uk>]
Sent: 30 November 2016 17:05
To: Rebecca Walkley
Subject: FW: Temporary Closure of Footpath Remenham 4 ~[OFFICIAL]~
Importance: High

Dear Rebecca,

Apologies for the delay in getting back to you. I can confirm that Natural England does not have any issues with your proposal to close Footpath Remenham 4 in relation to the Henley Festival.

Best wishes,
Michelle

Michelle Leek
Team Leader, Berkshire, London & Surrey Natural Environment Team
Natural England
Cromwell House, 15 Andover Road,
Winchester SO23 7BT

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www.gov.uk/natural-england.

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TITLE	Risk Management Policies and Guidance
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None Specific
LEAD OFFICER	Andrew Moulton, Head of Governance and Improvement Services
LEAD MEMBER	Keith Baker, Leader of Council 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 Executive is asked to:

- 1) consider the Enterprise Risk Management Policy and Guidance; and
- 2) recommend to the Constitution Review Working Group that they consider amending the Terms of Reference for the Audit Committee as set out in the report.

SUMMARY OF REPORT

Both the policy and guidance have been subject to a high level review which has resulted in no changes being proposed. They have been found to be sound and present a solid basis for the management of risk going forward.

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 2016.

Having reviewed the documents no changes are being proposed to the policies, however because the Terms of Reference in the Constitution for the Audit Committee includes the following:

“To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive on an annual basis.”

the policies have to be considered by the Audit Committee and the Executive. It is suggested that the Constitution is amended as follows:

“To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur.”

This will reduce the workload for both the Audit Committee and the Executive where there are no changes to review. The Audit Committee will continue to have the opportunity to review and comment on the Corporate Risk Register at each meeting.

The Executive is therefore asked to recommend this proposed wording to the Constitution Review Working Group for consideration and if accepted Council be asked to adopt the amendment.

Analysis of Issues

The key issue for Executive is whether the policy and supporting guidance provide a sufficiently robust framework for the management of the Council's key strategic risks. 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)	Nil	Yes	Nil
Next Financial Year (Year 2)	Nil	Yes	Nil
Following Financial Year (Year 3)	Nil	Yes	Nil

Other financial information relevant to the Recommendation/Decision
N/A

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 12 January 2017	Version No. 2

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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	Final Adopted by 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
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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	Final approved by Audit Committee
15.0	26 November 2015	Final approved by Audit Committee

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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.

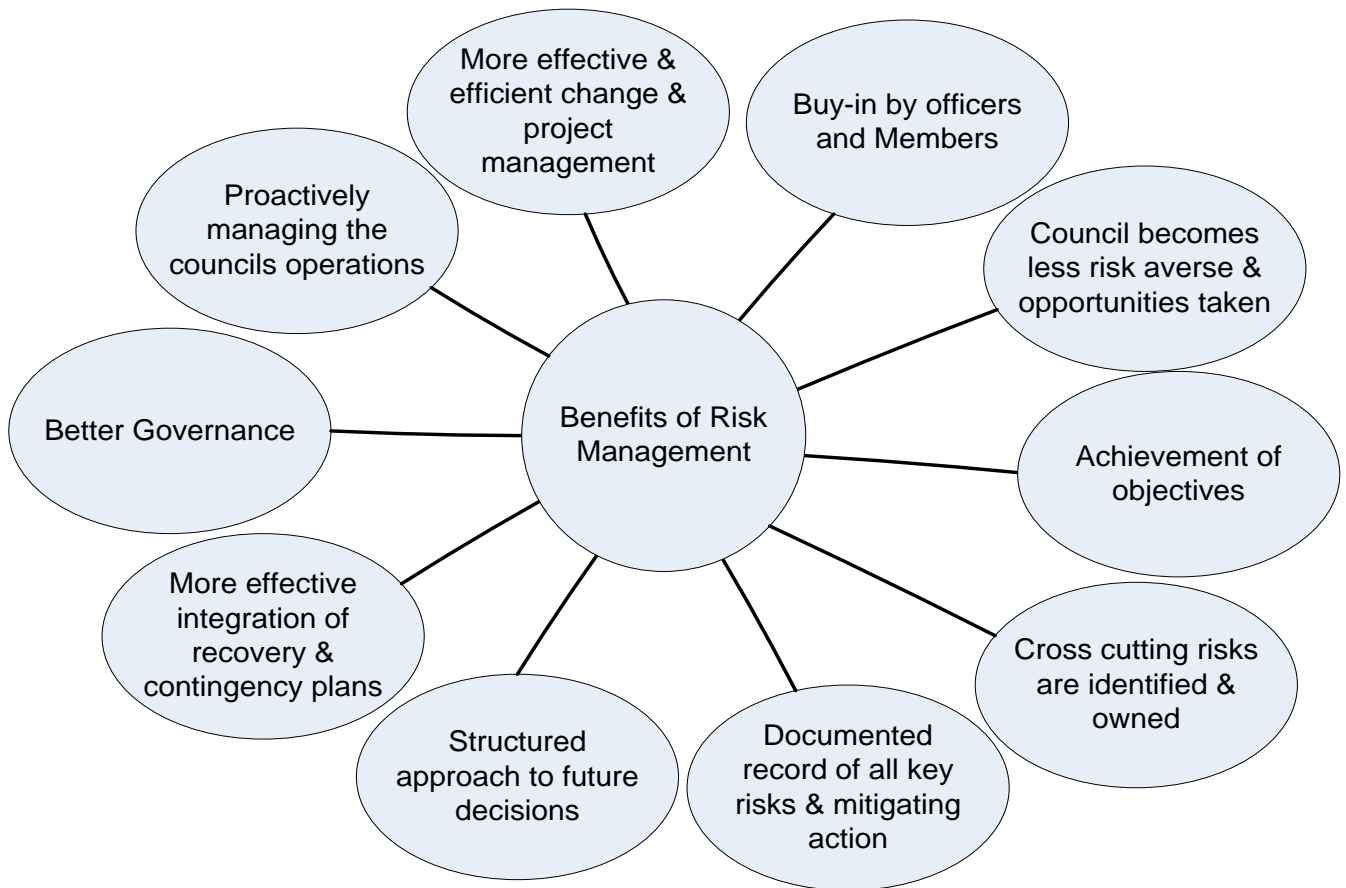
4.5 Once the risks have been identified the next stage is to prioritise them to identify the key risks to the organisation moving forward. Once prioritised it is essential that steps are taken to then effectively manage these key risks. The result is that significant risks that exist within the Council 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:

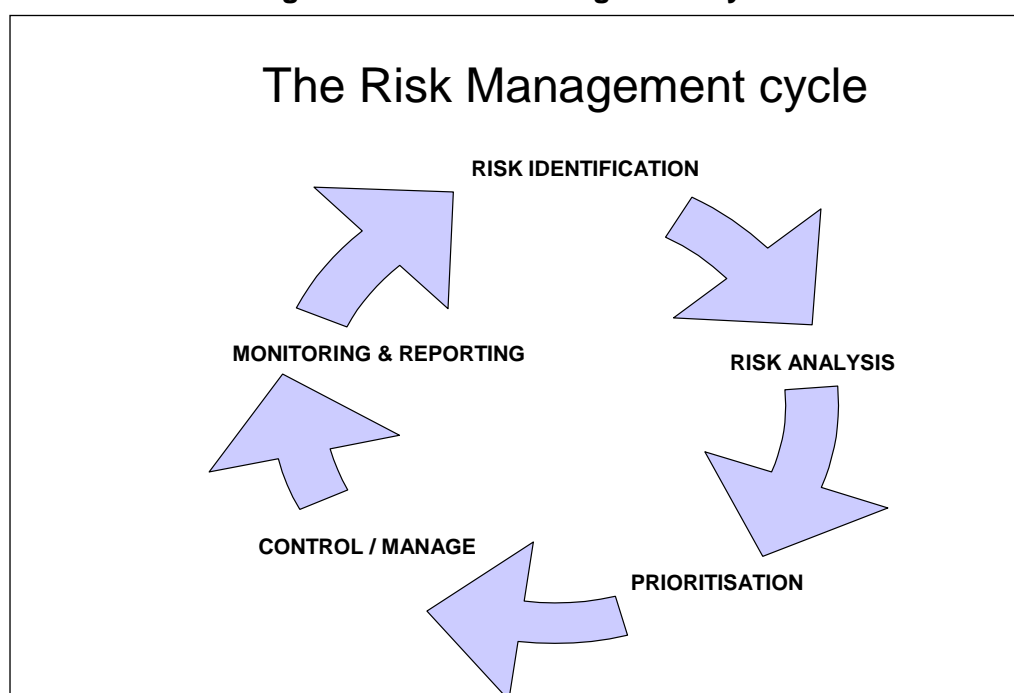
- Measurement of performance against the key objectives, performance indicators and key tasks.
- Management of Key Strategic Risks which could affect the delivery of the above Council objectives/targets is undertaken by the Corporate Leadership Team.

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 occur in a positive or negative impact on the objectives being achieved	The positive or negative impact: <ul style="list-style-type: none">• How big?• 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.

