



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **EXECUTIVE** will be held at the Civic Offices, Shute End, Wokingham on **THURSDAY 27 OCTOBER 2016 AT 7.30 PM**

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

Andy Couldrick
Chief Executive
Published on 19 October 2016

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.
61.		APOLOGIES To receive any apologies for absence	
62.		MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 29 September 2016.	7 - 18
63.		DECLARATION OF INTEREST To receive any declarations of interest	
64.		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	
64.1	Wescott	Peter Humphreys has asked the Leader of the Council the following question: Question The negotiations with Aldi to secure a supermarket to anchor the proposed Elms Field development are taking an inordinately long time. Bearing in mind the recent publicity surrounding the Irish government giving state aid to Apple through tax breaks would the Leader of the Council please confirm that WBC in its desperation to secure a deal will not be providing	

financial incentives of any kind to get a supermarket on Elms Field? I use the term “council” to include any companies it controls and “incentives” in its broadest meaning to include rents below market value, rent-free periods etc. and other creative inducements or concessions. A lot of public money is at stake and thus it is important that the people of Wokingham are assured we are not subsidising a commercial company.

64.2 None Specific

Keith Malvern has asked the Executive Member for Children's Services the following question:

Question

The Prime Minister and local MP Theresa May has said there should be "good school places for all" but has also said that she would like to introduce more grammar schools. What discussions has the current Executive Member had with officers on the subject of grammar schools?

65.

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

65.1 None Specific

Richard Dolinski has asked the Executive Member for Economic Development and Finance the following question:

Question:

Can the Executive Member confirm whether ethnicity is a factor used to calculate the level of funding the Council receives from central Government?

65.2 None Specific

Clive Jones has asked the Leader of the Council the following question:

Question

At the last Executive meeting Cllr Pollock replied to a question about why Wokingham Borough Council got such a poor deal from central government with the words..."the simple answer is, we are too wealthy and too white".

Would you agree with me that this statement was inappropriate, inaccurate, divisive and very misleading?

Matters for Consideration

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73.	Bulmershe and Whitegates	WOODLEY TOWN CENTRE (NORTH PRECINCT) IMPROVEMENT PROGRAMME	123 - 126
74.	Emmbrook; Ewendons; Norreys; Wescott	ACQUISITION OF PROPERTY (TOUTLEY COTTAGE) TO ENABLE PROVISION OF THE NORTH WOKINGHAM DISTRIBUTOR ROAD	127 - 132

EXCLUSION OF THE PUBLIC

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

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

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

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**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD ON 29 SEPTEMBER 2016 FROM 7.30 PM TO 8.10 PM**

Committee Members Present

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

Other Councillors Present

Prue Bray
Andy Croy
Lindsay Ferris
Clive Jones
Rachelle Shepherd-DuBey

45. APOLOGIES

An apology for absence was submitted from Councillor Angus Ross.

46. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Executive held on 28 July 2016 and the Extraordinary meeting of the Executive held on 1 September 2016 were confirmed as correct records and signed by the Leader.

47. DECLARATION OF INTEREST

Councillor Pauline Jorgensen declared a personal interest in Agenda Item 52, 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 52, 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.

48. PUBLIC QUESTION TIME

There were no public questions submitted.

49. MEMBER QUESTION TIME

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

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

Question

With the proposed cuts in staffing and services being proposed will WBC be in a fit state to perform as an effective Council in the future?

Answer

The 21st Century Council programme offers this Council the opportunity to change and improve the way that services are delivered to our residents by taking out inefficiency, by increasing the range of transactions residents can do remotely and digitally, using leading

edge technology, by reshaping our staff team to work more across disciplines and departments, by reducing bureaucracy and the number of staff and managers. By doing these things we can protect many services that in other councils have long since been ended or cut. We can enable our staff to work differently and to advance their training and development as a direct consequence. And we can avoid the service cuts and salami-slicing you suggest in your question

So yes, I am absolutely grateful for the opportunity to confirm that by doing what we are doing we will be leaner and fitter enabling us to continue to perform as a good, strong and effective council despite the financial challenges we face.

Supplementary Question

From past history WBC has not been that good at introducing new IT services. In addition WBC has one of the highest levels of elderly people in the country. How can you ensure that these residents and others will still be able to access WBC services easily?

Supplementary Answer

As a former IT professional myself IT is always difficult to implement and I think we are no different to any other organisation. But there is a strong work ethic to make the IT work this time around. It is going to be overseen by a couple of professional IT Councillors as well to make sure that, as far as we can, we will remove any of the issues that we had previously.

In terms of access to services for the elderly and vulnerable it will not just be on the basis of IT we all know, certainly people of my age anyway, that there is a high number of elderly people that are IT literate but in two or three generations it will be virtually everyone. So we absolutely have to be able to cater for those vulnerable people who do not have IT experience.

49.2 Clive Jones asked the Executive Member for Economic Development and Finance the following question:

Question

You are running a Conservative Council under a Conservative Government. What is your answer for residents who want to know why Wokingham has still got such a poor deal as the worst funded unitary authority in the country?

Answer

The simple answer is that we are too wealthy and too white and therefore in the econometric model we do not do so well. But the official answer is, as you are aware, the Government has a responsibility to stabilise the dire financial situation they inherited many years ago from the Labour Government, which has been compounded by numerous international and global events over more recent times. Local Government must play its part in the Government's austerity measures and this Council is not immune from this. Indeed, we have financially managed our way through £36.5m worth of efficiency savings since 2011/12.

I agree that WBC does get a poor funding deal, compared with other authorities, which is as a result of a national funding model that has a strong bias to those areas considered to be less wealthy and less healthy than us. The more recent funding formula compounds this issue by bringing our council tax receipts into the grant reduction calculation. Council tax being an element of income we have had to increasingly rely upon as our general grant

has reduced over the years to almost nothing. We are unfortunately bound, in the same way as all other local authorities, to a national funding formula and so our room for manoeuvre and getting a better deal from the Government is often limited.

WBC is only one voice amongst the 418 local authorities in the UK and amongst these are substantially larger and higher profile authorities such as Manchester, Birmingham, Liverpool and the London Boroughs. All are understandably out to protect their own interests in times of austerity. Having said this we are not without success in representing the interests of Wokingham at the highest levels in Government. In January this year the Leader and myself, working with key ministers, managed to persuade the Government to make an unprecedented rewrite of their Local Government Finance Settlement proposals issued in December. We managed to secure over £2m transitional relief grant for two years and more significantly secured a reversal of negative Revenue Support Grant up to 2018/19; and that is actually very, very, important. The Secretary of State for Communities and Local Government, Greg Clark, in his statement on 8 February this year, stated that “a small number of councils were concerned that, as their Revenue Support Grant declined, they would have to make a contribution to other councils in 2017 to 2018 or 2018 to 2019. I can confirm that no council will have to make such a payment”. Wokingham was one of the councils and this had a significant impact on Wokingham, so this was a great success for us in bringing our influence to bear. The challenge now remains to secure this position, no negative Revenue Support Grant into 2019/20 and beyond and we hope all the community of Wokingham will help us in winning this key financial argument.

Supplementary Question

The beginning of your answer Councillor Pollock “too wealthy and too white” I think is a little bit of a strange beginning to your answer but £36m of savings means that the Officers have done an extremely good job and I am very pleased that they have been able to do that. But residents just don’t understand why you as a Conservative Council and Conservative Members of Parliament with a Conservative Government cannot actually get a better deal for Wokingham. So what more can you do than you have already done?

Supplementary Answer

As I have already said the econometric model that allocates national Government money is based on certain factors and those factors which are, as I said, the wealth or the opposite of that which is deprivation. So if you consider the deprivation statistics and you consider other needs which are often linked to immigration those are factors in the econometric model that skew the allocation of Government money to those areas that have higher amounts of deprivation or ethnic need and we do not score very well on those. Therefore we do not end up with significant amounts of money whereas if you compare us to Reading they get substantially more from the Government as far as the Revenue Support Grant is concerned and much more of their total spend is actually financed from Central Government money whereas in Wokingham we have next to nothing and that is the fundamental bit.

How do we change that? We do that every time there is a review of the formulas. We lobby for those aspects of the formula that are beneficial to us and we lobby against those aspects of the formula that we do badly in. And that is what we do and I think as I said in my answer earlier the key piece going forward is the negative Revenue Support Grant for 2019/20 and the most important piece for us going forward over the next two or three years is to ensure that that principle, that of our hard earned council tax or our hard earned Business Rates, that we do not lose even more of that than we do currently.

49.3 Rachele Shepherd-DuBey asked the Executive Member for Highways and Transport the following question:

Question

Will you include the number of schools, railway stations, park and ride locations and other such locations when considering the number of parking warden hours allocated to a town or parish rather than just the length of yellow lines?

Answer

Yes certainly.

Supplementary Question

I realise that yellow paint must be exceedingly expensive in this country and therefore that is the reason why you think that but will you please work with the local Members to work on problem areas rather than just allocating by yellow lines?

Supplementary Answer

It is not just by yellow lines it is by a whole range of factors including the ones you mentioned and more and they will of course be considered as they always are on these TROs.

49.4 Beth Rowland had asked the Executive Member for Health and Wellbeing the following question but due to her inability to attend the meeting the written answer below was provided:

Question

There are care governance issues at Suffolk Lodge, a home for the elderly and people with dementia run by Optalis. These are serious enough to have been reported to the regulator. What are you doing to sort this out?

Answer

WBC co-ordinates all concerns about providers through our safeguarding triage function. It was evident that there were some concerns being flagged about Suffolk Lodge so a Quality Assurance visit was carried out on 2 August 2016, which found that improvement was needed with regard to care plans, record keeping and policy and procedures. As a precaution, and to enable Optalis time to remedy the issues, the decision was taken to suspend any further placements

Following the QA visit a risk matrix was completed and Optalis has developed an action plan to address the concerns raised.

The action plan was reviewed with WBC on 22 August 2016 and an updated action plan submitted on 26 August 2016. The Care Quality Commission is being kept informed.

Proactive joint work is on-going between the commissioner (WBC) and Suffolk Lodge and the action plan is progressing well. A further Quality Assurance visit is scheduled for 7 October 2016, which is likely to lead to the resumption of admissions to Suffolk Lodge.

It is worth noting that, as part of a strategic commissioning plan, Suffolk Lodge was asked by the Council to change its core function to cater for older people with dementia.

Consequently the resident group have higher care needs than previously and it is evident that in the change some aspects of service planning were missed. This is a lesson learned and will inform future commissioning plans. I can assure you that in the meantime those currently resident at Suffolk Lodge are as safe as they would be in any care home.

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

Question

The Council has put forward some areas of land that it owns for inclusion in the updated Local Plan. They are listed on p88 of the agenda and are mainly designated as "Leisure" or "Leisure/Public Open Space". Could you please explain, site by site, how much of the land you envisage would remain open space and how much of it you are planning to use for buildings associated with leisure use?

Answer

Your question is premature. The Council has put these sites forward in response to a call for sites within the Local Plan Update Process. These sites will be individually assessed as part of that process. This assessment will provide information to help enable any decision on the mix of buildings verses open space.

The Local Plan covers the period to 2036 which means that any such decisions can be made as needs must over the next 20 years.

Supplementary Question

I appreciate the position and I think there is more certainty about some sites in there than others. For example the Grays Farm site. I think we know where that is headed but there are some sites in there which are quite sensitive eg Dinton Pastures and the land at Woodlands Avenue in Woodley particularly. So are you imaging that you will put any buildings in there or are you primarily thinking that they are green space and they should remain largely green space?

Supplementary Answer

Again your question is premature the assessment process will follow. There is a two year assessment process in effect to build up to an Inspector looking at our Local Plan Update so the question is premature as we do not imagine anything but we have put our sites forward in good faith.

50. THE 21ST CENTURY COUNCIL: BUSINESS CASE

The Executive considered a report relating to the business case for the 21st Century Organisational Change Programme which set out the key elements of change to the shape, structure and operating model of the Council.

The Leader of Council went through the report and informed the meeting that this was effectively the first part of the Council's contribution to making the savings that were required, not just for the coming year, but also for a three year timeframe which would be consistent with the four-year settlement due to be discussed as the next item. Councillor Baker confirmed that the proposals would lead to a radical change in how the Council operated resulting in a reduction in costs whilst improving services.

Councillor Jorgensen confirmed that that the Personnel Board had met earlier that evening and the Chairman of the Board had reported that the meeting had recommended that the Executive approve the Business Case.

Councillor Baker advised of an error in recommendation 1c)(iv) which he reported should have stated “£2.752m” and not “£2,752” as specified in the report. It was agreed that the recommendation be amended accordingly.

RESOLVED that:

- 1) the 21st Century Council Business Case be approved for implementation, including:
 - a) the anticipated staffing reductions and associated redundancy payments, in line with Council policy;
 - b) the investment, in IT and other implementation costs to enable the significant transformation the Business Case proposes;
 - c) the funding, consisting of:
 - (i) a virement from revenue contribution to capital outlay of £210k in 2016/17 and £500k in 2017/18;
 - (ii) a virement from interest on balances reserve of £500k in 2017/18 and £500k in 2018/19;
 - (iii) supplementary estimate of £998k in 2017/18 and £1,000k in 2018/19 from general fund balances;
 - (iv) capital expenditure totalling £4.329m, £2.752m in 2016/17 and £1.577m in 2017/18, to be funded initially through slippage in the 2016/17 capital programme and ultimately a first call on resources in setting the 2017/18 capital programme;
2. Officers update the Executive quarterly during the implementation; reporting on progress of implementation and revenue return on investment.

51. MULTI-YEAR SETTLEMENT AND EFFICIENCY PLAN

The Executive considered a report relating to a Multi-Year Settlement and Efficiency Plan for 2016/17-2019/20 which set out how the Council intended to meet its financial obligations and remain sustainable up to 2019/20.

The Executive Member for Economic Development and Finance advised the meeting that on the back of the four-year settlement that had been offered to the Council one of the criteria for acceptance of the offer was the submission of a savings plan setting out how the Council intended to achieve such savings. It was noted that this would not preclude the Council from lobbying in connection with a negative Revenue Support Grant.

Councillor Haitham Taylor highlighted the loss of the Education Services Grant which was due to come into effect in 2017/18 and 2018/19 and which would result in a loss of £0.7m in each of these years. She reminded Members of the newly established Multi-Academy Trust Task and Finish Group which would be holding its first meeting next month and would address how to work in partnership with schools to find new solutions to delivering services eg schools buying-in services from the Council. It was noted that this was an important component of the savings plan.

Councillor Pollock drew Members' attention to the tabled additional recommendation 2) which proposed that the specific wording of the response, to the Secretary of State for Communities and Local Government, be delegated to the Director of Finance and Resources in consultation with the Executive Member for Economic Development and Finance as this would enable any final changes to be made to the submission. This additional recommendation was agreed.

RESOLVED That:

- 1) the multi-year settlement as set out in the report be agreed and the efficiency plan be approved;
- 2) the specific wording of the response to the Secretary of State for Communities and Local Government be delegated to the Director of Finance and Resources in consultation with the Executive Member for Economic Development and Finance.

52. 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 31 July 2016 and an operational update for the period to 31 August 2016.

The Leader of Council went through the report and highlighted a number of items including that Optalis was continuing to take on new work on behalf of other councils which was to be applauded as it reflected the quality of the Company. In addition he advised that Wokingham Housing Limited was making good progress on two major projects; Phoenix Avenue and Fosters Extra Care home.