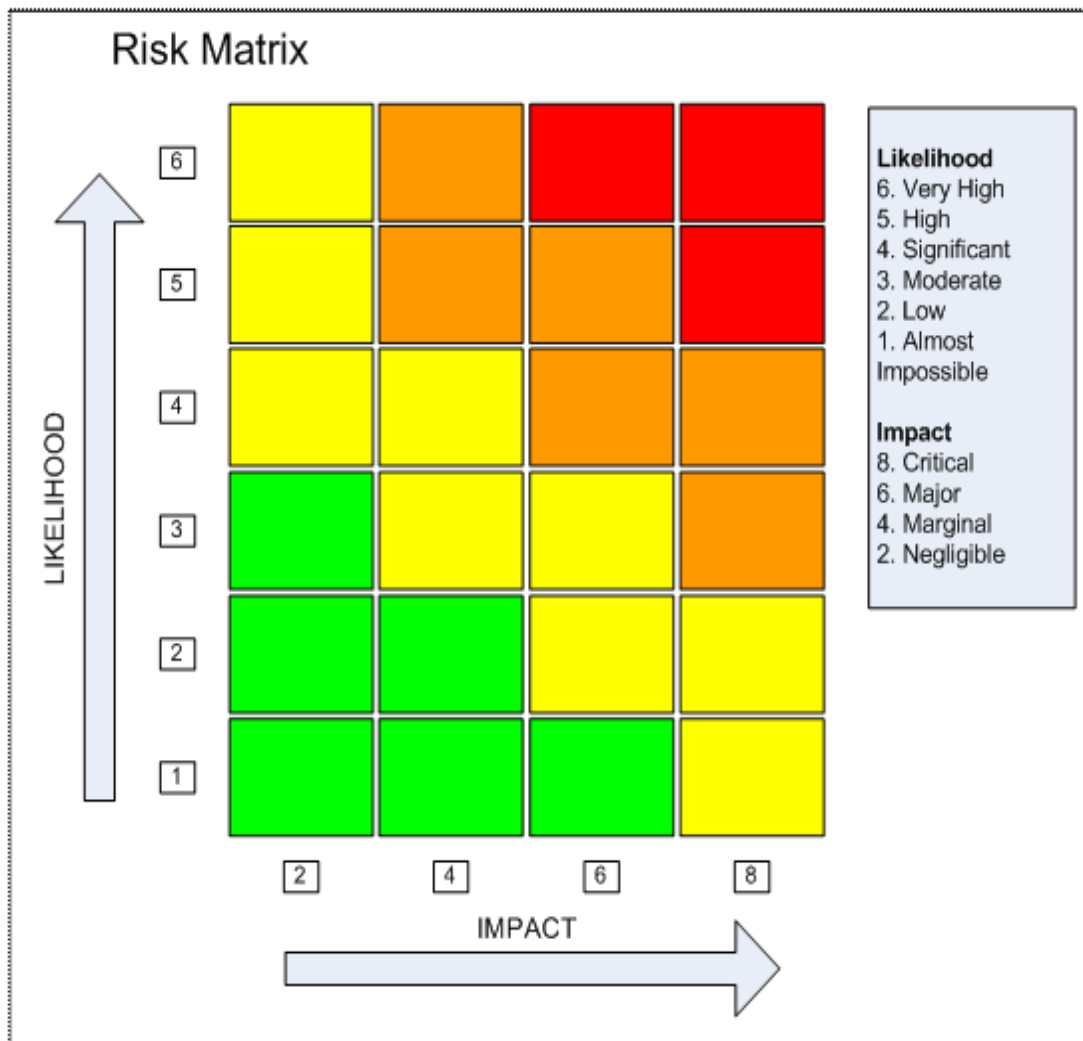
Stage 3 – Prioritisation

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.

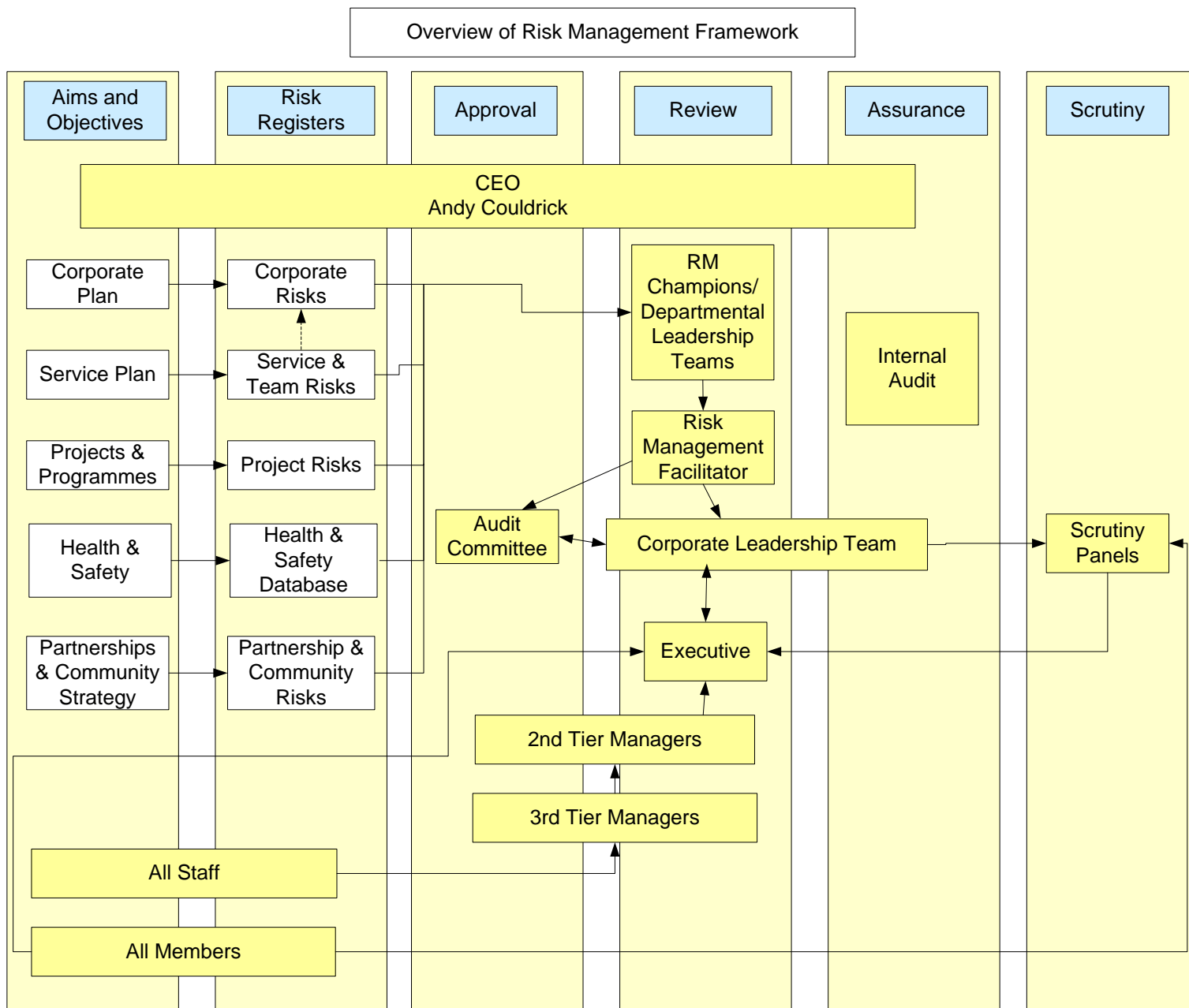
During the year new risks are likely to arise that have not previously been considered on the existing Risk Registers. Also the environment in which the risks exist will change making some risks more critical or others less important. Every quarter the respective Risk Registers and matrices at each level 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	Shinfield Parish Neighbourhood Plan
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	Shinfield South and Shinfield North
DIRECTOR	Josie Wragg, Interim Director of Environment
LEAD MEMBER	Mark Ashwell, Executive Member for Planning and Regeneration

OUTCOME / BENEFITS TO THE COMMUNITY

That the community's wishes as expressed in the Shinfield Parish Neighbourhood Plan become a key consideration in the determination of planning applications alongside planning policies set out in the council's adopted Core Strategy, Managing Development Delivery, and other Development Plan documents.

RECOMMENDATION

It is recommended that the following are agreed by the Executive:

- 1) that the Shinfield Parish Neighbourhood Plan be "made" (brought into legal force) to form part of the statutory Wokingham Borough Development Plan pursuant to Section 38A(4) of The Planning and Compulsory Purchase Act 2004; and
- 2) That the form, content and publication of the Decision Statement (set out in supporting document (Appendix A) pursuant to Regulation 19 of The Neighbourhood Planning (General) Regulations 2012 (as amended) ("the Regulations") is agreed to give effect to the above recommendation.

SUMMARY OF REPORT

A referendum on the Shinfield Parish Neighbourhood Plan was held on 8 December 2016. Of those who voted, 87% voted yes to the question of whether they wished the plan to be used to help determine planning applications within the Shinfield Parish area.

Under the Schedule 38A(4) of the Planning and Compulsory Purchase Act 2004 ("the PCPA"), the council is required to make a Neighbourhood Development Plan and bring it into legal force if more than half of those voting have voted in favour of making the Plan at referendum.

The regulations governing neighbourhood plan procedures requires this to be done within 8 weeks of the referendum, unless it believes this would breach, or otherwise be incompatible with, any EU obligation or any of the Convention rights. A statement setting out the decision and details of where and when the decision statement may be inspected is also required.

Communities with a made neighbourhood plan are able to claim 25% of receipts from the Community Infrastructure Levy (communities without a neighbourhood plan can claim up to 15%). This reduces receipts managed by the Council.

Background

The Shinfield Parish Neighbourhood Plan (the Plan) contains a range of policies designed to guide development within Shinfield Parish. The Plan contains background information and policies on housing, transport and access, the natural environment, community and recreation, and business and commercial development.

Previous Stages

The council has worked proactively and positively with the Parish to get to this point. It is considered that the Plan is in general conformity with the strategic policies in the council's Core Strategy, Managing Development Delivery and other Development Plan documents, and that the Plan has regard to national policies. The main stages that have been undertaken in the preparation of the Plan are set out in the table below:

Stage of the Plan	Date
Designation as Neighbourhood Area	22 November 2012
Consultation on pre-submission draft Plan	July – September 2015
Consultation on Submission Plan	4 April – 16 May 2016
Appointment of an Independent Examiner	19 May 2016
Examiner's Report Received recommending the Plan progress to Referendum	1 July 2016
Referendum	8 December 2016

Referendum arrangements

In accordance with paragraph 14(2) of Schedule 4B of the Town and Country Planning Act the Council duly made arrangements to hold a referendum on the making of the Plan on Thursday 8th December 2016. The referendum was held on the Plan which incorporated the agreed modifications set out in the schedule of the Post Examination Decision Statement.

A person was entitled to vote in the referendum if on the prescribed date of the referendum

- a) the person was entitled to vote in an election of any councillors of a relevant council any of whose area was in the referendum area, and
- b) the person's qualifying address for the election was in the referendum area.

The referendum area was the designated Shinfield Parish Neighbourhood Area.

Referendum results

The following question was asked to those entitled to vote in the referendum: "Do you want Wokingham Borough Council to use the Neighbourhood Plan for Shinfield Parish to help it decide planning applications in the neighbourhood area?"

At the referendum a total of 1108 ballots were cast. Of these:

- the number of votes in favour of a 'yes' was 967
- the number of votes in favour of a 'no' was 140
- 1 ballot was rejected, deemed 'want of an official mark'
- the turnout was 15 per cent of the registered electors.

The official result sheet is set out in Appendix B.

More than half of those that voted were in favour of the council using the Plan to help it decide planning applications.

Next Steps

As a result of the referendum outcome the Council is under a legal duty to 'make' the Plan (bring it into force). This needs to be done by 3 February 2017 (being 8 weeks after the referendum date).

As part of this process the Regulations also require the council to publish a statement setting out the decision, the reasons for making that decision, and details of where and when the decision statement may be inspected. This Decision Statement is appended to this report in Appendix B, and sets out that the council does not consider that the making of the Plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights. The decision made by Executive is subject to a 5 working day call-in period. As a result the Neighbourhood Plan will come into legal force on 3rd February 2016 and this is the date specified in the draft Decision Statement.

Once the Plan has been brought into legal force, the Regulations require the Council to publish the Plan and details of where and when it may be inspected. This must be on the council's website and advertised so that it is brought to the attention of people who live, work or carry on business in the Shinfield Parish Neighbourhood Area. A hard copy of the Plan will therefore be made available at Wokingham Borough Council at Shute End and at Shinfield Parish Hall. The Decision Statement will be likewise made available.

A notable consequence of making the Plan is that, this will alter the amount of Community Infrastructure Levy (CIL) receipts that are payable to Shinfield Parish Council. Shinfield Parish Council currently receives a neighbourhood funding element of CIL receipts of 15%; this is capped at £100 per dwelling. As a result of the Plan being 'made' and brought into legal force, this increases to 25% of Levy receipts and is uncapped. This will reduce the receipt managed by the council.

Regulation 59D of the Community Infrastructure Levy Regulations 2010 (as amended) Regulations specifies that the neighbourhood portion of levy receipts must be paid every six months, at the end of October and the end of April unless otherwise agreed.

The neighbourhood funding portion of the levy can be spent on a wider range of things than the rest of the levy, provided that it meets the requirement to 'support the development of the area' (in accordance with Regulation 59C of the CIL Regulations). The wider definition means that the neighbourhood funding portion can be spent on things other than infrastructure, such as affordable housing to address the demands

that development places on the area.

Legal Advice

The *Local Authorities (Functions and Responsibilities) (England) Regulations 2000* sets out, at Regulation 2 and Schedule 1, a list of Council functions which cannot be discharged by the Council's Executive. Schedule 3 lists functions which cannot be the sole responsibility of an Executive. This includes amongst its list of functions 'Development plan documents', as defined by 'Section 15 of the Planning and Compulsory Purchase Act 2004.

Section 9D(1) of the Local Government Act 2000, provides that all functions of an authority are to be the responsibility of the Executive unless specified in regulations made under that section or specified in any enactment passed or made after that Act was passed.

The Executive is advised that Neighbourhood Development Plans are not 'Development Plan Documents' pursuant to section 15 of the Planning and Compulsory Purchase Act 2004 and nor do they comprise the Development Plan under sections 27 or 54 of the Town and Country Planning Act 1990 until they are brought into legal force. Therefore, Neighbourhood Development Plans are not considered to be amongst the specified plans and strategies listed in Column 1 of the table at Schedule 3 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended).

Therefore, for the reasons set out above and in accordance with the Wokingham Borough Council Constitution 2016, paragraph 5.1.1 (The Executive Terms of Reference), it is considered that the recommendation falls within the reservation of the Executive.

Conclusion

Following a successful referendum, if the Shinfield Neighbourhood Plan is not brought into legal force, Wokingham Borough Council is at risk of non-compliance with Section 38A of the PCPA 2004 and the Regulations 2012. Therefore, this report recommends that the Shinfield Neighbourhood Plan be "made" (brought into legal force) to form part of the statutory Wokingham Borough Development Plan; and that the form, content and publication of the Decision Statement (set out in Appendix CHECK) pursuant to Regulation 19 of the Neighbourhood Planning (General) Regulations 2012 (as amended) ("the Regulations") is agreed to give effect to the above Recommendation.

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)	Circa £9,000 (Referendum)	Yes. The costs have been paid upfront but the council is able to retrieve this through grant funding which is expected in March 2017.	nil
Next Financial Year (Year 2)	nil	nil	Revenue
Following Financial Year (Year 3)	nil	nil	nil

Other financial information relevant to the Recommendation/Decision
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None anticipated.

Cross-Council Implications

The Shinfield Parish Neighbourhood Plan, if adopted, will be used to help determine planning applications within Shinfield Parish. Services across the council inputted into the draft plan during its preparation. The Plan is considered to be in general conformity with the adopted Development Plan for Wokingham Borough.

List of Background Papers

<u>Shinfield Parish Neighbourhood Plan – Referendum Version</u>

Appendix 1 - Decision Statement

Appendix 2 - Referendum Results Sheet

Contact James McCabe	Service Land Use and Transport
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Date 12 January 2017	Version No. 4

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**Planning and Compulsory Purchase Act 2004, as
amended by The Localism Act 2011, Schedule 9**

**DECISION STATEMENT BRINGING THE SHINFIELD PARISH NEIGHBOURHOOD
PLAN INTO LEGAL FORCE**

This document is the Decision Statement required to be prepared under Section 38A(9) of the Planning and Compulsory Purchase Act 2004 (as amended) and Regulation 19(a) of the Neighbourhood Planning (General) Regulations 2012 (as amended) ("the Regulations")¹. It sets out the Council's considerations and formal decision in bringing the Shinfield Parish Neighbourhood Plan into legal force following the successful local referendum held on 8 December 2016.

1.0 SUMMARY

- 1.1 Following an independent Examination and Referendum, Wokingham Borough Council's Executive on 26th January 2017 decided to bring the Shinfield Parish Neighbourhood Plan into legal force under Section 38A(4) of the Planning and Compulsory Purchase Act 2004 (as amended) ("the 2004 Act").
- 1.2 As of 3rd February 2017, following the 5 day call in period, the Shinfield Parish Neighbourhood Plan forms part of the statutory Development Plan for Wokingham Borough.
- 1.3 In accordance with Regulation 19 of the Regulations, this Decision Statement can be viewed on the Council's website under the 'Shinfield Area Neighbourhood Plan' tab: <http://www.wokingham.gov.uk/planning/planning-policy/neighbourhood-planning/>
- 1.4 In accordance with Regulation 20 of the Regulations, the Shinfield Parish Neighbourhood Plan can be viewed on the Council's website under the 'Neighbourhood Planning' tab here: <http://www.wokingham.gov.uk/planning/planning-policy/local-plan-and-planning-policies/>
- 1.5 Hard copies of this Decision Statement and the Shinfield Parish Neighbourhood Plan can be inspected at:
 - Wokingham Borough Council, Shute End, Wokingham, RG40 1WP (between 9am and 5pm Monday to Friday);
 - Shinfield Parish Council Office, Shinfield Parish Hall, School Green, Shinfield, RG2 9EH (Between 9am and 12pm Monday to Friday); and
 - Wokingham Library, Denmark St, Wokingham RG40 2BB (Open: Monday 9.30am to 7pm; Tuesday 9.30am to 5pm; Wednesday 9.30am to 1pm; Thursday 9.30am to 8pm; Friday 9.30am to 4pm; Saturday 9.30am to 4pm).