RESOLVED that:

- 1) the budget monitoring position for the month ending 31 July 2016 be noted;
- 2) the operational update for the period to 31 August 2016 be noted;
- 3) the operational funding facilities for Wokingham Housing Limited and WBC (Holdings) Ltd of £1.49m and £1m respectively, charged at base rate plus 5.5%, be approved.

53. INTRODUCTION OF CIVIL PARKING ENFORCEMENT POWERS

The Executive considered a report on proposals for the introduction of Civil Parking Enforcement Powers which would enable the Council to enforce parking restrictions within their area of responsibility.

Members were advised by the Executive Member for Highways and Transport that currently the police undertook parking enforcement in the Borough and the proposal was for the Council to take this over. The current stage in the process was the submission to the Department of Transport for the Council to undertake civil parking enforcement in the Borough. Councillor Richards drew Members' attention to the list of resolutions defined by the Department of Transport and also informed the meeting that so far 92% of local authorities had applied for Civil Parking Enforcement powers.

Councillor Jorgensen stated that she was disappointed that the Council had to take on the cost of parking enforcement because the police were not fully undertaking this role and this was not fair on local council tax payers.

RESOLVED: That the resolutions contained in the report be approved, which would allow the submission of the application to the Department of Transport for undertaking Civil Parking Enforcement.

54. COUNCIL SITES FOR THE LOCAL PLAN

The Executive considered a report setting out potential Council owned sites for submission and consideration as part of the Local Plan Update.

The Executive Member for Planning and Regeneration went through the recommendations and confirmed that detailed assessments of the sites would be brought back to the Executive for approval as part of the Local Plan process.

The Leader of Council queried whether local Members would be actively encouraged to be involved in the process of considering the sites and their sustainability etc which was confirmed by Councillor Ashwell.

RESOLVED That:

- 1) the Council sites submitted to the local plan be acknowledged and accepted;
- 2) authority for the submission of a detailed assessment as part of the Local Plan process be delegated to the Director of Finance and Resources and the Executive Member for Planning and Regeneration;
- 3) sites, following detailed assessment, will be brought back to Executive for approval as part of the Local Plan process.

55. SHINFIELD NEIGHBOURHOOD PLAN

The Executive considered a report which included modifications recommended by the Independent Examiner to be made to the Shinfield Neighbourhood Plan prior to the holding of a local referendum.

The Executive Member for Planning and Regeneration commended Shinfield Parish Council for their effort and commitment into delivering the Neighbourhood Plan which had followed a very long process. Councillor Ashwell highlighted the results of the independent examination and the comments that had come forward. It was noted that the Neighbourhood Plan Referendum, which was the first in the Borough, would be held on 8 December.

Councillor Haitham Taylor, ward member for Shinfield South, hoped that the press would give the Referendum as much attention as possible in order to encourage people to vote.

RESOLVED That the following be agreed:

- 1) the report of the Independent Examination into the Shinfield Neighbourhood Plan published on 22 July 2016 be accepted by the Council and that the modifications recommended by the Independent Examiner be made to the plan prior to a local referendum being held;

- 2) the referendum version of the Shinfield Neighbourhood Plan, as modified in accordance with the recommendations following Independent Examination, meets the basic conditions and complies with the provisions of Paragraph 8 (1) (a) (2) of Schedule 4B to the Town and Country Planning Act 1990 (inserted by the Localism Act 2011). A statement to that effect will be published on the Council's website as well as the 'Referendum Version' of the Plan; and
- 3) a local referendum be organised and conducted on 8 December 2016 in the Shinfield Parish Neighbourhood area. This will allow all eligible persons that are registered on the electoral roll to vote on whether the Shinfield Neighbourhood Plan should be used by Wokingham Borough Council to help it determine planning applications (as well as other applications such as Listed Building Consent) in the Neighbourhood Area.

56. AMENDMENTS TO THE CONSTITUTION OF THE WOKINGHAM SACRE (STANDING ADVISORY COUNCIL ON RELIGIOUS EDUCATION)

The Executive considered a report which set out proposed amendments to the Constitution of the Wokingham Standing Advisory Council on Religious Education (SACRE).

Councillor Haitham Taylor advised the meeting that SACRE was made up of members of the Council, teachers and teaching unions and members of faith groups. The remit of SACRE was to monitor and support the delivery of religious education and collective worship in schools and also provide a locally agreed syllabus of religious education which was revised every five years. The SACRE Constitution had not been reviewed since 2009 and therefore the new Chairman had decided that a review was required. Members noted the proposed amendments which were set out in the report.

RESOLVED: That the amendments made to the SACRE Constitution, as set out in the report, be approved.

57. DRUGS AND ALCOHOL RECOVERY SERVICE

The Executive considered a report setting out proposals for the re-procurement of the Drug and Alcohol Recovery Service which would, amongst other things, enable residents to recover in the community and protect children and families from potentially problematic/dangerous situations associated with substance misuse.

The Executive Member for Children's Services advised the meeting that two different options, as outlined in the report, had been considered. Option 2, which was to commission a provider to manage all the Council's operational and demand led services eg needle exchange and supervised consumption, was the preferred option as it had many benefits including stabilisation of the budget and driving up the performance of the service. It was noted that the contract, which would start on 1 April 2017, would initially be for two years with the ability for up to three one year extensions which would provide greater flexibility.

Councillor Haitham Taylor highlighted the types of service users and the need within the Borough, as set out in the report, and the fact that the proposal could provide savings in the region of £20k in years two and three.

RESOLVED That:

- 1) the re-procurement of substance misuse services for Wokingham Borough be signed-off;
- 2) option two, as set out in the report, be agreed as it offers the most efficient use of Officer time and financial resources.

58. DISBANDING THE COMMUTED SUMS ADVISORY PANEL

The Executive considered a report proposing that the Commuted Sums Advisory Panel be disbanded. The Advisory Panel had been in existence for over a year however it had only been called upon to meet once and because its recommendation was above the £100,000 threshold the final decision had to be made by the Executive. It was therefore felt that the Panel process was duplicating the work of the Executive and thereby delaying decisions on the release of commuted sums for the delivery of much-needed affordable housing.

RESOLVED: That the Commuted Sums Advisory Panel be disbanded with immediate effect.

59. WOKINGHAM HOUSING LIMITED (WHL) DEVELOPMENT OPPORTUNITIES - GENERAL FUND SITES

The Executive considered a report setting out proposals to select Wokingham Housing Limited (WHL) as the development partner for housing schemes at three general fund sites.

RESOLVED That:

- 1) Wokingham Housing Limited, the Council owned Local Housing Company, (or a subsidiary of WHL) be selected as the development partner for housing schemes at the following sites:
 - Land adjacent to 6 Norton Road, Wokingham;
 - Land adjacent to 62 Finch Road, Earley; and
 - Land between 74-78 London Road, Wokingham.
- 2) the Norton Road, Finch Road and London Road sites be transferred 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) the sites subject to Recommendation 1 above are 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 be approved, including the allocation of up to £2,495,028 Section 106 receipts for the provision of affordable housing on these sites and funding on commercial terms for the private housing, in accordance with the Part 2 Report;
- 5) the development brief for these sites be approved, including the proposed tenure mix;
- 6) the transfer of land and funding for the Finch Road and London Road developments will be subject to WHL securing a planning consent for the schemes.

60. WOKINGHAM HOUSING LIMITED (WHL) DEVELOPMENT OPPORTUNITIES - HOUSING REVENUE ACCOUNT (HRA) SITES

The Executive considered a report setting out proposals to select Wokingham Housing Limited (WHL) as the development partner for housing schemes at five Housing Revenue Account (HRA) sites.

Following a query by the Leader of Council it was confirmed, as set out in recommendation 6, that the transfer of the land and funding would be subject to WHL securing planning consent for the associated schemes. The purpose of the report was to enable WHL to take the proposal to the next stage. However if WHL subsequently felt the project was not appropriate or viable then building on the land would not go ahead.

RESOLVED That:

- 1) Wokingham Housing Limited, the Council owned Local Housing Company, (or a subsidiary of WHL), be selected as the development partner for affordable housing schemes at the following sites:
 - Land adjacent to 52 Elizabeth Road, Wokingham;
 - Land adjacent to 86 Emmbrook Road, Wokingham;
 - Land adjacent to 9 Middlefields, Twyford;
 - Land between 68 and 69 Orchard Estate, Twyford; and
 - Land between 24 and 25 Gorrick Square, Wokingham.
- 2) Council transfers the above sites 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) the sites subject to Recommendation 1 above are 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 mode be approved, including the allocation of up to £3,054,123 Section 106 receipts for the provision of affordable housing towards these sites in accordance with Part 2 Report;
- 5) the development brief for these sites be approved, including the proposed tenure mix;
- 6) the transfer of land and funding for the Emmbrook Road, Middlefields, Orchard Estate and Gorrick Square developments will be subject to WHL securing a planning consent for the schemes.
- 7) the transfer of land and funding for the Elizabeth Road development to WHL will be subject to attracting grant funding from the Homes and Communities Agency (HCA).

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TITLE	Expansion of Optalis, a Company Wholly-Owned by Wokingham Borough Council
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	None Specific
DIRECTOR	Andy Couldrick, Chief Executive
LEAD MEMBER	Keith Baker, Leader of the Council

OUTCOME / BENEFITS TO THE COMMUNITY

An expanded Council-owned company will enjoy greater resilience, capacity and flexibility to operate in ways that deliver profits or savings back to the Council, ameliorating the pressures in the Adult Social Care (ASC) system.

RECOMMENDATION

The Executive is recommended to:

- 1) approve the Merger Model as a template to use in developing the Business Case for the merger with The Royal Borough of Windsor and Maidenhead (RBWM) which will lead to Optalis Ltd. Delivering all of the Royal Borough’s Adult Social Care services;
- 2) delegate authority to the Leader of the Council and Chief Executive to oversee the detailed business case development and ensure that Wokingham Borough Council’s interests as shareholder are safeguarded;
- 3) in the event the business case is acceptable to all parties (WBC, RBWM, Optalis Ltd) to approve commencement of implementation of the business case to enable a ‘go-live’ target for the merged company of April 2017;
- 4) instruct the Leader and Chief Executive to report back to Executive in January and March, updating on progress, and before then in the event matters arise in the business case requiring Executive attention.

SUMMARY OF REPORT

When Optalis Ltd was formed, there was ambition that it would grow and expand as a company, through winning new business outside of Wokingham Borough Council, which it has successfully done, and through its potential to take on the delivery of service for, and forge new partnerships with, other councils

RBWM approached WBC in early 2016 to explore a possible merger, whereby the Royal Borough acquire a shareholding in Optalis Ltd, with the company delivering its adult social care services. Work has gone on since then, involving officers and elected members from both councils, as well as officers and board members from Optalis Ltd, that work culminating in an agreed merger model. The key elements include:

- RBWM are looking to transfer *all* of their ASC into Optalis, in a phased way with a ‘go-live’ date for the first phase of April 2017 (and assumed completion

of the process within the first quarter of 2017-18

- RBWM will acquire a 45% shareholding in Optalis Ltd, for which they will pay Wokingham Borough Council £771,302, on the basis of a share valuation model agreed by the two councils. A buy-in price of £771,302 has been identified. In arriving at the buy-in price, recognition has been made of:
 - The expertise that Optalis has built up and its significant brand value.
 - The work that Optalis will have to undertake to ensure the successful formation of the new enlarged company.
 - 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 our residents.
 - The opportunity for the Royal Borough to share in current and future additional profits and savings.
 - The time, cost and risks avoided by Royal Borough compared to setting up its own local authority traded company.
- It is the expressed ambition of both councils to move towards a 50-50% shareholding following review of progress: any additional share acquisition would take place at the same agreed rate per share (equating to a price of £85,000 for a further 5%, £68,000 for 4% of the shares)
- A new Shareholder Governance Board will be formed, comprising three members from each council. The chair will rotate on a two-yearly cycle. WBC will hold the chair for the first two years. This board will be accountable to the two councils
- Work on a detailed business case will commence in earnest once the merger model and approach are approved by both councils. This work will include appropriate due diligence from RBWM and Optalis Ltd

The work on the business case is expected to take at least two months, after which preparation for implementation will begin. The Optalis board, and officers and members of WBC will be closely involved throughout

Background

Optalis was established in 2012 to provide ASC services to Wokingham residents commissioned by the Council and in some instances directly purchased by residents

Growth, through private work, contracts with other authorities has been consistent since its inception and the service quality has generally remained strong. The scale of expansion proposed through this merger is substantial, and offers the company advantage in terms of resilience, capacity and scope, as it becomes a growing player in the market, having a positive impact on quality and cost.

To date, WBC has been the exclusive shareholder. This deal releases shares to the Royal Borough, and establishes a new shareholding partnership platform from which to govern the new, expanded company.

Currently the board of Optalis is accountable to WBC Holdings Ltd. In the new arrangement, the board will account to the new Shareholder Governance Board, whose roles will include agreeing and signing off the company's business plan, holding the company accountable for its performance in relation to quality, user experience, and cost and income. The new board's accountability relationships will be defined as part of the business case development

Wokingham Holdings Ltd, at its meeting on the 23 September 2016 considered and endorsed the proposal to effect the merger and to move forward to develop the detailed business case. The resolution of the Holding Co is as follows:

The Board received the report of the Chief Executive and resolved that:

[HC/R230916/1] Resolution of the Board:

- i) Wokingham shall proceed, subject to due diligence, with the merger and transfer of the RBWM adult social care function within Optalis;
- ii) Optalis and Wokingham shall commence the full business case with RBWM;
- iii) the governance of Optalis shall change to reflect that the company will no longer be wholly owned by Wokingham. The governance shall be:
- iv) the executive board who shall run the day to day operations of the company (whose membership shall only be independent executives and NEDs); and
- v) the strategic governance board which may consist of members/officers from both Wokingham and RBWM
- vi) the structure of the jointly owned Optalis group shall be determined in the business case.

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)	(£771,302)		One-off payment
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

Other financial information relevant to the Recommendation/Decision
--

Our ambition remains to work with our company to secure ongoing savings to the council as commissioner of its services
--

Cross-Council Implications

N/A

List of Background Papers

Optalis Ltd Merger Model

Contact Andy Couldrick	Service Chief Executive
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Date 14 October 2016	Version No.

Wokingham Borough Council

Royal Borough of Windsor and Maidenhead

Optalis

Optalis/RBWM Merger Project

Merger Model

September 2016 Version 5.5



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1 INTRODUCTION

- 1.1 The Royal Borough of Windsor and Maidenhead (RBWM) and Wokingham Borough Council (WBC) contracted Care and Health Solutions to undertake exploratory work with both councils on a possible merger. The brief given to the company was Stage 1: Care and Health Solutions to work with RBWM and WBC to establish areas of agreement and where further negotiation is required, to broker that negotiation between the two councils as to the terms of a merger process whereby RBWM’s Adult Social Care functions will be delivered through Optalis Ltd. The product at the end of stage 1 to be a merger document, agreed by both parties that covers:
- Shareholding arrangements and associated ‘charge’.
 - Key principles and elements of the shareholder agreement.
 - Governance – board representation arrangements.
 - Proposals for how to treat a third and further potential partner local authorities seeking to have their services delivered through this vehicle.
- 1.2 During July to September 2016, Councillors and officers from the two local authorities, see box 1, were involved in the discussion – through one to one meetings, groups, or by telephone conference, to ascertain views on the proposed merger with Optalis.