¹ http://www.legislation.gov.uk/ukxi/2012/637/pdfs/ukxi_20120637_en.pdf

2.0 BACKGROUND

- 2.1 The Shinfield Parish Neighbourhood Plan relates to the area that was designated by the Council as a Neighbourhood Area in November 2012. This area is the same as that which makes up the parish of Shinfield and is entirely within Wokingham Borough Council, the Local Planning Authority for the area.
- 2.2 The Shinfield Parish Neighbourhood Plan was examined by Mr. John Parmiter; the Council received his Examiner's report on 1st July 2016. The report concluded that subject to making the modifications recommended by the Examiner, the Plan met the basic conditions set out in the legislation and should proceed to a Neighbourhood Planning referendum. The Examiner also recommended that the referendum area was based on the Neighbourhood Area that was designated by the Council in November 2012.
- 2.3 In September 2016 a Decision Statement was published following the Independent Examination, which outlined all the Examiner's recommended modifications. The decision statement confirmed how the Council had considered the recommendations and detailed how the suggested modifications had been made. The post examination Decision Statement, and the decision to submit the Shinfield Parish Neighbourhood Plan to a referendum, were both agreed by the Council's Executive on 29 September 2016.
- 2.4 On the 8 December 2016, the Shinfield Parish Neighbourhood Plan successfully passed referendum with 87% voting in favour of the Shinfield Parish Neighbourhood Plan being used by Wokingham Borough Council to help to decide planning applications in the Shinfield Parish Neighbourhood Area.
- 2.5 On 26 January 2017, the Council's Executive resolved that the Shinfield Parish Neighbourhood Plan (incorporating modifications set out in the post examination Decision Statement), be brought into legal force and become part of the statutory Development Plan for Wokingham Borough Council. It will sit alongside the other adopted Local Plans that together form the Development Plan.

3.0 DECISION AND REASONS

- 3.1 Section 38A(4)(a) of the 2004 Act requires the Council to make the Neighbourhood Plan if more than half of those voting in the referendum have voted in favour of the Plan being used to help decide planning applications in the Neighbourhood Area. The Shinfield Parish Neighbourhood Plan was endorsed by more than the required threshold in the referendum on 8 December 2016 (87% voted in favour).
- 3.2 Section 38A (6) of the 2004 Act states that the Local Planning Authority is not subject to the duty if it considers that the making of the Plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights. The Council issued a Strategic Environmental Assessment (SEA) including a Habitats Regulations Assessment (HRA) Screening Determination in June 2015, which confirmed to Shinfield Parish Council that a SEA and a full HRA were not required on the Shinfield Parish Neighbourhood Plan. The Examiner also concluded in his July 2016 report that the Shinfield Parish Neighbourhood Plan is compatible with the Convention rights; does not breach, and is otherwise compatible with, EU obligations; and is not likely to have a significant effect on a European site or a European offshore marine site, either alone or in combination with other plans or projects. The Council therefore does not consider that the Shinfield Parish Neighbourhood Plan (incorporating modifications set

out in the Post Examination Decision Statement) is in breach of the relevant legislation.

- 3.3 The Council considers that the Shinfield Parish Neighbourhood Plan meets the basic conditions (set out in paragraph 8(2) of Schedule 4B of the Town and Country Planning Act 1990 as amended), its promotion process was compliant with legal and procedural requirement, it does not breach the legislation (set out in Section 38A(6) of the 2004 Act) and confirms that more than half of those who voted in the referendum on 8 December 2016, voted in favour of making the Plan.
- 3.4 As a result of the Executive resolution of 26 January 2016, the Council has brought the Shinfield Parish Neighbourhood Plan into legal force in accordance with Section 38A (4) of the 2004 Act. The Shinfield Parish Neighbourhood Plan forms part of the statutory Development Plan for Wokingham Borough and can be used in decision making on planning applications in Shinfield Parish Neighbourhood Area. Consequently, decisions on whether or not to grant planning permission in Shinfield Parish will need to be made in accordance with Shinfield Parish Neighbourhood Plan, unless material considerations indicate otherwise.

4.0 OTHER INFORMATION

- 4.1 In accordance with Regulation 19(b) of the Regulations, a copy of this Decision Statement has been sent to:
- The qualifying body, namely Shinfield Parish Council
 - The persons who asked to be notified of the decision.
- 4.2 This Decision Statement, the Shinfield Parish Neighbourhood Plan and relevant documents can be viewed as set out in paragraph's 1.3 to 1.5 of this Decision Statement.
- 4.3 Section 61N of Schedule 9 of the Town and Country Planning Act 1990 (as amended) states that any person who is aggrieved by the making of the Shinfield Parish Neighbourhood Plan under Section 61E(4) or (8) may make an application to the High Court under Section 113 of the Planning and Compulsory Purchase Act 2004 (as amended) on the grounds that:
- the document is not within the appropriate power;
 - a procedural requirement has not been complied with.
- 4.4 Any such application must be made promptly and in any event no later than 6 weeks after the date of this Decision Statement, i.e. no later than Friday 17th March 2017.

Josie Wragg, Interim Director of Environment
Wokingham Borough Council, Shute End, Wokingham RG40 1BN

Date: 3rd February 2017

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Declaration of Result of Poll

Wokingham Borough Council

Neighbourhood Planning Referendum

for the Shinfield Parish Neighbourhood Area

I, Andrew Moulton, being the Counting Officer for the above referendum held on 8 December 2016, do hereby give notice that the number of votes recorded at the said Referendum is as follows:

Question		
Do you want Wokingham Borough Council to use the Neighbourhood Plan for Shinfield Parish to help it decide planning applications in the neighbourhood area?		
	Votes Recorded	Percentage
Number cast in favour of a Yes	967	87
Number cast in favour of a No	140	13

The number of ballot papers rejected was as follows:	Number of ballot papers
Want of an official mark	1
Voting for more than one answer	
Writing or mark by which the voter could be identified	
Unmarked or void for uncertainty	
Rejected in part	
Total	1

The total number of votes recorded represents 15% of the registered electors.

And I do hereby declare that more than half of those voting have voted in favour of Wokingham Borough Council using the Neighbourhood Plan for Shinfield Parish to help it decide planning applications in the Neighbourhood Area.

Andrew Moulton
Counting Officer

Dated: 8 December
2016

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TITLE	Thames Valley Adoption
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Judith Ramsden, Director of People Services
LEAD MEMBER	Charlotte Haitham Taylor, Executive Member for Children's Services

OUTCOME / BENEFITS TO THE COMMUNITY

- Improvements to adoption services for both children and adopters.
- Excellent value for money.

RECOMMENDATION

The Executive is recommended to:

- 1) support Wokingham's shared service arrangements being extended to become Adopt Thames Valley Regional Adoption Agency. The new shared service is to be hosted by Oxfordshire County Council, with a base for Berkshire in Wokingham;
- 2) delegate the final decision on details to the Director of People Services and Lead Member for Children's Services;
- 3) support the Lead Member for Children's Services being a member of the new governance board.

SUMMARY OF REPORT

This report provides an overview of plans to set up a Regional Adoption Agency (RAA) across the Thames Valley Region. It describes the legislative framework, potential benefits for children and families and the planned timetable for setting up the RAA. The purpose of the report is to secure in principle, support for Wokingham joining the RAA.

1. Background

In June 2015 the Government published a paper titled Regionalising Adoption, it set out provision for the creation of Regional Adoption Agencies(RAA). An RAA is a service delivering adoption services across multiple local authority areas. The RAA guidance specifically refers to recruiting, matching and supporting of adopters. RAAs will also include voluntary adoption agencies as partners. There is no definitive expectation on the type of organisation that will deliver the RAA functions, but guidance referred to four potential models, they are:

- Local authority shared service
- Local authority owned company
- Joint venture between local authorities and voluntary adoption agencies
- Commissioned service (outsourced to a VAA)

The Government have stated that they expect every local authority to be part of an RAA or to have delegated their adoption functions to one by 2020. They have also said that they will use the powers of the Education and Adoption Act 2016 to require authorities to do this from 2017 if insufficient progress is being made towards this aim.

There are many good reasons for joining an RAA beyond the threat of compulsion that has been set out by government. It also seems likely that local authorities who are involved in the setting up and design of RAAs will have more influence and control over the destiny of their adoption services than those who choose to leave it until later.

2. Developing Adopt Thames Valley

Adopt Thames Valley (ATV) is being developed with the support of the Department for Education (DfE). They have granted funding to assist the partner organisations to work together to develop a new service that delivers both better outcomes for children and adopters whilst also reducing costs for the local authorities participating.

Adopt Thames Valley is building on work carried out by four of the participating local authorities (Bracknell Forest, West Berkshire, Windsor and Maidenhead and Wokingham). In 2014 Adopt Berkshire was set up, it is a shared service hosted by Windsor and Maidenhead delivering adoption services on behalf of all four authorities. This has been successful in promoting positive outcomes for children, external validation (Wokingham received a Good judgement for adoption from Ofsted in 2015) and has delivered savings. Adopt Berkshire is a good demonstration that the concept of shared and joined up adoption services works. The DfE have cited Adopt Berkshire as an example of good practice, but also indicated that it is too small to constitute an RAA.

The plan is to develop ATV as a shared service partnership between seven local authorities (Bracknell Forest, Oxfordshire, West Berkshire, Windsor and Maidenhead, Wokingham, Swindon and Reading) along with two Voluntary Adoption Agencies (PACT and Barnardos). The local authorities and voluntary adoption agencies are working to develop the new service, it will provide adoption services across the geographical area of the participating local authorities. Following the completion of a recent due diligence process it has been agreed that Oxfordshire will be the host authority for ATV.

The development of Adopt Thames Valley is being overseen by a project with representation at DCS or Assistant Director Level for each of the participating

authorities, It is envisaged that when the service becomes operational the membership of this group will be expanded to include other key stakeholders (e.g. lead members) and will be responsible for the governance of Adopt Thames Valley. The project is also being developed with significant involvement from frontline adoption staff and managers.

During October and November Adopt Thames Valley invited expressions of interest from participating authorities for hosting the new service and completed an extensive due diligence process. Oxfordshire County Council were the only authority to put themselves forward and we closely scrutinised through the due diligence process. This culminated in a meeting on the 7th November 2016 with local authority Chief Executives, Directors of Children's Services and Lead Members. On completion of the due diligence process there was unanimous support for Oxfordshire hosting Adopt Thames Valley. Following on from this Oxfordshire have mobilised a team including a dedicated project manager and appropriate service leads (e.g. HR, legal, ICT, Communications etc.) to take the project forward.

The service specification, team structure and funding mechanism for the new service are being developed at present. The ATV board have already agreed the following principles for the:

- No overall increase in spend
- Interagency fees will be abolished between participating local authorities
- The funding mechanism must be acceptable to all participating local authorities
- The funding mechanism must be acceptable to the host authority (Oxfordshire)
- It must transparent open and based on published data
- Services not included will be explicitly identified (e.g. Adoption Allowances)
- Individual contributions will not subsidise each other (smoothing costs across years acceptable as adoption activity is very volatile in small authorities)

The funding mechanism and service specification will be finalised early in 2017.

All of the local authorities are currently working to obtain political agreement to setting up ATV, it is anticipated that this will be completed early in 2017.

Following completion of this work detailed plans for the service will be developed (including; budget, staffing structure, premises and governance arrangements). It is anticipated that the new service will build on the strengths of Adopt Berkshire (e.g. Wokingham based office) and will include a combination of senior officers and elected members in the governance arrangements.

3. Potential Benefits and Risks of Adopt Thames Valley

In summary the key anticipated benefits of the Adopt Thames Valley model are:

- improved outcomes for children through the availability of a larger pool of adopters
- improved ability to place harder to place children for adoption (e.g. older children, children with disabilities, sibling groups and black or minority ethnic children)
- improved experience for adopters through quicker matches with children who need placements
- better value for local authorities through economies of scale in the recruitment

- and assessment process for adopters
- potential savings for local authorities through placing children with adopters more quickly (i.e. saving foster care costs)
- improved adoption support services across a wider geographical area.

The project is not without risks. Whilst the larger scale presents opportunities for more efficient and effective adoption services there will also be challenges created by working across a wider geographic area with a diverse group of local authorities. These risks are being managed through robust project management and a strong governance structure overseeing the development of the new service.

Work started on ATV in December 2015, over the duration of the project there have been some significant changes. We now have a group of local authorities and voluntary adoption agencies that are committed to the project. We are currently in negotiations with the Department for Education to finalise funding through to Autumn 2017 when we envisage the new service will become operational. Some of the key activities and events in the planned timeline are set out below:

- November 2016 to January 2017 – Local Authority Partners to secure political commitment to joining the new service
- Spring 2017 - Formal consultation with staff affected by the setting up of the new service
- Spring 2017 – Logistical arrangements for new service finalised
- Early Summer 2017 - Staffing arrangements for Adopt Thames Valley finalised
- September 2017 - Adopt Thames Valley becomes operational

4. Analysis of Issues

Options Available to Wokingham

No Change

The Government has said on a number of occasions that it expects all local authorities to be part of a RAA by the year 2020. This aspiration was first set out in 'Regionalising Adoption' (June 2015). It was reiterated by Edward Timpson in a speech in February 2016 and also referenced in 'Adoption – Agenda for Change' (March 2016). The government has also enacted legislation enabling them to intervene to determine how individual local authorities provide adoption services. In light of these statements and actions it would seem unlikely that maintaining the current situation would be viable in the longer term. This commitment has also been re-iterated following the change in government after the vote to leave the European Union.

Join an Alternative Regional Adoption Agency

Adopt Thames Valley is one of nineteen RAA projects that are being set up nationally. The option exists to approach other projects with a view to joining them as an alternative. We adjudge ATV to be the best option for Wokingham at present for three main reasons. Firstly Wokingham is geographically well placed within ATV, which is potentially advantageous in terms of identifying suitable placements in reasonable travelling distance. Secondly the shared service model currently being proposed maintains flexibility going forward, some other RAAs are developing organisations and structures that would be more difficult to influence or adapt once set up (e.g. joint

mutual ventures or services wholly delivered through commissioned approach). Thirdly the other three Adopt Berkshire authorities are planning to join ATV and this will enable us to continue to work together and build on the improvements already made. Joining another RAA would not enable us to be involved in the design of the new service and it is also very unlikely that we would continue to have a team based in Wokingham.

5. Implications for Wokingham Children and Residents

Adoption is a small, but critical element of our children's services. For Looked After children who are unable to return home to their birth family or other relatives adoption provides permanence and security. At present we have 82 looked after children of which 16 are aged under 10 (adoption is rarely an option for children older than 10). Since 2011/12 we have used adoption for an average of 4 children each year (varying from 2 to 5). The changes described in this report will also affect people wishing to adopt who live in our area, over recent years between 0 and 6 children have been placed with Wokingham adopters.

The creation of Adopt Thames Valley will not remove our corporate parenting responsibilities for children who need adoption. We will continue to ensure appropriate adoption plans are agreed for Wokingham children through the scrutiny of Agency Decision Maker (ADM). The ADM role is fulfilled by the Assistant Director. We will also take a very active role in the governance and performance management of ATV when it starts to deliver services.

A central aim of Adopt Thames Valley will be to improve adoption support. This is critical for both children and adopters. Adoption support improvements will extend to families who live in Wokingham who have adopted through other local authorities or voluntary adoption agency. Good quality adoption support is important the life chances of adopted children and the wellbeing of adopters. It can also be an important factor in avoiding other high costs interventions.

6. Governance

Adopt Thames Valley will have a governance board that will include representation from all partner organisation. Oxfordshire will be hosting the service, but all local authorities will have an influence in the design and running of the new organisation. Our experience of, and key role in the development of the Adopt Berkshire will ensure that we are able to make a valuable contribution to this important element of the project. The governance structure will include both officers and members and we are proposing that the Wokingham Lead Member should be a member of the governance structure as soon as it is established.

7. Conclusion

Wokingham stopped directly providing most adoption services in December 2014 when Adopt Berkshire was set up. The creation of Adopt Thames Valley represents a logical development that will enable adoption services to be even more effective and efficient.

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)	Anticipated cost neutral	Sufficient funding	Revenue
Next Financial Year (Year 2)	Anticipated cost neutral	Sufficient funding	Revenue
Following Financial Year (Year 3)	Anticipated cost neutral	Sufficient funding	Revenue

Other financial information relevant to the Recommendation/Decision

The existing budget for the Adoption services to transfer to Adopt Thames Valley is £320,000.

The cost of the new service has yet to be finalised, but it will not be more than our existing adoption spend commitment. The new service is being developed using a zero based budget approach and costs will be apportioned relative to use of the service.

There is potential for savings in alternative foster care costs from improved performance and placing children with adopters more quickly.

The DfE are providing grant for set-up costs.

Cross-Council Implications

Property – The Adopt Berkshire Service is currently hosted by Windsor and Maidenhead, but operates from Wokingham Borough Council Offices in Hurricane Way Woodley. It is planned that services will continue to be provided from the Hurricane Way Offices.

Priorities

Improve educational attainment and focus on every child achieving their potential

Adoption enables children who are unable to live with their birth parents or wider family to have the best possible chance of achieving their potential in education and succeeding in other areas of their lives. Joining ATV will help to ensure this option is open to children in Wokingham who need it.

Improve the customer experience when accessing services

Adopt Thames Valley will have a strong customer focus and bringing together a group of local authorities will help to enhance the services for both adopters and children. The larger scale of the agency will reduce waiting times and help to maximise the chances of matches being made between children and adopters.

List of Background Papers
DFE Rationalising Adoption June 2015 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437128/Regionalising_adoption.pdf

Contact Lisa Humphreys	Service Children's Services
Telephone No 0118 9746480	
Date 17 January 2017	Version No. 1.0

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TITLE	Disabled Children's Family Support and Short Breaks
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Judith Ramsden, Director of People Services
LEAD MEMBER	Charlotte Haitham Taylor, Executive Member for Children's Services

OUTCOME / BENEFITS TO THE COMMUNITY

This report outlines recommendations arising from a strategic commissioning review of short breaks provision, which engaged with all internal, external and voluntary and community sector providers. This review has developed a strong body of intelligence on which to develop a new approach as outlined in this report.