BOX 1: Local authority representation

RBWM

Councillors

- Simon Dudley, Leader of the Council
- David Coppinger, Deputy Chairman of Cabinet and Lead Member for Adult Services, Health and Sustainability
- MJ Saunders, Lead Member for Finance

Officers

- Alison Alexander, Managing Director/Strategic Director Adult, Children and Health
- Rob Stubbs (Head of Finance), Alan Abrahamson (Finance Partner, Corporate and Community Services), Angela Morris (Deputy Director, Health and Adult Social Care), Hilary Hall (Head of Commissioning, Adults, Children and Health), Jacqui McGrath (Programme Manager, Adults, Children and Health)

WBC

Councillors

- Other Members and Senior Officers were consulted on their views and agreed that Andy Couldrick would represent their views in the discussions

Officers

- Andy Couldrick, Chief Executive
- Graham Ebers (Director of Finance and Resources), Stuart Rowbotham (Director of Wellbeing), Mette Le Jakobsen (Managing Director of Optalis)

- 1.3 The work has secured agreement on the four areas in point 1.1. Councils are asked to confirm if consensus exists amongst Members and officers from both councils to merit the development of a full business case with associated due diligence.



2 STRATEGIC RATIONALE FOR MERGER PROPOSAL

RBWM

- 2.1 RBWM's motivation for 'delivering differently' is to ensure the most effective services which improve outcomes for residents which support sustainable growth, provide resilience in the workforce and respond to the current and future financial challenges.
- 2.2 RBWM Adult Services comprises a range of functions including:
- Direct delivery of:
 - Care and support for older people, people with learning disabilities and or physically 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.
 - Support services for instance: organising of external placements such as care home placements, day centres, equipment and adaptations, home care, personal budgets, direct payments, and financial assessment.
- 2.3 Integrated adult social care services offer the borough's 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. Our commitment to delivering integrated services informed the analysis of how services could be delivered, for instance is the:
- Function dependent on other services areas and if separated, would it reduce the likelihood of improved outcomes.
 - Service a statutory responsibility that is appropriately linked to another service.
- 2.4 The analysis concluded that only some adult services functions would be out of scope of any 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 and oversight of safeguarding.
 - Strategic commissioning at a population level, including contract, quality and performance management.
 - Services already integrated and commissioned, for instance: integrated – Mental Health and outcome based homecare service.

WBC

- 2.5 From its inception, there has always been ambition for Optalis to pursue growth, through private care provision, contract bidding with other authorities, and through merger/joint venture expansion.
- 2.6 Wokingham BC 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.



- 2.7 Currently Wokingham BC 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.
- 2.8 Wokingham BC looks forward to the opportunities that this merger brings in terms of expansion and partnership.



3 BUSINESS CASE DEVELOPMENT

- 3.1 Both councils have reached agreement on the key principles of the Merger Model. The project is now ready to develop of a full business case - Stage 2. Stage 2 requires investment from officers and members from RBWM, WBC and Optalis.
- 3.2 It is proposed that the two councils adopt the same process for the development of a full business case as used by Tricuro Ltd¹, another jointly-owned local authority traded company. The process includes the establishment of two groups: a Shareholder Reference Group and a Project Board. Both groups would be responsible for overseeing the development of the full business case and implementation. The development of the business case will take at least two months, September to November 2016, with implementation starting end-November 2016 and a target ‘go-live’ date of 1 April 2017.

Shareholder Reference Group

- 3.3 The Shareholder Reference Group (SRG) would represents the views and objectives of the partner councils. Membership of the group will comprise Members and officers who have knowledge and experience in adult social care and finance, see table 1. The purpose of the SRG is to make, or ratify, decisions on issues to ensure the full business case only contains assumptions that have been agreed by partner councils. The SRG would meet frequently, physically and electronically, during the development of the full business case. If the full business case is approved and the merger ratified, the SRG would be involved in oversight of the implementation, in a guiding, advising and ratifying role.

Table 1: Shareholder Reference Group – suggested membership

Shareholder Reference group	RBWM	WBC	Optalis
Members (tba)	3	3	0
Section 151 Officer (or representative)	1	1	0
Head of Commissioning	1	1	0
Deputy Director of Health and Adult Social Care	1	0	0

- 3.4 After successful go-live, the Shareholder Reference Group would become the Shareholder Governing Board of the new, enlarged Optalis, targeted to be April 2017. Membership of the Governing Board may be different to the Reference Group, but is likely to include a number of the original members.

Project Board

- 3.5 The Project Board will comprise officers with specialist knowledge in: adult social care, human resources, finance, governance etc, see table 2. Its purpose is to undertake work to develop the business case. The Board will make recommendations to the SRG on operational matters that require decision prior to inclusion in the full business case. The Board will meet every two weeks at least. If the full business case was accepted and the merger ratified, the Board would form the backbone of the Implementation Project board responsible for the successful delivery of the enlarged Optalis.

¹ Tricuro Limited is a local authority traded company jointly owned by Bournemouth Borough Council, Borough of Poole and Dorset County Council. Services delivered by Tricuro cover breadth of adult service. For more details, visit their [website](#).

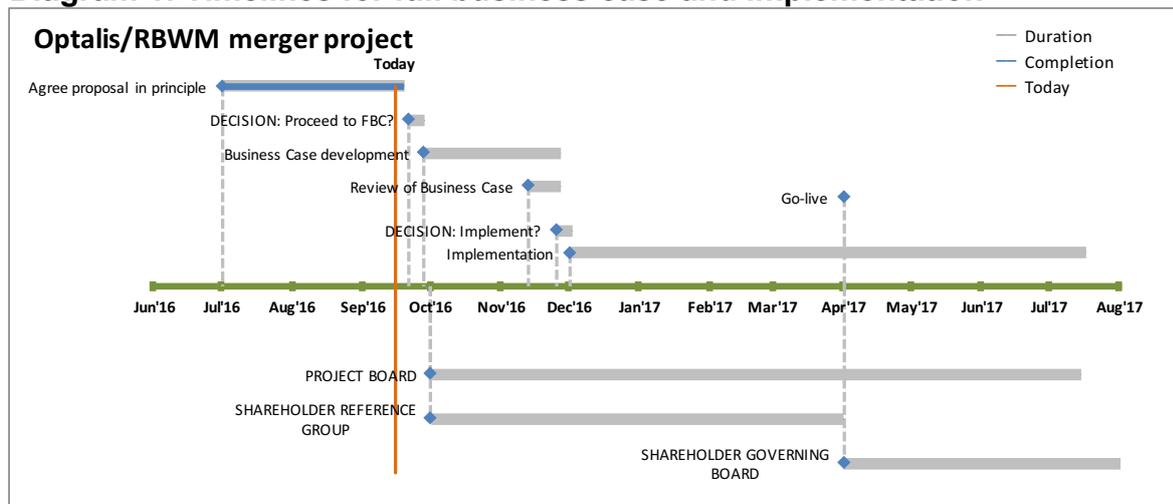


Table 2: Project Board – suggested membership

Project Board	RBWM	WBC	Optalis
Senior Operational Managers	2	0	2
Finance Officer for Adult Social Care	1	1	0
Finance Director	0	0	1
Head of HR	1	0	1

3.6 The full business case needs to be presented to both councils by the end of the calendar year – to allow three months for implementation, see diagram 1 for the timeline for the development of full business case and implementation.

Diagram 1: Timelines for full business case and implementation



- 3.7 The timeline for implementation of a merger is based on three assumptions:
- Cabinet decision:
 - a. **RBWM** - approval to proceed through to full business case and implementation secured at Cabinet on 27th October 2016.
 - b. **WBC** - approval to proceed through to full business case and implementation to be taken end October based on submission of the completed Merger Model paper to CLT at the end of September, then Executive on 27 October 2016.
 - Development resources:
 - a. The ambitious timeline is endorsed by both Councils and is supported by sufficient resources to secure a business case and implementation plan.
 - Governance:
 - a. A shareholder reference group and project board is established with the right membership to oversee and undertake the work.



4 MERGER MODEL

- 4.1 Following discussions with Members and Officers from the two councils, a position paper was created for each council. The two papers were designed to set out the key principles that each council had identified, including any ‘red lines’. Once the two sets of principles had been finalised, the points of agreement and differences were collated into this Merger Model paper for submission to the Cabinet/Executive of the two Councils in October 2016.
- 4.2 The two councils have identified many similarities and these have been pulled together under seven areas, see section 5 – 12.
- Section 5: Key drivers.
 - Section 6: General design areas.
 - Section 7: Scope and timing of services to be transferred.
 - Section 8: Profit share and share purchase.
 - Section 9: Governance and control.
 - Section 10: Costs of merger.
 - Section 11: Expansion.
 - Section 12: Exit arrangements.
- 4.3 Note: As Optalis has been trading for several years, certain drivers that relate to the creation of the LATC do not apply to WBC anymore, as they have already been met, and so are marked N/A in the table below. However, the driver of converting and delivering business through a LATCO does apply to RBWM.

5 KEY DRIVERS

- 5.1 Key drivers cover savings/profit, service, quality, control and risk. The areas of agreement between Members and Officers are set out in table 3.

Table 3: Key drivers areas of agreement

		RBWM	WBC
Savings/profit –five areas			
1	Earns a financial return through share transfer price and profit share.	Yes	Yes
2	Improves current financial position through growth and achieving a critical mass.	Yes	Yes
3	Enhances reputation to attract more partners and growth as a “big player in the market”.	Yes	Yes
4	Reduces current cost of delivery: the net cost of the services as funded by RBWM must be reduced over the first three years – at a minimal level of £1.8m	Yes	N/A
5	Flexibility of charging the LATC model must allow for flexibility of pricing and charging and open the market for self-funders.	Yes	N/A
Service – five areas			
1	Long term resilience is increased through scale and variety of services, by RBWM and Optalis services joining together	Yes	Yes



		RBWM	WBC
2	Improves recruitment and retention: recruitment and retention of quality staff is key to future success and can avoid competition for staff.	Yes	Yes
3	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.	Yes	Yes
4	Gains market management capability: joining Optalis puts an alternative provider in the market, assisting to influence other local providers.	Yes	N/A
5	Gives a preferred Provider of Last Resort: RBWM, 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 RBWM 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 RBWM's statutory safeguarding duty in the event of provider failure but will be a significant support to enable it to deliver its duty.	Yes	N/A
Quality – one area			
1	Maintains quality: <ul style="list-style-type: none"> Improving quality is not seen as a major driver as the perception is that the services are currently performing well. The current level of service quality must be maintained for customers – service resilience would be increased. 	Yes	Yes
Control – one area			
1	Control is shared: <ul style="list-style-type: none"> Both councils are seeking a partnership with shared control. Shareholding proportions will be marginally in favour of WBC 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. 	Yes	Yes
Risk – four areas			
1	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.	Yes	Yes



		RBWM	WBC
2	Risk must be appropriately managed/mitigated through: <ul style="list-style-type: none"> • Appropriate governance arrangements. • 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. • Effective communication between the company and the councils and key partners e.g. Clinical Commissioning Groups. 	Yes	Yes
3	Reduces risk of competition if RBWM went on their own, competition would increase for both clients and staff.	N/A	Yes
4	Reduces risk overall for the Company: <ul style="list-style-type: none"> • The new Company will be significantly bigger. • Recruitment and retention of quality staff is key to future success and can avoid competition for staff. • Will have a larger potential private market to develop. 	N/A	Yes

6 GENERAL DESIGN

6.1 General design covers: company name; service contract and commissioning; HR; operations; property; and back office. The areas of agreement between Members and officers are set out in table 4.

Table 4: General design areas of agreement

		RBWM	WBC
Name of company – one area			
1	The Company will be branded as Optalis: the non-geographic name is perfect for the new organisation and Optalis has built up significant brand value.	Yes	Yes
Service contract and commissioning – three areas			
1	A block contract will be in place for services provided by Optalis to RBWM.	Yes	Yes
2	The enlarged Optalis will be Teckal compliant.	Yes	Yes
3	Contracting by RBWM will reflect a 10-year commitment to Optalis as service provider.	Yes	Yes
HR – four areas			
1	TUPE will apply to staff currently employed when transferring services from RBWM: new employees to RBWM services will be employed on Optalis’ terms and conditions for new employees.	Yes	Yes
2	Transferred staff will remain in the Local Government Pension Scheme; new starters will join the Optalis pension.	Yes	Yes



		RBWM	WBC
3	Optalis executives will manage the business with a Deputy Director level TUPE transferee from RBWM joining the current executives of Optalis; the Deputy Director transferee will manage the ex-RBWM services in the first instance.	Yes	Yes
4	Redundancy liability for ex-RBWM staff will rest with RBWM.	Yes	Yes
Operations – three areas			
1	The intention is that Optalis will deliver the whole of Adult Care Services for RBWM, which is significantly more than Optalis currently provides for WBC.	Yes	Yes
2	WBC are considering the potential for putting more services into Optalis, but as a later development.	Yes	Yes
3	RBWM operations will continue with the current provision and Optalis will review post go-live to ensure safe continuity of services.	Yes	Yes
Property – three areas			
1	There will be no transfer of assets; property used by the enlarged Optalis will be leased/rented from RBWM.	Yes	Yes
2	A physical presence will be required in RBWM as a location for senior management to meet regularly. The assumption is that practitioners would be available locally to residents.	Yes	Yes
3	The current Optalis Head Office will continue as the Head Office of the enlarged company until a future break in the lease, at which time the Optalis Board would consider a move subject to achieving a reduction in cost/improvement in location. RBWM would consider offering Council space to assist the Company in achieving this or accepting the use of private office space.	Yes	Yes
Back office services/infrastructure – four areas			
1	RBWM are proposing to put in approximately £40m of budgets plus the different elements of admin support that currently provide for these operations: <ul style="list-style-type: none"> • They recognise that additional short term support will be required through implementation, particularly additional HR and Finance. • They are happy for the transfer of support functions to be phased to ensure safety of delivery of services. • The Business Case will capture the detail of support services and/or associated funding. 	Yes	Yes
2	Optalis are happy to take over supporting the RBWM services: <ul style="list-style-type: none"> • Change in delivery of support services would have to be carefully planned to minimise disruption and, for practical reasons, may take place post go-live. • Optalis will look to take on the HR and Finance support services for RBWM staff from go-live using their own systems and infrastructure. 	Yes	Yes



		RBWM	WBC
3	IT infrastructure for RBWM services will be provided by RBWM in the first instance, with the intention that it will be merged with Optalis at a logical, safe point in the future.	Yes	Yes
4	RBWM services will move over to the care management system provided by Optalis at a logical and safe point as soon as possible. This fits with the connected care work in the Berkshire Health and Social Care programme.	Yes	Yes

7 SCOPE

7.1 RBWM have determined a range of services to be in scope initially, see table 5. Appendix 1 details the service cost and fte/headcount of employee, accurate at August 2016. The services are broken down into: Directly provided services (£5.7m pa); Care Management (£3.0m pa); Support Services (£0.8m pa); Management (£0.3m pa); Commissioned services (£20.3m pa). Total £30.1m pa.

Table 5: Scope

		RBWM	WBC
Commissioning – four areas			
1	These are primarily services commissioned for individuals on spot contracts or direct payments.	Yes	Yes
2	Contracts - the legal contractual relationship will be between RBWM and the provider.	Yes	Yes
3	The process of finding and agreeing placement contracts will transfer to Optalis	Yes	Yes
4	The contracting papers will remain with RBWM	Yes	Yes
5	Relationship with clients - Optalis will manage the relationship with the clients in their capacity as social work provider and contract manager	Yes	Yes
Service contract and commissioning – five areas			
1	These are primarily services commissioned from organisations as block contracts e.g. the 47 residential care providers.	Yes	Yes
2	Contracts - the legal contractual relationship will be between RBWM and the provider.	Yes	Yes
3	Administration of BLOCK contracts - administration of contracts will remain with RBWM.	Yes	Yes
4	Relationship with clients - Optalis will manage the relationship with the clients in their capacity as social work provider	Yes	Yes
5	Client income from both types of commissioned services: <ul style="list-style-type: none"> • Collecting of client income will continue to be the responsibility of RBWM. • Receipts and banking will stay with RBWM. • Bad debt collection will remain with RBWM. 	Yes	Yes
Other existing funding streams – one area			
1	Current funding streams such as the Better Care Fund will remain with RBWM.	Yes	Yes



Provider services

- 7.2 RBWM currently commission a range of services. Hence the function transferring into Optalis from RBWM is different from the current business in Optalis from WBC. It is RBWM's intention that a number of services, currently commissioned under block contracts, would be undertaken by Optalis in the future, see appendix 1, table 1, section 6.
- 7.3 Services out of scope include:
- Mental Health - a large proportion of the team are medical intervention staff.
 - Strategic commissioning and contract management of current contracts for homecare and residential/nursing care.

Phasing of transfer

- 7.4 The development of the business case will take at least two months, September to November 2016, with implementation starting end-November 2016 and a target 'go-live' date of 1 April 2017.
- 7.5 During the business case a detailed implementation plan will be developed with an overriding key principle for both partners being to ensure the safe transfer of services. Following this principle, it may prove necessary to phase the transfer of services from RBWM through the first quarter of 2017-2018, starting at go-live of April 1st and aiming for completion by the end of June 2017.
- 7.6 If a phased transfer is required, the Strategic Director for Adult Services (RBWM) would hold line management responsibility for the services, through the Deputy Director of Health and Adult Social Care, until completion of the safe transfer of all service areas.
- 7.7 From April 2017, the governance arrangements described in section 9 would take effect.
- 7.8 The proposal is that all in-house provider services and all placement services, see appendix 1, table 1, sections 1-5, inclusive will transfer on go-live.
- 7.9 Services in section 6 of table 1 in appendix 1 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.

8 PROFIT SHARE AND SHARE PURCHASE

Savings and profit share

- 8.1 RBWM have a savings requirement over three years of £2.0m, see table 6. This will be included in a reduced contract price as they are aware they can achieve the savings without moving into a LATC. The Business Case will have defined and identifiable savings streams that can be measured and reported on. Slippage or delays in achieving these savings, despite best efforts, will be recognised. RBWM's contract price would be adjusted accordingly at the end of the year to account for any reduced savings.



Table 6: Analysis of annual savings targets

Analysis of Annual Savings Targets	2017-18		2018-19		2019-20
	£'000		£'000		£'000
Savings to be delivered from actions already complete	465		300		180
Savings to be delivered from planned actions			175		8
Savings to be delivered from proposed service re-provision			150		
Savings Target allocation for in-scope services			214		479
Savings Target - out of scope			31		31
Total Adult Social Care	465		870		698

8.2 Profit share and additional savings will be shared between the owners in proportion to how control is shared via the respective shareholdings:

- The expanded Optalis will have to track where additional savings have been made. The shareholders would decide whether to re-invest them in Optalis or give them to the shareholders as profit share or reduced cost of service.
- Any future net profits from a prospective new service or tender with an ‘external LA or other customer type’ will be expected to be shared out between partners, in the proportions of the shareholding. This would apply immediately on purchase of shares by RBWM.

Share purchase price

8.3 WBC want to receive value for transferring its shares to RBWM. Following an analysis of a range of items, a buy-in price of £771,302 has been identified. In arriving at the buy-in price recognition has been made of:

- The expertise that Optalis has built up and its significant brand value.
- The work that Optalis will have to undertake to ensure the successful formation of the new enlarged company.
- 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 our residents.
- The opportunity for RBWM to share in current and future additional profits and savings.
- The time, cost and risks avoided by RBWM compared to setting up RBWM’s own LATC.

8.4 The transfer price will be paid up front on the first transfer of staff to Optalis from RBWM.

9 GOVERNANCE AND CONTROL

9.1 In designing the governance structure, the principles underpinning the merger were taken into account. These include:

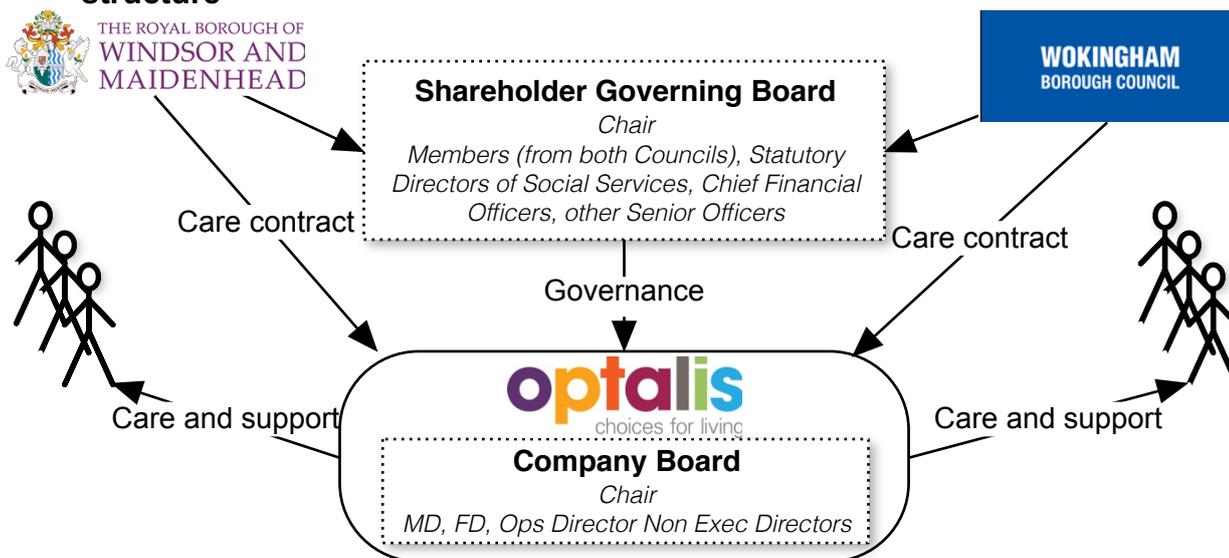
- The merger is for the mutual benefit of both councils.
- Commonality of intent is crucial: Mission, vision and objectives to be jointly agreed.
- Control should be shared equally.

Board structure

9.2 It is proposed that there will be a dual board structure for the enlarged Optalis, a Company Board and a Shareholder Governing Board, see diagram 4.



Diagram 4: Governance arrangements for proposed Optalis merger – dual Board structure



Company Board

- 9.3 This would be the Legal Board that is responsible for running the Company:
- Should be set up as any company board.
 - Both Councils, through the Shareholder Governing Board, would wish to agree to NEDs and executive directors.
 - Based on RBWM’s proposed community interest company for children’s services, there would be no Members/Officers on this Company Board.

Shareholder Governing Board

- 9.4 This Board provides joint oversight of the Company by the owners, RBWM and WBC. It agrees strategic direction and decides on reserved matters. It also represents the key control mechanism by both councils for the Teckal Exemption to be exercised:
- RBWM Cabinet would select its Board Members (three has been recommended).
 - WBC Executive would select its Board Members (three has been recommended).
 - The Chair of the SGB would rotate between the two Councils on a two-year basis. The first Chair will be elected from the WBC board membership.
 - The shareholders will have a shareholder agreement, see point 9.5.

- 9.5 The above two-board structure is recommended as it has been successfully adopted by at least seven LATCs in England and Scotland and avoids all possible risk of ‘conflict of interest’ for Members and Officers.

Shareholder Agreement

- 9.6 There will be a Shareholder Agreement which sets out a number of reserved matters for the shareholders to make decisions on. The reserved matters will include for instance:
- Register the Company and vary the articles of association.
 - Enter into any arrangement, contract or transaction resulting in expenditure either with a capital value greater than £50,000 or revenue value greater than £100,000.
 - Financial Regulations and shall be subject to prior approval within the Business Plan and operating revenue budget.



- Enter into any arrangement, contract or transaction where the company is providing services to third parties without following the relevant agreed process.
- 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.
- Approve appointment of auditors.
- 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
- Appoint or remove Executive Directors. Agree any change in employment terms and conditions which the relevant scheme of employment.
- 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.
- 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.
- 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.
- 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.

Shareholding

- 9.7 WBC are keen to work in partnership but as the founder of the Company wish to start at the proposed initial shareholdings of:
- WBC 55%
 - RBWM 45%
- 9.8 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 Shareholder Governing Group 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 the same as the initial transfer price.
- 9.9 Chair of the Shareholder Governing Group will rotate every two years between the partners. WBC will hold the Chair for the first two years.
- 9.10 If a new partner is taken on before two years, it is anticipated that this might invoke an earlier change in shareholding percentage of the founding partners.
- 9.11 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.



10 COSTS OF MERGER

- 10.1 Costs for merging the service from RBWM into Optalis fall into two areas:
- Business case: RBWM/WBC will share the cost of developing a full Business Case for the merger Partnership.
 - Implementation: RBWM should cover the costs of the implementation programme.
- 10.2 Specific service development, post go-live, that requires funding of resources will be financed by the Authority requesting the service development.

11 EXPANSION

- 11.1 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 Shareholder Governing Board to oversee future growth.
- 11.2 The areas in which both Councils would like consideration of growth are:
- Expansion with another Authority, more likely Bracknell and/or West Berkshire - however not for 18 months to allow the merger between Optalis and RBWM to be completed.
 - 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 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.

12 EXIT ARRANGEMENTS

- 12.1 Both councils are committed to a long term partnership and agree that this partnership will need time to develop. They agree that exit protocols will need to be produced as part of the shareholder agreement work during implementation.



Optalis/RBWM Merger Project

Merger Model

Appendices



1 APPENDIX 1: SCOPE AND BUDGETS

1.1 This section sets out the finance for each of the services in and out of scope. Part 5 of table 1 sets out the commissioning services – placements – that would transfer to Optalis. Part 6 sets out those commissioned services which are currently under contract but which RBWM would explore transferring the business into Optalis on expiration of the contracts.

Table 1: In scope and not in scope

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD							
Financial summary "in scope" and "not in scope" Adult Social Care Budgets							
IN SCOPE		Gross £'000	%age	Income £'000	Net Budget £'000	FTE	Head count
1	Directly provided services as at transfer date.						
	Windsor Day Care Centre for older people	286		0	286	7.16	8
	Oak Bridge Centre for adults with learning disabilities	426		16	410	9.43	10
	Boyn Grove day care centre	1,179		131	1,048	37.12	46
	Short term support and reablement	2,400		0	2,400	62.52	68
	Winston Court registered residential home	526		257	269	11.10	17
	Homeside registered residential home	485		174	311	11.31	13
	Allenby Road respite services	371		147	224	4.44	6
	Directly provided services Total	5,673	14%	725	4,948	143.08	168
2	Care Management						
	Physical disabilities and older people – staffing	2,029		39	1,990	47.03	52
	Community team for people with learning disabilities – staffing	483		10	473	10.22	12
	Deprivation of Liberty services, Safeguarding & Quality Assurance	499		0	499	7.00	7
	Care Management Total	3,011	8%	49	2,962	64.25	71
3	Support Services						
	Operational commissioning – care brokerage	58		0	58	2.00	2
	Operational commissioning – placements	29		0	29	1.00	1
	Business Support	283		0	283	12.00	13
	Data analyst	45		0	45	1.00	1
	Financial assessment	201		0	201	5.00	5
	Telecare Specialist	45		0	45	1.00	1
	Assessment and commissioning total	661	2%	0	661	22.00	23
4	Management						
	Management support	60		0	60	2.00	2
	Adult social care management	248		0	248	3.00	3
	Management total	308	1%	0	308	5.00	5
	Sub Total	9,653	24%	775	8,879	234.33	267
5	Commissioned services - in scope - at transfer date						
	Physical disabilities and older people – services						
	Residential/Nursing Care - spot contacts	9,253				0	
	Direct payments (£1.5m), respite care, external daycare & other	3,309				0	
	Physical Disability & Older People sub-total, incl. income	12,562		5,920	6,642	0	0
	People with learning disabilities - services						
	spot contracts for services (see note 2)	7,226		859	6,367	0	
	Adult social care support services (see note 1)	550		0	550	0	0
	Commissioned 1/4/2017 transfer - Total	20,338	51%	6,779	13,559	0	0
	Sub-Total In scope - at transfer date	29,992	76%	7,554	22,437	234.33	267
6	Commissioned services - in scope - delayed transfer.						
	Physical disabilities and older people – services						
	Homecare - outcome based commissioning contract	3,570			3,570	0	
	Residential/Nursing Care - care element of block contracts for tender in 2016	2,550			2,550	0	
	Equipment BCES contract - telecare	50			50	0	
	Equipment BCES contract - other	404			404	0	
	People with learning disabilities - services						
	block contracts for services (see note 2)	3,000		200	2,800	0	
	Commissioned services - delayed transfer Total	9,574	24%	200	9,374	0	0
	Grand Total - in Scope (See Note 3)	39,566	100%	7,754	31,811	234.33	267
NOT IN SCOPE		Gross £'000		Income £'000	Net Budget £'000	FTE	Head count
	Strategic Commissioning	296		0	296	4.50	5
	Business support	25		0	25	1.00	1
	Community Mental Health Team	1,082		29	1,053	25.59	27
	Mental health care budget	2,279		139	2,140	0.00	0
	DASS						
	Grand Total - not in Scope	3,682		168	3,514	31	33

NOTE 1: Support services include - Out of Hours (£200k), Legal (£165k), Dial-a-ride £100k, Carebank, TVPS, Direct Payment Support.
 NOTE 2: Learning Disability service budgets are based on 2016/17 budget, these will be re-based to reflect actual costs and income.
 NOTE 3: Services budgets, income and spend, are based upon 2016/17 price base, these will be updated to 2017/18 base.



Table 2: Notes to table 1 of Appendix 1 - 'In scope and not in scope'

	Service Area	Short Term Issues	Medium Term Proposals
1	Windsor Day Care Centre for older people	Plans are under consideration to cease the service in 2018 replaced where appropriate by existing voluntary sector service, and direct payments. A net £50k saving is included in the 2018/19 savings table in respect of this.	
2	Oak Bridge Centre for adults with learning disabilities	Plans are under consideration to reprovide the service by April 2018 in alternative locations including a new facility to be developed in partnership with a "not for profit" organisation. A net £100k saving is included in the 2018/19 savings table in respect of this.	
3	Boyn Grove day care centre	This recently built dual purpose centre, (Dementia & Learning Disability) would provide some capacity for those displaced from Windsor facilities.	
4	Winston Court registered residential home for the Learning Disabled (8 bed)	Proposals for de-registration of this home in 2017 are under consideration	The Council's Learning Disability strategic direction is for additional supported living units. This Home is under consideration for redevelopment to provide modernised or additional such units.
5	Homeside registered residential home for the Learning Disabled (8 bed)	Proposals for de-registration of this home in 2017 are under consideration	See - Winston Court "note" above, this applies equally to this Homeside.
6	Allenby Road residential respite home for the Learning Disabled (4 bed)		The management of this home is linked to that of Winston Court & Homeside. The operation of this facility will need to be considered along side changes to those two homes.
7	Community team for people with learning disabilities – staffing	This budget may transfer to Optalis in a second phase, 1 year after first transfer, to be confirmed.	



	Service Area	Short Term Issues	Medium Term Proposals
8	Community team for people with learning disabilities – services	This budget may transfer to Optalis in a second phase, 1 year after first transfer, to be confirmed.	
9	Deprivation of Liberty services & Safeguarding co-ordinator	Three full time staff at circa £120k; the £228k balance buys in S12 Doctors and independent DOLS assessors.	
10	Financial assessment	This team consists on five staff; they have close working links to the care assessment staff.	