What will the changes mean for disabled children and their families?

- Greater choice and control for families of disabled children through Direct Payments and Personal Budgets.
- Greater personalisation through the introduction and use of Pre-Paid Cards so families have direct control of the purse strings.
- A broader offer of breaks for families of disabled children to choose from.

What does it mean for providers of disabled children's short breaks?

- New opportunities for providers to develop their share of the short breaks market and remodel their services to align with greater personalisation.
- The motivation for providers to join a Preferred Provider List to secure the Wokingham Borough Council "seal of approval".
-

RECOMMENDATIONS

The Executive is recommended to:

- 1) approve the development of a new short breaks preferred provider list leading to more effective quality assurance and market management;
- 2) support the 2-year period of phased transition from the existing arrangements to the new model, to enable change whilst not impacting service delivery;
- 3) approve the phased introduction of pre-paid cards to enable families to take control of the purchasing of short breaks care for their children;
- 4) support full and detailed consultation, with parents, young people and providers, on the proposed changes.

SUMMARY OF REPORT

During 2016, officers have conducted a review of the range of disabled children's short breaks provided across Wokingham. There were around 17 providers in-scope for this review including internal and voluntary sector providers and there has been extensive consultation with disabled children and their families.

The review identified a number of important factors:

- On the whole, providers have developed excellent short breaks services from horticultural therapy through to youth clubs and sitting services via a range of block contracts with the council. Services appeal greatly to disabled children, parents/carers and siblings who have provided glowing testimonials about their experiences. This included how these services provided a "life line", were fun, safe, interesting and pushed boundaries.
- Voluntary and Community providers have a strong value base and commitment to empowering disabled children and their families.
- There are opportunities to improve the way in which short breaks are administered for disabled children and their families to enable greater choice and control over access to services.
- There are also opportunities to remove inefficiencies in the manner in which Wokingham Borough Council commissions short breaks. The Council currently spends £284k per annum via Direct Payments (spot purchases) and a further £245k per annum via block contracts with providers and a further 20k on additional spot purchases. Presently there is a significant under-utilisation of the block contracts. The Council needs to ensure it is maximising its use of its scarce resources by avoiding spot purchases where there is available block contract capacity.

Officers are currently considering an improved and more personalised short breaks model with an increased focus the offer of "early help" to families of disabled children and greater choice and control through Pre-Paid Cards.

In advance of this, this report recommends a new commissioning infrastructure, with more effective quality assurance and market management, to increase choice and control for service users while reducing the possibility of inefficiency within the council's purchasing arrangements.

Background

The council is supporting around 200 Disabled Children at any one time including 60 open cases for Bridges Resource Centre (the council's internal short breaks and early intervention resource) and 60 open cases for the Disabled Children's Team. In total there are around 928 disabled children on the CAN network – an internal council network that offers information, advice and support to families and carers of disabled children across the wider community.

The options and opportunities provided through the Bridges Resource Centre are also being reviewed and the outcome and emerging recommendations reported to the Executive later in 2017. Bridges provides overnight respite care as well as other forms of short break and family support services to families with disabled children. It is rated by Ofsted as 'Outstanding'

Short Breaks services for disabled children were initially developed in 2010 as part of the national policy around HM Treasury's "Aiming High for Disabled Children – Better Support For Families". Short breaks include respite care, activities and opportunities for children and young people with additional needs to participate in mainstream activities, with support, as well as with bespoke facilities.

Children's Services undertook a strategic commissioning review of these services in 2016 in order to:

- Identified what services were being purchased as well as review the commissioning arrangements
- Speak to disabled children, carers and families about the services they use, and would like to have access to.
- Identify any added value provided by the internal services and the voluntary and community sector.
- Generally assess the "fit-for-purpose" nature of the services.

The review revealed that there was an abundance of added value offered. For example, ASD Family Help, a small voluntary sector provider, offered quarterly bowling sessions for over 200 families along with a multitude of activities, way beyond expectations of the £4,000 per annum service commissioned by the council. ASSIST, an internal service, are offering a plethora of specialised training and early intervention services, often pre-diagnosis for children of Autistic Spectrum Disorder and their families with a small training budget of £5,000 per annum.

Parents were keen to share their insights about what they valued from these short breaks and any gaps they perceived in the current provision. This intelligence underpins the recommendations arising from this review. The gaps will be captured in the new outcome focused specification for the future short breaks provision.

The review identified the views of disabled children and their families on what is important to them in relation to short breaks - the opportunity for disabled children to interact, to have fun and to gain important life and social skills through structured activities, which are key to their development.

Parents also identified gaps in service coverage that included weekend breaks,

overnight stays and early morning term time support, improvements which are likely to make a significant difference to their everyday lives. These gaps can be addressed by improving the future commissioning arrangements for short breaks.

Family Support and Short Breaks

This report is an aspect of a broader improved vision of support to disabled children and their parent/carers, which officers are developing at the present time.

A “Family Support” model would be focused on providing the earliest intervention for families of disabled children, providing targeted support at the first signs of not coping and providing strategies to be self-reliant. This will contribute to delaying the need for more costly statutory provision such as residential placements.

Due to the importance of tackling some of the commissioning inefficiencies revealed by the review, this report focuses on this area for immediate attention.

The case for improved commissioning of short breaks

This report sees the completion of the strategic commissioning review of short breaks.

The council has a range of **block contracts** with short breaks providers. These have a total value of £244,021. The contracts however provide the platform for the provision of only 45% of the short breaks purchased from providers.

At present the block contracts are not fully utilised. This leads to some duplication of provision and avoidable cost. The duplication involves the fact that the council also (directly or indirectly) **spot purchases** a further £304k from short breaks providers - £284k via direct payments to service users and £20k via spot purchases commissioned directly by the council.

At the same time as under-using the existing block contracts, the council is therefore paying additional sums for services with a number of providers (including a number of the same providers with whom the council has block contracts).

This provides a strong case for change for the council to target its resources through a new, improved commissioning platform. To do this, the council will need to move away from the block method of commissioning providers and enable a purchase model which both avoids financial waste as well as enabling service users to take greater control of the purchasing of services.

Proposal for a preferred provider list

An improved method of commissioning services would be via a preferred provider list that would have the following elements:

- Open invitation to all providers to enter the process
- The ability to ensure that providers are offering services with consistent terms and conditions via a standardised specification
- Quality checks
- A list open to service users to purchase short breaks which has the council’s seal

of approval

- No commitment for the council to purchase services from any provider
- A more direct relationship between provider and service user which helps to maintain the focus on service user needs
- Service users with more direct choice and control over what is purchased and who it is purchased from
- A process which rewards provider innovation and their ability to react to service users needs and demands (or the needs of the market)

A detailed model of the Preferred Provider List and the process that will be used to establish it will be developed with providers, service users and officers within the new People Directorate.

Transition to the new arrangements

The council is committed to working in strong partnership with the voluntary and community sector and the proposals in this report are designed to support local organisations providing vital services.

During this commissioning review, an early “temperature check” was taken with voluntary and community sector providers in understanding their journey so far in preparing for changes around personalisation – including the use of personal budgets, direct payments and the transition from core Council funding for service delivery. Many of these providers (large, medium and small) were very conscious and understanding of this national and local direction of travel. A number of providers have other sources of income and/or were seeking to maximise their income streams as part of their longer-term sustainability. Some felt more confident and prepared for the moves towards personalisation. Others, particular among the smaller providers, appeared more reliant on core Council funding.

These proposals include a period of transition and some additional support for the cohort of providers in the event of short-term financial difficulty. To support the transition for voluntary and community providers:

- Only 25%% of the block contract grants will be removed in Year 1; a further 50% in year 2; while from year 3 all of the council’s funding of services will be offered via direct payments to service users.
- Additional support will be available from INVOLVE, the umbrella organisation for the voluntary and community sector to prepare and work through these proposed changes. This could involve developing marketing capacity and enhancing business planning skills.
- An “opportunities fund” will be managed by INVOLVE so that targeted support can be offered to providers during the transition.

Given the robust intelligence gathered during the reviews it is suspected that there are a number of providers who are in a stronger position to adapt to changes in the market place including: Camp Mohawk, Disability Challengers, Explorers Group, Go! Opportunities, KIDS, Me2 Club, MENCAP, Sports and Leisure and Thumbs Up Club.

Greater choice and control for parents

The opportunity for offering parents greater choice and control for their disabled children is paramount. Currently, if a disabled child is eligible for social care support and decides through their family to take a Direct Payment to organise their own care services, the Council issue payments to them by BACS. This can require service users to open a bank account just for this purpose.

This year the council supported 67 disabled children to access a Direct Payment for short breaks, and the council is currently making payments to 50 of these children.

With a longer experience of direct payments, the council's Adult Social Care function has approximately 450 customers drawing on Direct Payments to a total value of £4.5 million per annum. There is an opportunity to draw on the strong developments taking place regarding direct payments in the Adults function, in particular the move to pre-paid cards. Pre-paid cards have the potential to act as a vehicle for offering direct control to families of eligible disabled children to access their allocated funding. These cards are now increasingly common - typical examples are the currency card that can be taken abroad by a holidaymaker.

Nationally, around 45 councils already use pre-paid cards in the field of Adult Social Care direct payments. There are also a number of local authorities that have put in place cards for children's social care including Brent, Lewisham and Hertfordshire County Council.

The Council has a contract with PFS for the use of pre-paid cards. Cards acquired by Wokingham Council through PFS are backed by MasterCard. On this basis, the card can be used anywhere that a MasterCard is accepted. This could be through a face-to-face transaction, by telephone or across the internet.

Officers recommend undertaking a phased approach to the introduction of Pre-Paid Cards for short breaks during 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.

	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	Revenue
Next Financial Year (Year 2)	0	Yes	Revenue

Following Financial Year (Year 3)	0	Yes	Revenue
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Other financial information relevant to the Recommendation/Decision

The current disabled short breaks are purchased through the following arrangements:

£284k per annum – Direct Payments (spot purchases).

£245k per annum – Block Contracts.

£20k additional spot purchases.

Total spot £304k

Total block £245k

This equates to 55% of disabled children's short breaks being spent through spot purchases (including Direct Payments) and 45% of short breaks purchased through the block contracts.

Pre-Paid Cards Funding

The council has set up a contract with PFS for a period of 3 years, and up to 2 optional years may be added. This is through a fixed fee option for Adult Social Care with the opportunity to add in "new programmes" e.g. from other areas of service. There are economies of scale for the council to add in new programmes to this contract based on the number of additional cards. This contract has been secured through Surrey County Council's "Framework Agreement."

Initially Adult Social Care is undertaking a pilot. Given the approach to this pilot it is expected the fee in the first year of the contract to be around £10,800 plus the set-up fees of £2,500 to PFS and £350 to Surrey County Council.

Subsequent years will be £14,400 with an additional cost of around £2,000 to replace all cards at the end of year 2 / beginning of year 3.

Against these costs the council is likely to accrue non-cashable savings in terms of reduced administration time of at least 1,500 hours (or 37 weeks) per annum. The council will also be able to immediately recover overpayments without the need for sundry debtor activity and the risks that can bring to eventual recovery.

Finally, all schemes that have been implemented nationally across a range of local authorities to date have produced cashable savings against the Direct Payment Budget because of the ease of administration and recovery.

Cross-Council Implications

The implications of this review and its recommendations are restricted to Children's Services. However, these changes see the development of a stronger commissioning relationship including pro-active quality assurance, contract, risk and market management infrastructure. This development will support Wokingham Borough Council's changes through the 21st Century proposals towards a "commissioning organisation".

Contact Paul Feven, Interim Head of Strategic Commissioning.	Service Children's Services
Telephone No 0118 974 6188	
Date 16 January 2017	Version No. 3.0

TITLE:	Ruscombe Burial Ground
FOR CONSIDERATION BY:	The Executive on 26 January 2017
WARD:	Remenham, Wargrave and Ruscombe
DIRECTOR:	Josie Wragg, Interim Director of Environment
LEAD MEMBER:	Angus Ross, Executive Member for Environment

OUTCOME / BENEFITS TO THE COMMUNITY

Provision of additional burial space and development of a memorial garden to include scattering areas and memorials to accommodate cremated remains.

Additional burial space for the Borough will alleviate some of the pressure on the burial plot requirements at the two existing WBC Cemeteries, St Sebastian's and Shinfield Cemeteries and offer improved choice to residents as an alternative location.

RECOMMENDATION

The Executive is asked to give:

- 1) approval to proceed with the acquisition of the freehold title from the Diocese of Oxford consisting of 0.51 acres of land subject to planning permission (as detailed in Part 2 of this report);
- 2) approval to seek planning permission and to develop the land to increase burial and memorial opportunities within the Borough.

SUMMARY OF REPORT

Wokingham Borough has a need for more burial and associated memorial space. The Diocese of Oxford is willing to release the land opposite Ruscombe Church for sale to Wokingham Borough Council for this exclusive purpose.

Background

The overall site size is 0.206ha (0.51acres) and the area suitable for graves is 0.157ha (0.387acres). The Environment Agency has indicated that the site is only suitable for single burials due to the high winter water table. However, it is likely that this site could accommodate a maximum of 272 burials in single grave plots.

Analysis of Issues

The site will enable Wokingham Borough Council to maintain its status as a burial authority.

Pre-application planning advice has been obtained which has advised on the necessary reports needed to accompany a formal application for change of use in respect of the site.

The change of use required will include provisions for car parking and a means of enclosure of the site.

There will be no ratable implications in respect of this use.

The purchase and initial development of the site will be funded by S106 contributions already allocated in the capital programme.

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	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See Part 2	Yes	Capital (allocated)
Next Financial Year (Year 2)	Within existing revenue budgets	Yes	Revenue
Following Financial Year (Year 3)	Within existing revenue budgets	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

All new provision will cover its own costs.

Cross-Council Implications

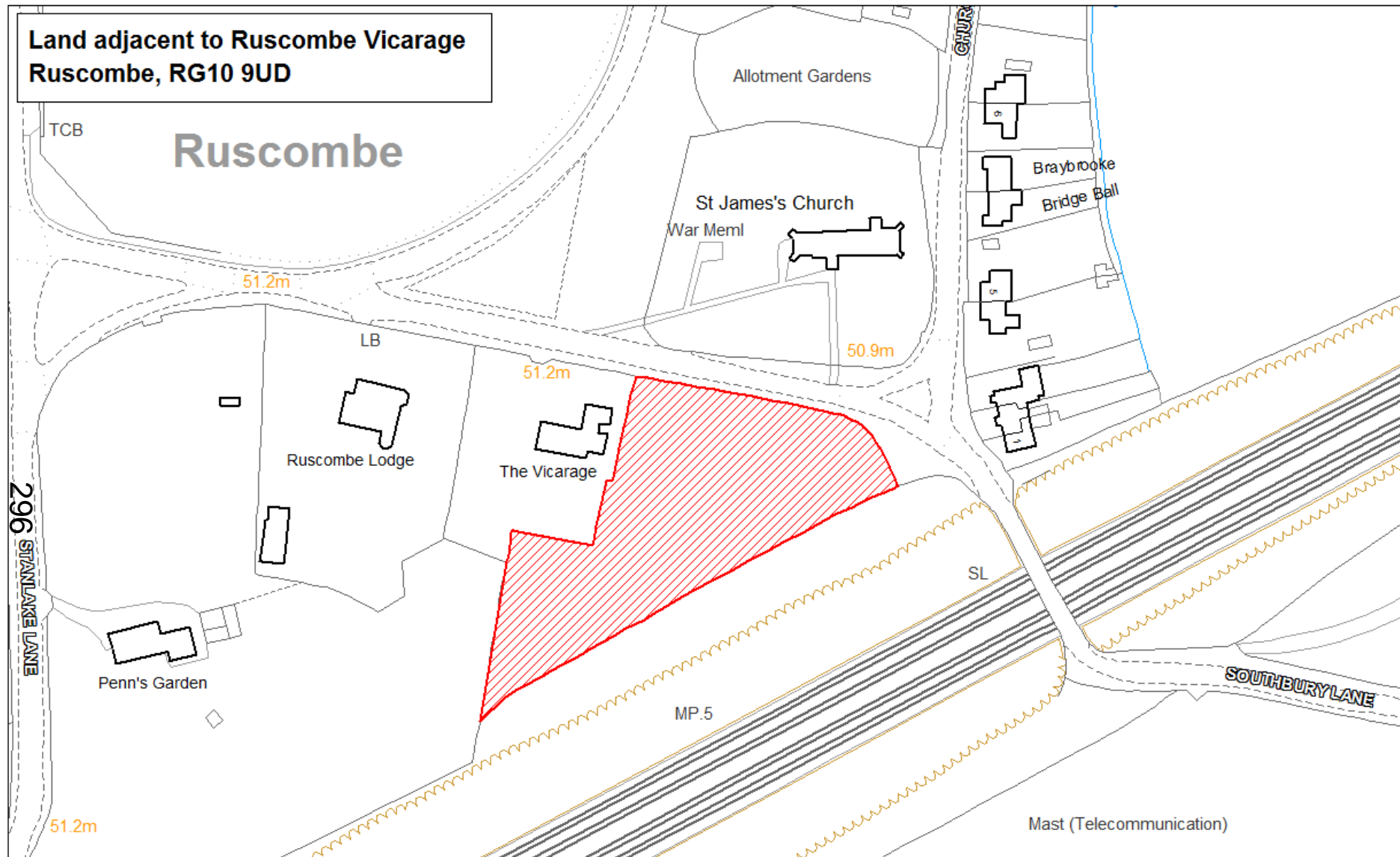
- Maintains status as Burial Authority
- Asset to be added to the Asset database
- Area to be added to the current grounds maintenance contract with ISS.
- No impact on other services other than those noted above.

Reasons for considering the report in Part 2
Certain elements of this report are commercially sensitive.