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TITLE	Council Owned Companies Business
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	None specific
DIRECTOR	Graham Ebers, Director of Finance and Resources
LEAD MEMBER	Keith Baker, Leader of The Council

OUTCOME / BENEFITS TO THE COMMUNITY

Transparency in respect of Council Owned Companies

RECOMMENDATION

The Executive is asked to note:

- 1) the budget monitoring position for the month ending 31 August 2016;
- 2) the operational update for the period to 30 September 2016;
- 3) approve the short term loan facility for Optalis Limited of £350k, charged at base rate plus 5.5%.

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 September 2016.

Operational Update

An operational update is provided from each of the companies as at 30 September 2016 in paragraph 2 below.

Financial Report

A budget monitoring report is provided for each of the companies for August 2016, the position for each of the companies is explained in paragraph 3 below.

Short-Term Loan Facility for Optalis Ltd

To assist Optalis in managing cash flow requirements WBC (Holdings) Ltd have agreed to provide a short-term loan facility of £350,000. The facility can be drawn down as required by Optalis; interest will be charged at base rate plus 5.5%.

REPORT

Directorship Report

- There have been no changes to the directorships of the companies since the last report to Executive in September.

2. Operational Update to 30 September 2016

2.1 WBC (Holdings) Ltd

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

2.2 Optalis Ltd

- CQC compliance – there are no outstanding CQC compliance matters.
 - No further news has been received in relation to the expected inspections for ILS and Home Care.
 - The Registered Manager of Short Term Assessment and Reablement (START) has now left and the Home Care manager is on extended leave due to an operation. The Regulator has been informed of our cover arrangements. The arrangements for START have now been clarified, meaning that the service is staying with Optalis for the foreseeable future, with the prospect of an increased contract, and we have therefore been able to restart recruitment to the Registered Manager post.
 - The regulator is fully informed about the care governance issues at Suffolk Lodge and the inspector has been attending the ‘concerns about a provider’ meetings convened by WBC.
 - In response to our internal assurance process an extensive personnel file audit is taking place to ensure compliance with Care Standards.
- Care Governance: Suffolk Lodge remains on WBC’s Care Governance Framework on a ‘Red’ status. The action plan has been provided to the Council setting out how Optalis will respond to the improvements required, and this is updated regularly. A further care governance review visit was scheduled for 7 October but has had to be postponed due to concerns about infection control.
- Sickness absence for August was 13.10, an increase from the previous month. The underlying short term sickness rate of 6.59 remains a good performance, albeit a slight increase from the previous month. The trend of a slightly increased number of people on long term absence (over 30 consecutive days) has continued; however there is significant churn in this area and during the month we have seen several of those who have been on long term absence return to work.
- The Optalis Care Governance Committee met on 8 September to review all aspects of quality and compliance. The main theme for the meeting was improving and developing Optalis’ complaints, compliments and comments policy/procedures, which is now being updated for relaunch. Three top risks identified were unchanged from the previous month: 1) Quality and compliance of personnel files (identified through audit), 2) Quality of reporting and recording, 3) Training (completion rates and recording). Action is being taken across all identified risks.
- The Customer Experience Champion has led specific projects over the past month, including: revision of the company’s complaints and compliments policy to enhance the company’s person centred approach to customer feedback; securing grant

funding for and on-boarding a tutor who will provide structured life story sessions to customers at Suffolk Lodge and in our Extra Care services; on-boarding a drama student who will provide sensory sessions to our customers in the same services who have the most complex disabilities and communication impairments related to dementia; welcoming our customer experience assistant, an expert by experience who will support the Customer Experience Champion in customer engagement activities.

Progress on major corporate projects

- Revision of the company's staff appraisal methodology is underway. This will be consulted on over the next month or so, and will be launched at the end of November. The new format is based on the company's Core Values.
- The Colleague Satisfaction Survey has been underway for the past few weeks and closed on 5 October. Analysis will follow as well as engagement with managers and the Staff Consultative Forum to interpret the feedback and to develop the company's response.
- The Head of Quality and Performance is currently examining options for the extension of StaffPlan to additional services and to extend the functionality. SMT have considered a first proposal, and agreed further investigation and assurance is required to agree to the investment.

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) originally set to open in October 2016. Optalis has been notified that the timeframe has slipped to June 2017. Value: To be confirmed, but estimated at £400k.
- We continue to work with WBC and WHL on the redevelopment of the Fosters site, where a new Extra Care Housing (ECH) scheme is due to launch in October 2017. Work has started on site and Optalis signage is now in place at the site. A public information event is due to take place on 3 November. Value: Not yet available.
- Loddon Court, a residential respite and outreach service, currently provided by another provider, has been put forward to Optalis for review under the Provider of Choice protocol. Optalis has submitted its proposal to WBC for this service and is currently awaiting feedback from the commissioners.
- WBC has approached Optalis with early inquiries regarding a young person's homeless project which is being recommissioned, set to go live summer 2017. Optalis is engaging positively with the inquiries.

Royal Borough of Windsor & Maidenhead (RBWM)

- Mokattam residential care home transferred to Optalis on 1 September 2016. Value: £440k. The transition has gone smoothly and commissioners appear content with Optalis' management of the service to date.
- The local authority has expressed an interest in support for their statutory occupational therapy assessments, starting with 60 assessments. Negotiations are underway.

Wokingham Housing Limited/Loddon Homes

- Optalis' Communications and Marketing Manager bid to provide communications

support for WHL/LHL and was successful in her bid.

- Optalis will provide ½ day per week support, initially for a six month period, subject to review.
- There are a number of synergies between the two organisations as well as a number of shared projects, and it is hoped that this will enable alignment of approach.
- Value: £3,640 over six months.

Nottingham Rehab Services (NRS)

- Following the successful delivery of a care home equipment assessment programme last year, the Brokerage & Professional Support Service (B&PRS) are currently in negotiations with the NRS in relation to subcontracting for OT assessments for a contract they have taken on with another local authority, focussed on assessments of double handed care calls with a view to reducing those to single handed calls through the safe use of moving and handling equipment. The initial requirement was for 400 assessments, although this may be reduced during negotiations.

Provider Events

- These have been attended over the last month and forthcoming events are in Richmond, Bracknell, RBWM and Oxfordshire.

2.3 Wokingham Housing Ltd (WHL)

2.3.1 WHL Completed schemes:

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

The outstanding works at Vauxhall Drive are due to start on 31st October 2016 and programmed to take four weeks. This work will address the outstanding historical works that need to be undertaken and enable the residents to return from the temporary accommodation they are moving to with all outstanding issues resolved.

2.3.2 WHL Schemes in Progress and/or Development:

Phoenix Avenue:

Our main development of 68 homes at Phoenix Avenue is progressing well and to budget with no issues or items to raise as part of this month's update.

Fosters Extra Care Home:

At Fosters the development is progressing well, being on time and to budget. The first 50% of the Government grant funding of £1.49m from the Homes and Communities Agency (HCA) given to the Council, has now been received by WHL to help fund the development.

The video-cam for the construction of Fosters has now been made available at <http://wokinghamhousing.co.uk/news/fosters-extra-care-time-lapse-film/> and shows in time-lapse the progress of the site to date and has received a large amount of interest on WHL's website.

Pipe-line sites:

The Executive approved the remaining small sites in our pipeline programme at the end of September. We are progressing planning applications on sites where we do not currently have planning permission. On sites where we have planning permission we are tendering the Employers Agents and Clerk of Works roles in advance of tendering the build contracts through the Small Contractors Framework.

The majority of our pipeline sites without planning permission look positive. However, the achieving of Executive approval to continue to progress sites does not mean all sites will successfully achieve a planning permission and be developed for housing. We work closely with the Council's planning and highways teams to ensure that as far as possible WHL's schemes enhance local areas and are not overly detrimental to existing local residents. As a housing development company wholly-owned by the Council, WHL looks to ensure that it balances the need for more affordable housing in the Borough with suitable development next to existing communities.

Loddon Homes (LHL):

Work is on-going around the most sensible placement of assets in the Council's housing companies set against the current Government policy environment. An updated report and recommendations has been received from our consultants, Campbell Tickell, and is under consideration.

The bid for grant for shared ownership homes to the Homes and Communities Agency's (HCA) Shared Ownership and Affordable Homes Programme, 2016-21, for a total of just over £1.5m up until 2021 is looking positive with all the HCAs clarifications and questions having been answered. We will hear if we have been successful in December 2016.

3. Financial Report

Budget Monitoring for 2016-17 financial year (To 31 August 2016)

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

The figures shown below represent the expenditure and income of the Council's subsidiary companies. A consolidated position for the Group is not currently available, Optalis' financial position is undergoing review and an update will follow.

3.2 WBC (Holdings) Ltd

A year-to-date deficit of £202k after interest and tax is reported for August.

3.3 Optalis

- Like many care providers operating in a challenging financial climate, Optalis is facing significant financial challenges at the present time.
- A deep examination is taking place in relation to the company's governance and the viability of individual services, particularly in view of the difficulties related to recruitment of care workers in the area.

- Optalis' cash flow position is challenged, in part due to recent changes in payment terms, and an intercompany loan has been agreed by Wokingham Holdings Ltd to ensure a viable trading position and a continued positive relationship with suppliers.
- Optalis is working closely and transparently with Wokingham Borough Council on the current review.

2015/16 year end results and Audit update:

- Following a number of appropriate adjustments, the 2015/16 outturn has been revised to £28k.
- Draft statutory accounts have been received from the auditors and are currently subject to review and final completion.

Risk/Mitigation

- Optalis financial outlook is currently causing significant concern. A joint action plan with WBC is currently in place.
- 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 has slowed considerably over the summer with 8 new starters completing induction during September, and 9 scheduled for October to date (although this changes daily). A series of recruitment events are taking place through September/October (incl. at libraries and at Shute End) and all relevant print and social media are in play.
- Legal: Negotiations via the WBC legal team with Expense Reduction Analysts (ERA) have now been inactive for several months. There have been no developments since the last report to the Executive. Note: This matter will now cease to be reported until/unless there is any change to report.
- The change in finance resources continues to place pressure on the organisation. Recruitment to the finance team having reached completion, our recently appointed credit controller felt she wasn't coping and so further recruitment has taken place. Some reorganisation of the team has taken place; an interim accountant was appointed at the beginning of October whilst recruitment to a permanent position is underway.

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

Income in August 2016 is £10.5k (with year to date income of £38.8k). This represents a £3.4k surplus in month but the year to date target is £10.4k behind budget. This is due to budgeted income recognised in prior year although some billing in Quarter 3 will reduce the impact of this. Operating expenditure is higher than budget by £10.0k in month but remains £7.5k underspent in the year to date. Even with savings in month, the catch up of cost from previous months has caused the group to be £10k overspent. Year to date savings in not recording the costs equivalent to income recognised in the prior year together with lower professional fees expenditure than expected gave savings. These are partially offset by development costs in preparing to develop existing property, additional utility costs, marketing costs from prior year and higher interest charges from advanced funding drawdowns. These variances are being managed to recover these variances later in the year.

The Net Loss of £48k in month is £6.5k higher than expected while the year to date net loss of £221k is £2.8k higher than budget.

Balance Sheet

Capital expenditure in August was £481k including construction contractor payments for Phoenix of £259k and for Fosters of £222k

Net Assets for the Wokingham Housing Group were £236k in August. Borrowings for Wokingham Housing Group to support capital activity are £5,535k and to support operational activity is £1,143k.

An investment of £1,900,000 of £1 ordinary share capital is invested in Wokingham Housing Limited.

Wokingham Housing Limited (Consolidated)

Profit and Loss Account for the period to 31st August 2016	P05: August / Year To Date		
	Actual	Budget	Variance
	£	£	£
Income	38,811	49,222	(10,412)
Operating Expenditure	(259,517)	(267,085)	7,569
Operating Loss	<u>(220,706)</u>	<u>(217,863)</u>	<u>(2,843)</u>

Profit and Loss Account for the month – August 2016

Total Sub Group AUGUST	Aug Actual	Aug Budget	Budget Variance	Prior Mth Actual	Variance
	(£000)	(£000)	(£000)	(£000)	(£000)
Income	10.53	7.12	3.41	7.31	3.21
Costs	<u>(56.67)</u>	<u>(46.71)</u>	<u>(9.96)</u>	<u>(46.22)</u>	<u>(10.44)</u>
Operating Loss	(46.14)	(39.59)	(6.55)	(38.91)	(7.23)
Non Trading costs	-	-	-	-	-
Depreciation	<u>(2.13)</u>	<u>(2.13)</u>	<u>(0.00)</u>	<u>(2.13)</u>	-
Loss before Tax	(48.27)	(41.72)	(6.55)	(41.04)	(7.23)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Loss	<u>(48.27)</u>	<u>(41.72)</u>	<u>(6.55)</u>	<u>(41.04)</u>	<u>(7.23)</u>

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

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

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

Other financial information relevant to the Recommendation/Decision

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

Cross-Council Implications

No Cross-Council Implications

List of Background Papers

None

Contact Emma Lyons	Service Resources
Telephone No 07769957900	Email Emma.Lyons@wokingham.gov.uk
Date 17 October 2016	Version No. 2

Agenda Item 68.

TITLE	Revenue Monitoring 2016/17 – September 2016
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	None specific
DIRECTOR	Graham Ebers, Director Finance and Resources
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME / BENEFITS TO THE COMMUNITY

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

RECOMMENDATION

The Executive is asked to:

- 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.

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 £494,000, Housing Revenue Account a net underspend of £38,000 and Schools Block a net overspend of £341,000.

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 £,000	Forecast Variance £,000
Chief Executives	4,538	(40)
Childrens Services	33,418	250
Health & Wellbeing	44,322	408
Environment	40,921	(90)
Finance & Resources	11,826	(34)
TOTAL	135,026	494

The forecast represents a General Fund net in-year overspend of £494,000.

Material forecast variances include:

Chief Executive net favourable variance (£40,000)

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 £250,000

The forecast reflects a net increase in Placements £373k, difficulties in recruiting Social Workers has led to retention of interims; recruitment & retention strategy in place to review current balance of structure £173k. Offset by ongoing service initiatives and escalation of efficiency programmes (£196k) plus external funding of new Shared Services (£100k).

Health & Wellbeing net adverse variance £408,000

Impact of the continued increase in homelessness within the borough from the last quarter of 2015/16 £200k and £208k continued impact of the care act changes resulting in increased pressures in domiciliary care. Carry forward of £69k identified.

It is looking increasing unlikely WBC will receive funds expected from Department of Health following the Judicial Review of the change in eligibility criteria. Current expectation is the next monitoring report will be seeking a Supplementary Estimate in respect of this.

Environment net favourable variance (£90,000)

There has been a favourable overachievement of income from car parking and developer street naming and numbering (£90k). Carry forward of £320k identified.

Finance & Resources net favourable variance (£34,000)

There are a number of forecasts contributing to the net forecast underspend. These include favourable forecasts resulting from the overachievement of Business rates (£250k) and Shared Legal Services additional income (£40k). These are offset by pressures relating to the Aspire building operational costs £106k, Concessionary Travel increase in both usage & rates £100k; 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 £9.330m. The Statement of General Fund balance is shown in Appendix C.

Other Funds

Housing Revenue Account net favourable variance (£38,000)

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

The indicative Housing Revenue Account (HRA) balance as at the 31st March 2017 is £5,053,000. Shown in Appendix D.