List of Background Papers
All relevant documents included in the Report and Appendices <ul style="list-style-type: none"> Appendix 1 - Site Plan

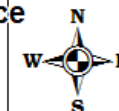
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Date 12 January 2017	Version No. 1

Appendix 1 - Site Plan



WOKINGHAM
BOROUGH COUNCIL

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4 January 2017

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TITLE	Supported Housing Development at 52 Reading Road, Wokingham
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	Emmbrook
DIRECTORS	Judith Ramsden, Director of People Services
LEAD MEMBER	Julian McGhee-Sumner, Executive Member for Health and Wellbeing

OUTCOME / BENEFITS TO THE COMMUNITY

It will contribute to meeting the housing needs of vulnerable young people through the provision of well-designed, high quality supported housing.

RECOMMENDATION

That the Executive approve:

- 1) the selection of Wokingham Housing Limited, the Council owned Local Housing Company, (or a subsidiary of WHL), as the development partner for the vulnerable young persons supported housing scheme at 52 Reading Road.
- 2) that the Council transfers the 52 Reading Road, Wokingham site to Wokingham Housing Limited (WHL), or a subsidiary of WHL, on terms to be agreed by the Director of Finance and Resources in consultation with the Leader of the Council;
- 3) that the site subject to Recommendation 1 above is appropriated for planning purposes under Section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972;
- 4) the proposed funding model, including the allocation of up to £950,000 Section 106 receipts for the provision of supported housing on this site.
- 5) the development brief for the 52 Reading Road site.
- 6) that the transfer of land and funding for 52 Reading Road will be subject to WHL securing a planning consent for the scheme.

SUMMARY OF REPORT

In June 2011, the Council established a wholly-owned Local Housing Company, Wokingham Housing Limited (WHL), to provide a range of high quality affordable and market housing for the people of Wokingham Borough. This report proposes that WHL (or a subsidiary of WHL) be selected as the development partner for the construction of a supported housing scheme at 52 Reading Road, Wokingham for vulnerable young people. The scheme will offer a replacement for the current scheme at Seaford Court, Wokingham and will help to meet our statutory duties towards care leavers and our Homelessness duties. The scheme will also help to achieve objectives within the Young Peoples Housing Strategy 2014 – 2019. The strategy aims to ensure that young

people, in particular those leaving care, on the edge of care and young people at risk of homelessness are housed in good quality accommodation with a range of support options.

It is proposed that the development of 52 Reading Road is funded through the use of Section 106 commuted sums. The site has also been granted Homes and Communities Agency (HCA) funding of £304,000 through the Platform for Life scheme towards the capital development. A requirement of the funding is for the development to have started on site by 31 March 2017 and to be completed by 31 March 2018. A decision regarding the delivery of the scheme by WHL is being sought so that a new young people's service can start at 52 Reading Road as soon as possible.

Background

The purpose of a new service is to support vulnerable young people aged 16 – 25 to develop the necessary skills to live independently and safely in their own accommodation. The scheme will offer a replacement for the current scheme at Seaford Court, Wokingham and will help to meet our statutory duties towards care leavers and our Homelessness duties. It will also help to achieve objectives within the Young Peoples Housing Strategy 2014 – 2019. The strategy aims to ensure that young people, in particular those leaving care, on the edge of care and young people at risk of homelessness are housed in good quality accommodation with a range of support options.

As part of the Corporate Parenting Statutory duty, officers reviewed the current housing outcomes for young people in Wokingham, and in particular for young people in care, leaving care and on the edge of care. It was considered that, whilst the current service meets the needs of the most vulnerable young people in the Borough, the service requires remodelling to respond to the changing needs of the population and ensure delivery against our sufficiency duty. A recommissioned supported housing service would help to ensure better outcomes for young people so that they can make a successful transition to independent living.

The new service will contribute to the following overarching outcomes for young people in the borough:

- Achieve economic wellbeing
- Enjoy and achieve
- Manage their health
- Stay safe
- Make a positive contribution

The service will provide short-term accommodation and support for a period of up to twelve months and will support young people to acquire the necessary skills to live independently and access full time training, education or employment while they are accommodated. The service will provide close links to the Elevate Wokingham scheme. Elevate Wokingham is part of a wider Elevate Berkshire project to up skill and improve employment outcomes for young people. The new accommodation will provide purpose built, well-designed accommodation to support vulnerable young people to become more independent. The accommodation will comprise of seven en-suite study bedrooms (one of which could be used for overnight staff accommodation if needed), a shared kitchen/diner, shared living room, breakout study space and office accommodation for staff. There will also be two self-contained one person studio flats for those requiring a lower level of support. The studio flats will have their own access, kitchen and living areas and en-suite facilities. They will also have full wheelchair access.

Referral and access to the service will be through Wokingham's Pathway Approach following a needs assessment. This will take a holistic approach to needs and include health, education, employment and social needs, as well as assessing their current housing situation. Before a young person begins their stay, a support plan will be drawn up outlining how the young person will engage in education, training or employment; the proposed length of stay, and a plan for 'moving on'. The accommodation will charge affordable rents, enabling them to stay at the placement while planning, undertaking or

finding work, education or training, pending their move into settled accommodation.

Analysis of Issues

Development Partner

Transferring the scheme to WHL and having them as the development partner will give the Council full control over the development of 52 Reading Road, whilst also retaining the asset base within the Council's companies. At this stage it is expected, but not confirmed, that the support element of the service would be provided by Optalis.

Another option that could be considered is delivery of the project through the Registered Provider Partnership. This would include transfer of the property to one of the Council's four Registered Provider Partners – whilst this may reduce the level of funding required by the Council, it would result in the loss of the asset to the Council. Whilst the Council would have some control on the redevelopment, this would not be on the level of influence the Council has with WHL. Given the current uncertainty with the funding of supported housing, it is not clear whether a Registered Provider would take on the project and be able to meet the tight project timescales.

Land Transfer

Wokingham Borough Council owns the property and the site (which is freehold) sits within the general fund. The property is currently vacant having previously been let as office accommodation. The site has been valued (included in Part 2 Schedule).

The proposal for the site is for a complete demolition and rebuild to enable a building which would be fit for purpose. The proposal is that the Council transfers the property to Wokingham Housing Limited (WHL), or a subsidiary of WHL, on terms to be agreed by the Director of Finance and Resources in consultation with the Leader of the Council.

Under Section 25 of the Local Government Act 1988, local authorities require Secretary of State consent to dispose of general fund land at less than market value for development as housing accommodation, except where the transferee is a Registered Provider of housing. Loddon Homes Limited (a subsidiary of WHL) is a Registered Provider and assuming the site transfers to this organisation, the general consent would apply. However, in the event that the site was transferred to another subsidiary of WHL at an undervalue, Secretary of State approval would be needed.

It is necessary to appropriate the site from the general fund for planning purposes under Section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972, in order to extinguish any rights which may exist over the same and enable the development proposed by WHL.

Proposed Funding Model

It is intended that s106 affordable housing commuted sums will be used to fund the development of this property, of which it is intended to allocate a maximum of £950,000. Full details of the business model and funding are included in the Part 2 schedule. In addition, £304,000 has been awarded from the Homes and Communities Agency (HCA) 'Platform for Life' funding stream. It is anticipated that the current support budget used to fund the service at Seaford Court will transfer to 52 Reading Road.

Development Brief

The development will provide temporary accommodation and support for vulnerable young people for a period of up to twelve months and will support young people to acquire the necessary skills to live independently and access full time training, education or employment while they are temporarily accommodated. The proposal for the site is for a complete demolition of the existing building and a rebuild to enable a building which would be fit for purpose. The development will consist of seven single en-suite bedrooms and two self-contained studio units contained within the main building. There will also be a shared living area, shared kitchen/diner and office space. There will be full wheelchair access to the studio units and also a disabled access parking space.

A requirement of the HCA funding is for the facility to have affordable rents (up to 80% market rents). The rents being proposed are 67% of current market rents. As this will be a supported living facility, there are currently no restrictions on the amount of housing benefit a young person will be able to claim, although this may change in the future with government changes to the funding of supported housing.

The Council will have full nomination rights to all the units within the facility.

The development is expected to complete by March 2018.

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)	Est. £996,050 costs split over years 1 & 2*	Yes – from affordable housing commuted sums and HCA grant	Capital
Next Financial Year (Year 2)			Capital
Following Financial Year (Year 3)	£0	N/A	N/A

*costs exclude Fixtures, Fittings and Equipment

Other financial information relevant to the Recommendation/Decision

Funding is likely to come from a number of different Section 106 agreements for affordable housing. The matching of new affordable housing projects to specific Section 106 agreements will occur before start-on-site to ensure that we optimise the use of available receipts. A payment of £228,000 can be drawn down from the HCA Platform for Life funding following Start on Site commencement. The remaining £76,000 HCA Platform for the Life funding will be made on completion.

Cross-Council Implications

Supporting vulnerable people is a key priority within the Council's Housing Strategy. Access to good quality, affordable housing is key to residents' health and wellbeing, education, employment, etc. Preventing and responding to young people at risk of being homeless is also a key priority within the Council's Young Persons Housing Strategy.

Reasons for considering the report in Part 2

Commercially sensitive information, relating to the funding and contract sums, is included on the Agenda as a separate Part 2 Report.

List of Background Papers

None

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Date 12 January 2017	Version No. 0.4

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