Schools Block net adverse variance £341,000

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 £497,000. 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 17 October 2016	Version No. v3

REVENUE MONITORING REPORT September 2016

GENERAL FUND SUMMARY

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	3,035	2,826	(209)	4,538	(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	15,570	15,746	176	33,418	250	Increased pressures reflect commitments of both existing social worker vacancies covered by interims £173k and increased Children in Care £373k. During the first quarter service initiatives and escalation of efficiency programmes delivered to significantly contain the pressure (£296k).
Health & Wellbeing	21,096	21,434	338	44,322	408	Impact of the continued increase in homelessness within the borough from the last quarter of 2015/16 £200k and £208k continued impact of the care act changes resulting in increased pressures in domiciliary care. Budget Risk: - It is looking increasing unlikely WBC will receive funds expected from Department of Health following the Judicial Review of the change in eligibility criteria.
Environment	20,734	19,962	(772)	40,921	(90)	(£90k) Overachievement of income from car parking and developer street naming and numbering. Carry forward of £320k identified.
Finance & Resources	1,805	1,369	(437)	11,826	(34)	Business rates overachieved (£250k); Shared Legal Services additional income (£40k); Aspire Building-operational costs £106k; Concessionary Travel- increase in number of users and rates per bus fare £100k; reduction in Local Land Charges income £60k Interest on balances.
Net Expenditure	62,240	61,337	(903)	135,026	494	

GENERAL FUND SUMMARY CARRY FORWARDS

	<u>Carry Forwards</u> <u>£,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.
Environment	320	£200k Local Plan Review & £45k Minerals & Waste reprofiled to bring inline with other authorities as they are joint ventures. £75k Dinton Special Item.
Finance & Resources	0	No carry forwards identified.
Carry Forwards	389	

STATEMENT OF GENERAL FUND BALANCE

	£,000	£,000
G. F. Balance (as at 30/3/2016)		(10,370)
<u>Supplementary Estimates</u>	0	0

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

Chief Executive	(40)	
Children's Services	250	
Health & Wellbeing	408	
Environment	(90)	
Finance & Resources	(34)	
		494

Forecast General Fund Balance 30/3/2017

(9,330)

REVENUE MONITORING REPORT 2016/17

Report Date: September 2016

Service	Current position			End of year position		Comment on major areas of estimated over/underspend
	Planned £,000	Actuals £,000	Variance £,000	Current Approved Budget £,000	Provisional Variance £,000	
Housing Revenue Account						
Capital Finance	103	79	(24)	7,499	-	No material forecast variances.
Fees & Charges / Capital Finance Charges	(31)	(24)	8	(30)	1	No material forecast variances.
General Management	948	943	(5)	1,511	21	Annual software licenses.
House Sales	-	-	-	-	-	No material forecast variances.
Housing Repairs	1,133	1,147	15	2,542	10	Staffing costs for maternity cover and additional repairs projects.
Other Special Expenses	94	81	(12)	174	(41)	Staffing vacancies.
Rents	(7,085)	(7,047)	38	(15,164)	31	Staffing costs for additional resources for rental collection.
Sheltered Accommodation	150	62	(88)	258	(61)	Staffing vacancies (£27k) and welfare payments receipts for sheltered accommodation tenants (£34k).
Subtotal Excluding Internal Recharges	(4,689)	(4,757)	(34)	(3,211)	(38)	
Internal and Capital Charges	2,005	2,005	(0)	4,011	0	
	(2,683)	(2,752)	(34)	800	(38)	

62

HRA Reserves brought forward 1st April 2016
 Service Improvement Carry Forward
 HRA Reserves as at 31st March 2016
 Net in-year planned deficit
Estimated HRA balance as at 31st March 2017

(5,815)

0

(5,815)

762

(5,053)

SCHOOLS BLOCK MONITORING REPORT September 2016

	End of year position		Comment on major areas of estimated over/underspend
	Current Approved Budget £,000	Net over/(under) spend £,000	
Total Individual Schools Budgets & Early Years Allocations	111,817	64	Additional allocation agreed at the January 2016 Schools Forum £824k; Academy Recoupment from Schools Block (£760k).
Total Central Expenditure	13,696	1,307	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	1,367	
TOTAL SCHOOLS BLOCK FUNDING INCOME	(125,200)	0	
NET TOTAL SCHOOLS BUDGET in-year (surplus) / deficit	313	1,367	
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 carry forward revision £1.081M
TOTAL YEAR-END (SURPLUS) / DEFICIT	(838)	341	

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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	341
Estimated Schools Block balance as at 31st March 2017	<u>(497)</u>

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			2,000	5%
London Borough of Enfield (18/08/16, 19/07/16)	AAA	5,000	12	0.50%	5,000			5,000	4%
Eastleigh Borough Council (07/07/16)	AAA	5,000	12	0.45%	3,000			3,000	5%
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			5,000	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				2	0	0%
Cash	AAA							2	0%
Money Market Funds									
Invesco Global Cash management (formerly AIM MMF)	AAA	5,000	36	0.54%	0			0	0%
Deutsche Bank Sterling Fund (formerly Henderson MMF)	AAA	5,000	36	0.62%	0			0	0%
Goldman Sachs	AAA	5,000	36	0.31%	0			0	0%
Goldman Sachs - govt backed	AAA	5,000	36	0.19%	0			0	0%
SWIP Global Liquidity Fund	AAA						9,618	9,618	17%
SWIP Investment CA	AAA							0	0%
RLAM Investment CA	AAA							0	0%
Bank of England Treasury Bill	AAA			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 Plc	AA-	3,000	6	0.35%		386		386	1%
Lloyds Bank (On call)	AA-	3,000	6					0	0%
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	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	AAA	3,000	12	0.51%				0	0%
Rabobank	AAA	3,000	12	0.80%	0			0	0%
Credit Suisse	AAA	3,000	12	0.62%		1,511		1,511	3%
National Australia Bank	AAA	3,000	12	0.76%		1,001		1,001	2%
Commonwealth Bank of Australia	AAA	3,000	12	0.57%		1,006		2,514	5%
Building Societies									
Nationwide Building Society (13/08/14)	A+	2,000	6	0.59%	0	2,002		2,002	4%
Coventry Building Society (19/08/14)	A+	2,000	6	0.45%	2,000			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
In House figures as at 31/03/2016 and Fund Managers' figures as at 31/03/2016					34,000	11,926	9,620	55,546	1

TITLE	Capital Monitoring 2016/17 – End of September 2016
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	None specific
DIRECTOR	Graham Ebers, Director Finance and Resources
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME / BENEFITS TO THE COMMUNITY

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

RECOMMENDATION

The Executive is asked to:

- 1) note the Capital Monitoring report for 2nd quarter of 2016/17 as set out in Appendix A to the report;
- 2) note the reduction in planned capital expenditure from £149,075k to £94,842k in 2016/17 as a result of re-profiling;
- 3) approve and note that the overall value of the capital programme has increased due to the receipt of the following ring fenced capital grants, being:-
 - i) Thames Valley Growth Deal to build National Cycle Network in the area;
 - ii) Disabled Facilities Grant ring fenced into the Better Care Fund.

SUMMARY OF REPORT

To consider the 2016/17 Capital Monitoring Report to the end of September 2016. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 2nd quarter, and shows a £47k under spend variance forecast against budget.

Background

The capital monitoring report to the end of September 2016 (Appendix A) is forecasting a £47k 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 has been reduced to £94,842k 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 £90,552k will be spent this financial year. The remaining budget will be carried forward into 2017/18. The carry forward is estimated at £58,476k.

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 £47k under spend variance on the Capital Programme for the current financial year.

Uncommitted Capital balances are currently estimated to be £40k as at 30th September 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.

We have been notified of the following ring fence capital grants to be received by the Council in 2016/17:-

- i) Thames Valley Berkshire Growth Deal, for the provision of the National Cycle Network (NCN) in the area (up to £1m in 2016/17 and up to a total of £4.2m to 2018/19 across all Berkshire Authorities).
- ii) Disabled Facilities Grants (DfG) for £733k, for adaptations to third parties properties, this grant is to be included and spend as part of the approved Better Care Fund plan.

These ring fenced grants are to be added to the capital programme, and must be spent in accordance with the specific activities required by the grant, or would otherwise need to be returned to the government.

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)	£95 million	Yes	Capital

Next Financial Year (Year 2)	£54 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 17 September 2016	Version No.1

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Capital Summary Report to End of September 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	25,078	14,161	10,918	14,161	0	0	3,793	Explanations of Carry Forward: Previous month's total was zero. Current month material adjustments are zero.
Children's Services	37,891	34,247	3,644	33,597	652	2	15,205	Explanations of Carry Forward: Previous month's total was £977k. Current month material adjustments are zero.
Environment	34,314	19,223	15,091	18,377	784	(62)	6,490	Explanations of Carry Forward: Previous month's total was £7k. Current month material adjustments are £250k Car Park Entry/Exit Barriers (Feasibility), Linked with Wokingham Town Centre Regeneration, discussions ongoing , unlikely to be spent this financial year, £314k Winnersh Relief Road Phase 2 and £255k Arborfield Cross Relief Road both due to development of programme & profiling. 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	12,610	3,194	9,416	2,963	231	0	883	Explanations of Carry Forward: Previous month's total was £231k. Current month material adjustments are zero.
Health & Wellbeing	39,183	24,017	15,166	21,455	2,575	12	4,798	Explanations of Carry Forward: Previous month's total was £2,575k. Current month material adjustments are zero. Explanations of variances: £13k Twyfords Orchards - Retention for contractor.
TOTAL	149,075	94,842	54,233	90,552	4,243	(47)	31,169	

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TITLE	Leisure Strategy
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	None specific
DIRECTOR	Stuart Rowbotham, Director of Health and Wellbeing
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 this draft strategy can proceed to go out to an eight week period of public consultation, and return for ratification by Executive in January 2017, taking account of the views expressed in the 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 the very much more detailed plans and strategies allowing effective delivery and service development, such as the Playing Pitches Strategy and Leisure Contract specifications. A 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 now 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 should set 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 commissioning plan for re-procuring 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 will be 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.

Analysis of Issues

The new strategy will set 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, it is appropriate to consult with the public, and it is proposed that the strategy be subject to an eight week period of consultation beginning on 28th October to 24th December 2016. Following this period of consultation, the strategy will then be amended accordingly and taken through Executive in January 2017.

The top level aims and principles of the strategy have been set out and are recommended 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.

This strategy sets the high level vision of the authority, and the detailed plans which meet the aims of this vision are contained within other strategies, business cases and work plans. 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 CMOs 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 outdoor 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.

There is as yet no simple annually measured outcome for physical activity for children that we can apply to the Borough's population; however the very recent publication of the Government's Action Plan for Childhood Obesity, leads us to reflect this in our vision, in spite of the current lack of direct measurement.

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 the minimum additional income (£300,000) we should derive from the procurement of the Leisure Centres Operating Contract, showing the increase in contribution to the general fund.

	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 £3,292K income (£928K saving)	Yes	Revenue

Other financial information relevant to the Recommendation/Decision
<p>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.</p> <p>The strategy does state that the Council should “<i>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.</i>” This sets a clear approach for the detailed projects which will come about as a result of adopting this strategy.</p>

Cross-Council Implications
<p>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. Cross-council consultation is essential and will be carried out both prior to and during the public consultation period.</p>

List of Background Papers
<p>Draft 21st Century Leisure Strategy Health and Wellbeing Strategy 2014-17 Wokingham Borough JSNA (online at: jsna.wokingham.gov.uk)</p>

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Date 17 October 2016	Version No. 8

Wokingham Borough Council

DRAFT

21st Century Leisure Strategy

A Vision for Leisure in the Borough

October 2016

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 Councils 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 CMOs 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; and
- economic development.

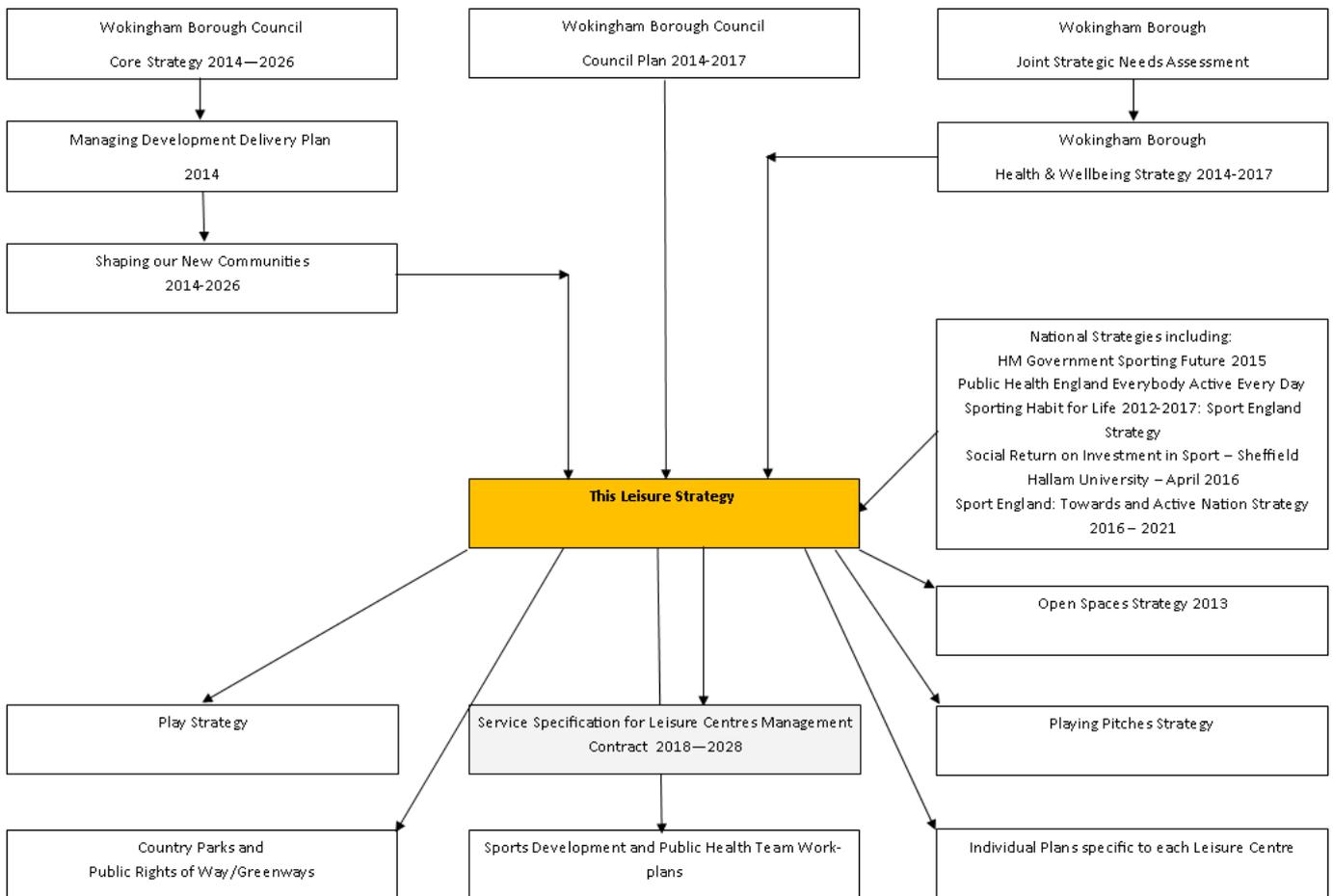


Image: The Leisure Strategy in context

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 comparing 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 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 to 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 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.

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TITLE	Leisure Management Contract Options
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	None specific
DIRECTOR	Stuart Rowbotham, Director of Health and Wellbeing
LEAD MEMBER	Angus Ross, Executive Member for Environment

OUTCOME / BENEFITS TO THE COMMUNITY

The Council's leisure centres provide residents and visitors alike with access to affordable leisure activities which support the health and wellbeing agenda across the borough. They also provide the location of physical activity curriculum activities for some of the Borough's schools and academies. The current leisure contract delivers these outcomes together with significant financial benefits for the Council in the form of a revenue stream.

Future management arrangements for the facilities should increase and improve the leisure offer for all our residents whilst significantly strengthening the Council's financial position through increased revenue income.

RECOMMENDATION

That the Executive:

- 1) Considers the range of options for the future management of the Council's leisure centres and approves the following recommendation:
 - (a) Option D - To begin the procurement process for new leisure operating contracts;
 - (b) Option 2 – To procure these as Leisure Operating Contracts;
 - (c) The contracts will be 10 years in duration with an option for a 5 year extension.
- 2) Considers the range of options for contract scope and approves the following recommendation:
 - (a) The inclusion of specific public health and wellbeing outcomes;
 - (b) The flexibility to allow facilities owned by neighbouring Local Authorities to be added to the contract at a later date;
 - (c) That the Director of Health and Wellbeing and Executive Member for Environment are delegated to decide if pitch bookings, and Ryeish Green Site are included in the contract.
- 3) Delegates authority to the Director of Health and Wellbeing and Executive Member for Environment to approve the contract terms.

SUMMARY OF REPORT

The provision of leisure facilities is not a statutory duty. In the current economic climate therefore, it is essential that the operation of these facilities delivers value for money and supports the wider social objectives set out in the Council's Vision; the Health and

Wellbeing Strategy; and the (draft) Leisure Strategy.

The current contract for the management of the Council's leisure centres expires on the 30th of April 2018. There are real opportunities for our leisure centres to continue to generate a substantial income to the Council whilst providing an affordable and accessible offer to the Borough's residents.

This report considers the options for future provision, and examines the advantages and disadvantages of each. The options under consideration are as follows:

- A. Manage the facilities in-house;
- B. Allows organisations to bid for the opportunity to run specific facilities under contract to the Council;
- C. Develop a shared service with one or more local authorities;
- D. Tender for a new contract to manage the facilities.

The report concludes that to achieve the Council's key objectives for the management of its leisure facilities, the best option is to tender for a single new Leisure Operating Contract with an experienced private sector operator. This retains the current tax benefits and allows in built flexibility (via variant bids) to allow new facilities to be added as they come on stream. There would also be flexibility to allow facilities currently managed by other Local Authorities to be added to the contract at a later date if required. The other potential options would present a greater financial risk to the Council.

Background

The Council's Sports Development and Leisure service comprises 3 main elements:

- Sports Development. The team runs a number of innovative courses and activities which support the Council's Health and Wellbeing agenda, such as targeted Long-term conditions and rehabilitation physical activity programmes; and Wokingham Active Kids school holiday programmes.
- Support for local schools, sports clubs and Town and Parish Councils. The team works in partnership to identify opportunities for joint projects, income generation and grant funding.
- Client role for the leisure management contract. This involves performance monitoring, contract meetings and the development of joint opportunities for investment and grant funding.

The Council's leisure centres are currently managed by C-Salt (Community Sport and Leisure Trust) an independent charitable trust supported by the leisure operator, 1Life. The contract, which expires on 30th of April 2018, currently covers the management of the following facilities:

- Loddon Valley Leisure Centre in Lower Earley;
- Carnival Pool in Wokingham;
- St. Crispin's Leisure Centre in Wokingham;
- Bulmershe Leisure Centre in Woodley.

As a Sports and Leisure Trust, C-Salt is able to take advantage of the VAT exemptions for sports and cultural services and the relief available for National Non-Domestic Rates (NNDR). This gives considerable savings to the Council and it is important that these savings are retained when the new arrangements are in place. C-SALT also has the ability to fund local sporting organisations with grants on a regular basis.

Outcomes

Management of the Council's leisure centres aims to support the Council's Vision, Principles and Priorities by:

- Supporting the key themes in the borough-wide Health and Wellbeing Strategy (2014-17):
 - Promoting good health throughout life
 - Building health and wellbeing into new communities
 - Improving life chances
 - Promoting emotional health and wellbeing
 - Supporting older people and those with long term conditions.
- Providing high quality, accessible and affordable opportunities for sport and

healthy activity which increase levels of participation.

- Delivering continuous improvement against jointly agreed performance indicators.
- Providing excellence in customer service and year on year increases in customer satisfaction.
- Supporting environmental sustainability through effective consumption of energy and other resources.
- Supporting economic and social sustainability through opportunities for employment, apprenticeships and volunteering for local residents.
- Managing the service to improve the Council's revenue position, through increasing memberships and centre use to maximise the income from the management fees payable.
- Ensuring adequate investment to maintain the Council's buildings and associated assets.

ANALYSIS OF ISSUES

Leisure Facilities

The new leisure management arrangements will cover additional facilities to those listed above, and there will be enhancements/ extensions to some existing facilities.

Table 1 : Leisure Facilities Covered by the New Management Arrangements

Facility	Built	Comments & Identified Maintenance
Loddon Valley Leisure Centre, Lower Earley	1982 1992	Existing. Swimming Pool added in 1992. No major works are planned. Routine maintenance work will be required.
Carnival Pool, Wokingham	1992	Existing. Major refurbishment and extension to include sports hall and fitness suite as part of Wokingham Town Centre Regeneration, subject to Executive approval. Works are expected to start in April 2019.
St. Crispin's Leisure Centre, Wokingham	1978	Existing. Dual use facility with St. Crispin's School. No major works are planned. Routine maintenance work will be required.
Bulmershe Leisure Centre, Woodley	1974	Existing. Dual use facility with Bulmershe School. Major refurbishment or rebuild, subject to Executive approval.

		Works are expected to start in May 2018 with expected 18 month duration.
MOD Legacy Sports Hall and Gym, Arborfield	2005	<p>Newly acquired.</p> <p>This is an existing 8 court sports hall and gym building adjacent to the proposed District Centre in the Arborfield SDL, previously operated for armed forces and its own personnel by the Ministry of Defence.</p> <p>Negotiations to secure for the long term the MOD Legacy Gym building are currently being taken forward by Officers of the Council.</p> <p>Dual use facility with the neighbouring newly-built academy, the Bohunt School Wokingham.</p> <p>The Bohunt Academy Trust has management of the premises until 31st December 2017, and a full public programme with memberships will be offered from 1st May 2018 at the time of the award of the new management contract. The interim period is set aside to complete the fit-out of areas for full public use, such as the fitness suite.</p>
New Swimming Pool, Arborfield	tbc	<p>Planned new facility.</p> <p>The Arborfield SDL has been identified as the site of new 4-lane 25 metre swimming pool to meet the increased demand from population growth in the south-west of the Borough.</p> <p>A detailed business case will need to be approved by the Executive including building specification; design; and the configuration with other facilities at Arborfield.</p> <p>The projected opening date is currently 2026.</p>

The Borough Council will reserve the option whether to include the new Ryeish Green Leisure and Sports Facility into a contract with other facilities or with a separate operator at a later date after all consultations and planning processes have been completed.

All facilities will have full condition surveys carried out on from November 2016, and any maintenance items or areas of concern will be highlighted from the report and will be noted in the main leisure contract papers.

The Future Options

A number of options have been identified for the future management of the Council's leisure facilities. In assessing the relative merits of each option, the Council has taken expert advice from a leading consultancy on the leisure market. The options are discussed in turn below.

Decision 1: Contract Scope Options

This decision answers the question of whether to manage the facilities in-house; or to go to out to tender to secure a provider or providers to manage the facilities.

Option A: Manage in-house

Wokingham Borough Council last managed its leisure centres in the year 2000. Some local authorities, including the neighbouring Bracknell Forest and Reading Borough Councils manage all or part of their leisure centre estate. Both have facilities which are in need or are being replaced. Most local authorities manage their facilities through a contract with a commercial or third-sector operator. There are in excess of 15 major multiple operators in the UK, including some that have their roots in local authorities and some others which are major facilities management organisations.

Table 2: Advantages and Disadvantages of an In-House Managed Service

Advantages	Disadvantages
All surplus revenue can be retained by the Council.	The Council retains the risk of expected income targets not being achieved.
Potential for greater staff involvement.	Difficulties in attracting or retaining specialist staff to an in-house service where there are only limited opportunities for this type of development.
	A limited number of sites mean the Council could not achieve the same economies of scale, and related savings, as an external provider.
	Reduced access to specialist skills such as marketing and leisure industry specific research.
	The Council has no current experience or expertise in the running of leisure centres. It is not their core business.
	Set up costs and cost of new management, IT and support systems.
	Current employees would be eligible for TUPE transfer back to the council. As well as the cost of the transfer, the council would be responsible for additional pension contributions.

This solution would increase the Council's control over asset and programme management, and allow the Council focus on service delivery and quality. Bringing the service in-house could ensure that all financial surpluses are retained by the Council. The Council would need to invest in new management capacity, new or additional IT systems, marketing and membership expertise, and administrative resources which are currently delivered by the contractor.

A key issue with bringing back the service in-house would be the continuation of the VAT and NNDR savings that have been achieved in the current contract. This would

require the establishment up of a charitable trust. This could be undertaken in either of two ways:

- i. By establishing a Sports & Leisure Trust; this would remove control of the service from the Council and any additional surpluses generated would be re-invested by the trust. Once Council services are placed into a leisure trust they cannot easily be returned to direct council management. The Council would have only limited control and influence with only 20% of Trustees.
- ii. To set up a local authority controlled company which would need to ensure the objectives of the company relate to the provision of charitable objectives and sporting activities.

In both these sub-options, the Council retains full financial responsibility in the event of failure.

Option B: Allow organisations to bid for the opportunity to run specific facilities under contract to the Council.

This option is to allow for a mixed approach to the management of the leisure facilities, with the potential for separate organisations to take on a contract with the Council for the management of the facilities. Organisations could include educational establishments; town or parish councils; charities or voluntary organisations; or sports clubs and teams.

This option will result in a reduction in the revenue income that we are likely to secure from the overall Leisure Contract of at least 20% (based upon the relative size of the facilities) and is not recommended as best option for the Council given our current financial position.

Table 3: Advantages and Disadvantages of Mixed Procurement Approach

Advantages	Disadvantages
This option may be considered a demonstration of the Big Society concept of the devolution of public services to be run by local people / organisations.	This mixed approach potentially removes the benefits of at-scale operation that a single contract with a single operator offers.
Educational establishments would be eligible to bid for the management contract for facilities on or adjacent to their premises where dual usage is provided.	Educational establishments and other organisations may lack the expertise essential to safely operate and market a full leisure and fitness offer to the general public.
	Educational establishments and other organisations may not be able to operate the memberships in conjunction with the other facilities / providers, resulting in a loss of freedom and choice for residents who may be limited to the use of single sites and facilities only within their membership.

	<p>This option will result in a reduction in the revenue income that we would secure from the total leisure contract of at least 20%.</p> <p>This is based solely upon the size of the facilities relative to the Council's overall leisure estate, and does not take into account the experience of an operator to maximise incomes.</p>
	<p>Educational establishments and other organisations may not be in a position to accurately determine the management fees payable to the Council's general fund, based upon inexperience of the leisure management market. This could result in an over-estimate which would negatively impact upon the finances of the managing organisation; or an under-estimate which would reduce the income stream to the Council.</p>

Option C: Develop a shared service with one or more local authorities.

The potential exists for the Council to procure a joint contract and form a shared service with an adjoining local authority. If there is a suitable local authority with corresponding contract dates, there are two potential possibilities:

- a) A joint procurement process and joint contract; this will give potential additional savings from the operator in terms of economies of scale, however both Councils need to agree joint contractual terms. This requires all participating councils to be very closely aligned in terms of their aims and required outputs for the contract, and all implications of the contractual arrangements would need to be scoped in detail before committing to the approach.
- b) A joint procurement process but separate contracts; this would save on procurement costs and still give the Council full control over the contract, but would lead to a more complex procurement process.

After a meeting with Reading Borough Council (RBC) it has been highlighted that they are also going out to procurement towards the end of 2016. The authority is planning to demolish Central Pool in the town centre in 2017, and also to close Arthur Hill Pool, at Cemetery Junction with a preferred replacement with a new 25m pool sited at Palmer Park Stadium. Another pool with diving facilities is likely to be located at Rivermead Leisure Centre, on the outskirts of the town centre with timescales for this yet to be decided. RBC has commissioned a feasibility report, and at present are awaiting costings to see if these options are financially viable. All other properties within the Reading Borough Council leisure stock, are dated, and will require significant maintenance and renovation work to be carried out. This is a high risk if looking to procure with RBC as the management fee would significantly be reduced as the contractor will have to heavily invest in the upkeep and

regeneration of Reading's facilities.

No other Local Authority in Berkshire or those neighbouring Wokingham Borough Council is known to be considering procuring their leisure services or centres within the same or similar timescale as Wokingham Borough Council.

Table 4: Advantages and Disadvantages of a Shared Service with a Neighbouring Local Authority

Advantages	Disadvantages
Economies of scale from a bigger contract.	More complex and time consuming procurement.
Potential for improved customer service through discounted access to a wider range of facilities.	The variable age/quality of different facilities may reduce overall returns.
	More complex governance arrangements requiring more management time.
	Reduced levels of control and influence; less responsive to Council priorities.

Table 5 : Advantages and Disadvantages of Joint Procurement Process

Advantages	Disadvantages
Shared procurement costs.	More complex and potentially longer procurement process.

As well as adding complexity to the procurement process, discussions with neighbouring authorities indicate that the current mix of provision (in-house and outsourced) and the varying length of existing contracts make a shared service option unfeasible at this time. The detailed financial implication of joint bidding is hard to assess without understanding the contract financials for the other councils.

It is recommended that a pragmatic approach is taken, whereby the contract contains a variant that will allow facilities currently managed by other Local Authorities to be added at a later date if this is proven to be beneficial to Wokingham Borough Council.

Option D: Tender for a new contract encompassing all current, planned and projected facilities.

The leisure market in London and the South-East of England is very strong with a number of major competitors who would be interested in bidding for the Council's contract. Private sector providers can bring a number of benefits linked to their service expertise and marketing capacity. They can also shoulder risk through the establishment of new facilities, or periods of limited use due to major works, by spreading costs over a long-term contract, and often reduce risks through their own project management of such schemes.

Table 6: Advantages and Disadvantages of a New Leisure Contract

Advantages	Disadvantages
A long term contract provides a guaranteed revenue stream which would ensure a zero-subsidy for the operation of facilities. It can underpin major capital investment. The procurement process will demonstrate best value to the Council with potential for better financial outcomes.	Possible lack of local knowledge of the new service provider.
Providers will have existing technical expertise in the maintenance of specialist equipment, and can benefit from economies of scale to reduce costs.	
Providers will have access to a central communications team with specific leisure industry expertise. They can benefit from economies of scale to reduce costs for marketing materials and campaigns. Effective marketing can maximise membership and increase income generation.	
Providers will be able to purchase leisure equipment at more favourable rates; they can negotiate better agreements as regular repeat clients.	
Providers will be expected to provide new ideas and innovation as a result of their experience in the leisure industry, to develop the service and maximise income.	
Providers can offer greater opportunities for specialist staff to move between contracts to gain experience in different types of environment and in different roles.	

Decision 2: Contract Type Options

This decision answers the question of which contract type provides the best option for the Council if option D is chosen. Under option D there are 3 possible contract types:

- 1) **A Concession Contract**; this grants the contractor the right to commercially exploit the leisure centre assets to generate a profit.
 - This can increase potential income to the Council, but at the expense of the operator being allowed to focus on activities that maximise income generation to meet their commercial objectives rather than achieving the Council’s own objectives.

- The construction of new facilities would be procured via separate procurements.
- 2) **A Leisure Operating Contract**; this requires the contractor to operate the leisure centre assets to provide services that meet the Council's service specifications.
- Whilst the contractor is required to focus on delivery of the Council's key objectives, they are also expected to maximise income generation for the Council.
 - The construction of new facilities would be procured via separate procurements.
- 3) **A Design, Build, Operate and Maintain (DBOM) Contract**; as well as operation of the facilities as in (1) or (2) above, major capital works are included in a contract (for example the building of a new facility). This involves the Council procuring a consortium (building contractor and operator) that will take the lead and take on the risk in the design, construction and the operation of the new facilities.
- The DBOM option would only apply to the proposed rebuild/refurbishment of the Bulmershe site; the building works for Carnival pool are already being managed separately as part of the Town Centre Regeneration project, and the future works at Arborfield cannot be specified in sufficient detail at this stage.

Table 7: Advantages and Disadvantages of a DBOM Contract

Advantages	Disadvantages
Only one procurement process is needed.	The tender process will be more complex and time consuming.
Full risk transfer for future life cycle and defects in completed building.	The Council will not have full control over the design of new Bulmershe facilities.
Potential of operator investment to improve facilities if there are opportunities for additional income.	The works at Bulmershe could be delayed, as they will be tied into the timing of the contract renewal.
	May exclude high performing leisure operators who cannot provide a DBOM service.
	Higher cost of bidding may reduce interest in the contract.
	Usually requires a longer contract length (up to 25 years).

It is recommended that option (2), a Leisure Operating Contract, is procured if the contract option D is chosen. This will maximise income to the Council whilst ensuring that the Council's stated outcomes are achieved. It will also ensure that the Council continues to provide an affordable universal offer that is unique and distinctive from the private sector alternatives.

The successful bidder will be required to demonstrate that the current VAT & NNDR exemptions can be retained, which is most likely via a charitable trust as in the current arrangements.

As the contract will be awarded before the planned opening of the Arborfield swimming pool, this would be included as a variant bid for the management of the facility based on an estimated opening date and facility mix, and bidders would be expected to include the projected revenue implications as part of the submission. Although this would not be part of the evaluation for the award of the contract, the Council will have a starting point for negotiations on the revenue impact of the facility and a contractual mechanism for incorporating the facility within the contract.

Additional Services Considered Potentially Within Contract Scope

If a decision is taken to procure a new contract, consideration will need to be given to the scope, and in particular whether or not the following are included:

- Grass pitch and artificial turf pitch (ATP) bookings
- Incorporation of social and public health outcomes
- Outreach programmes
- Potential for shared services

These will now be discussed in more detail.

Pitch Bookings

Bookings for grass pitches and artificial turf pitches across the borough are currently managed by the Council. It is expected that the Council's 21st Century Programme will make a recommendation on how bookings should be handled in the future and, if appropriate, this could be included within the scope of the leisure centres operating contract, as it is very similar to the work the operator will be doing within the leisure centres, namely marketing and booking facilities.

If pitch bookings are included the Council will need to consider if any of the sites require a staffing on site and who will provide this. Maintenance and security responsibilities would also need to be clarified

Inclusion of Social and Public Health Outcomes

It is recognised that there is a clear link between the provision of sport and leisure facilities and the aims of public health. As noted previously, management of the Council's leisure centres aims to support the Council's Vision, Principles and Priorities by supporting the key themes in the borough-wide Health and Wellbeing Strategy.

The new contract provides an opportunity for the Council to link its sports development activities with a health improvement plan for the Borough. The procurement project team will work closely with the public health team to identify objectives currently being delivered and what improvements that could be made in the new contract, how the success of the programmes can be measured and what funding streams are available to help deliver them.

Even when funding is limited, inviting people to leisure facilities for a specific health programme can provide an opportunity to show them the benefits of a healthy lifestyle

which includes sport and physical activity and may lead onto them becoming regular users of the facilities, thereby enhancing the business case for the delivery of the programme(s).

Outreach Programmes

As part of the social and public health outcomes, there may be an element of outreach into deprived and inactive communities in order to pilot interventions close to home before engaging with people to bring them into centre-based activities. Many leisure operators have built this approach into their business model.

Another areas where an outreach approach may be necessary is in the drive to attract new residents to the Borough (essentially those moving into the strategic development locations) to become members of the leisure centres and thus increase the potential income to the Council.

Potential for Shared Services

As noted earlier, whilst there are no current opportunities for joint commissioning with other Local Authorities, it is recommended that the contract allows facilities currently managed by other Local Authorities to be added at a later date.

Key Contract Terms

The Council will need to consider its options in relation to the future contractual arrangements for the management of the facilities when specifying the key contract terms. This will include consideration of the following:

- Contract Length. A 10 to 15-year contract is considered sufficient to allow an operator to build the business and deliver the best returns in terms of a management fee. This is typically 10 years with an option for a 5 year extension;
- Services Specification. This specifies the required outcomes, how success is measured and should be clearly linked to a defined payment structure;
- Pricing, Programming and Opening Hours;
- Performance Monitoring System and Payment Mechanism;
- Net Income Benchmarking;
- Loss of Revenue Provisions, to include those relating to the planned closure of sites for refurbishment or building;
- Surplus Share Arrangements;
- Utilities Risk Share Position;
- Maintenance Splits, to include the establishment of a sinking fund for future maintenance liabilities;
- New Equipment and Equipment Replacement.

Financial Business Case

Advice that the council has received from the specialist leisure consultancy we have employed is that the market is very buoyant; and that we should expect to receive a minimum annual management fee of £1million from the operation of its leisure facilities; whether under a single or multiple operating contract, or from in-house management. Clearly this should be our minimum target, and we should have ambitions to

significantly exceed this figure so that this benefits directly the Council's general fund. Bidders will be expected to demonstrate how any additional income can be achieved. Note that net income to the Council will reduce during the planned works to Bulmershe and Carnival Pool, when these facilities will be unavailable for defined periods to enable the building work to take place.

Sinking Fund

A sinking fund could be established to cover the expected future liabilities for maintenance of the leisure facilities. The annual contribution to the fund will be based on detailed condition surveys undertaken by Property Services during November 2016. This will then calculate a total sum required over a 15 year period for planned maintenance. The detail of the lifecycle maintenance works which would be covered by the operator and which will be specified in the final contract will also affect the level of sinking fund contributions required.

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 (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Financial Year 18/19 (Year 1)	Range between £300-700k gross additional income – sink fund contribution will come from this additional income	Yes	Revenue
Financial Year 19/20 (Year 2)	Range between £300-£700k gross additional income – sink fund contribution will come from this	Yes	Revenue
Financial Year 20/21 (Year 3)	Range between £300-£700k gross additional income – sink fund contribution will come from this	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

These figures are for additional income expected from the contract which is additional to

the £660,000 in the current contract. Contributions to the sinking fund will be established after full conditions surveys have been undertaken and the lifecycle works schedule agreed with the chosen operator. This sinking fund contribution will then be considered annually as part of the normal council budget setting processes.

Cross-Council Implications

Priorities for leisure have been set out in a draft leisure strategy, and this paper follows the principles contained therein. The paper also follows the philosophy of maximising income contained within the 21st Century Council programme. There are implications for property services as the freeholds of the centres and the associated maintenance responsibilities, which will be clear in the final contract with providers, will remain with Wokingham Borough Council.

As the council refreshes the local plan, the impacts of further post 2026 population growth will need to be addressed in plans for leisure provision.

List of Background Papers

FMG Wokingham Leisure Procurement Plan, April 2016.
Sport England Procurement Toolkit, May 2013.
WBC Draft Leisure Strategy, 2016.

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Date 17 October 2016	Version No. 14

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Agenda Item 72.

TITLE	Corporate Peer Review
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	None specific
DIRECTOR	Andrew Moulton, Head of Governance and Improvement Services
LEAD MEMBER	Keith Baker, Leader of the Council

OUTCOME / BENEFITS TO THE COMMUNITY

An effective, efficient, high performing Council focusing on the needs of its residents and communities.

RECOMMENDATION

That Executive:

- 1) notes the findings of the Corporate Peer Review report; and
- 2) notes the progress in implementing improvement actions.

SUMMARY OF REPORT

The Local Government Association (LGA) feedback report developed following the Corporate Peer Review in February 2016 sets out the Council's strengths and much that we can be proud of. It also set out our challenges and identified areas where we should look to improve. The detailed report can be found at Appendix A.

An action plan (Appendix B) was developed identifying activities, many of which were already underway, to address the areas identified as requiring improvement. This report and appendices provides an update on progress on the activities included in the Action Plan.

It is planned for the LGA to return in February 2017. The purpose of the visit is to help the Council assess and demonstrate the impact of the peer challenge and the progress made against the areas of improvement and development identified by the peer team.

Background

- 1.1 A Corporate Peer Review is a voluntary improvement review which is facilitated by the Local Government Association (LGA). Wokingham's Corporate Peer Review took place from Monday 8th February to Thursday 11th February 2016. The review focussed on five core themes:-
- i. Understanding the local place and priority setting: does the Council understand its local context and place and use that to inform a clear vision and set of priorities?
 - ii. Leadership of place: does the Council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
 - iii. Organisational leadership and governance: is there effective political and managerial leadership supported by good governance and decision making arrangements that respond to key challenges and enable change and transformation to be implemented?
 - iv. Financial planning and viability: does the Council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
 - v. Capacity to deliver: is organisational capacity aligned with priorities and does the Council influence, enable and leverage external capacity to focus on agreed outcomes?
- 1.2 Exploring these areas has given the council reassurance and an indication of its ability and capacity to deliver on its plans, proposals and ambitions. The review also focussed on another area of particular importance to Wokingham - the extent to which the Council is prepared to respond to the next wave of austerity.
- 1.3 A feedback report was prepared by the LGA which set out our strengths and things to be proud of and our challenges, identifying areas where we should look to improve.
- 1.4 In summary, the review found the Council to be ambitious and high achieving in many areas, supported by sound finances and enthusiastic, capable staff. The detailed report can be found at Appendix A.

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	
Next Financial Year (Year 2)	£0	Yes	
Following Financial Year (Year 3)	£0	Yes	

Other financial information relevant to the Recommendation/Decision
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The peer review is part of the LGA's sector led improvement activities and was at no additional cost to the Council.
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Cross-Council Implications

Impacts across and beyond the Council.
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List of Background Papers

Corporate Peer Challenge – Wokingham Borough Council – Feedback Report
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Date 13 October 2016	Version No. 1

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Corporate Peer Challenge **Wokingham Borough Council**

8 – 11 February 2016

Feedback Report

1. Executive Summary

Wokingham Borough Council (WBC) is ambitious and high achieving in many areas, supported by sound finances and enthusiastic, capable staff. The Chief Executive is well-respected both in and out of the borough, and the Leader and Executive members have a strong grasp of their portfolios. Some external partners have seen a real improvement in the council over recent years, and WBC is now seen as a “trusted partner”. The council has by no means exhausted opportunities to work more collaboratively with partners both within the borough and across Berkshire.

WBC has an impressive growth plan. Coherent and proactive, it is supported by sound finances and infrastructure, and WBC’s successful record of delivery has meant that the council enjoys a strong reputation among local developers and key partners such as the Homes and Communities Agency (HCA) for its approach on this agenda. The council is open to new ways of working and has established successful shared services, a housing company (Wokingham Housing Limited) and a trading company for adult social care services (Optalis).

The council’s financial management is strong and so far WBC has been able to achieve significant savings with minimal impact on front line services. However, the financial planning horizon for revenue spend is limited to one year and as such focuses on the short term. Linked to this, there is a lack of a strong vision for the area and the council’s role in shaping it, underpinned by clear principles and priorities, to provide focus for the medium term financial strategy and guide the next phase of savings. This means that there is limited opportunity to build in an effective lead-in period to consult with residents, partners and stakeholders on potential savings and to implement difficult decisions.

WBC has an iterative decision-making process, with most key decisions explored by the largest political group prior to going to the Executive. The process, although lengthy, does generate results, however there is tendency for there to be a focus on the short-term and a potential to limit transparency in decision-making. Although there are some examples of scrutiny adding value, generally overview and scrutiny is reactive and has a limited role in policy development.

The council has made significant efforts recently to improve the way it engages with local people, for example the community budgeting exercise used to inform budget setting for 2016/17, and this is a positive step. However, community engagement activity needs to be broader, deeper and earlier in the decision-making process.

WBC enjoys enthusiastic, innovative and capable staff and middle managers, who feel supported by senior management who ‘walk the talk’. The council has a strong record on ‘growing their own’ and has actively managed recruitment and retention issues. WBC is now embarking on an innovative 21st Century Public Servant organisational development programme.

The council has a great story to tell, not just on its impressive growth agenda, but it is missing an opportunity to celebrate its success – to staff, to residents and to partners.

There are a number of areas where WBC can build on this strong foundation to better position the council to respond to the challenges that the next phase of austerity will present. A clear vision for the future, developed in partnership with the community and partners, will help inform priority setting and medium term financial planning.

2. Key recommendations

Our key recommendations, outlined in more detail in the body of this report, are as follows:

- Don't be afraid to be bold – WBC has been successful when providing strong leadership for key projects. Apply this courage more widely.
- What are your real priorities? Determine how your services are going to meet resident needs, what priority are you giving to each service and redesign services accordingly
- Extend your organisational and financial planning horizons to include detailed modelling in your longer-term financial plans
- Think about your story of place – what is the unique role of the council in this environment, what is the role of partners, the voluntary and community sector, the community?
- Blow your own trumpet! Celebrate success widely and often in order to recognise staff efforts and increase morale, and share positive stories with partners and residents.

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Wokingham Borough Council were:

- George Garlick, former Chief Executive, Durham Council
- Councillor Alan Jarrett, Leader, Medway Council
- Beverley Compton, Assistant Director for Adult Services and Health, North East Lincolnshire Council
- Nicola Monk, Service Director for Policy and Performance, Luton Borough Council
- Gilian Macinnes, Principal Consultant, Planning Advisory Service
- Kate Herbert, Peer Challenge Manager, LGA

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to explore the extent to which Wokingham Borough Council is prepared to respond to the next wave of austerity.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent four days onsite at Wokingham Borough Council, during which they:

- Spoke to more than 80 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 45 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 117 hours to determine their findings – the equivalent of one person spending 3½ weeks in Wokingham.

This report provides a summary of the peer team's findings along with suggestions for some next steps. It builds on the feedback presentation provided by the peer team at

the end of their on-site visit (8–11 February 2016). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the issues raised may be about things you are already addressing and progressing.

4. Feedback

4.1. Understanding of the local place and priority setting

WBC has a very clear understanding about how the borough will physically develop in the future and is proactively driving growth and infrastructure developments to deliver against this vision. Although there is a detailed vision and delivery plan around Wokingham town centre, housing and infrastructure, there is a lack of detail around what Wokingham, the place, and Wokingham Borough Council will look like over the medium- to long-term.

Without this clarity of vision and priorities, there is a risk that increasingly difficult decisions will be taken on a piecemeal basis and may not be consistent in delivering the strategic objectives of the council. There is a need to clearly articulate the high-level, broad vision, principles and priorities for the council to provide a clear framework within which to develop and review services, and to inform the difficult decisions to come. In shaping the overarching vision and priority setting, while remaining aware of the needs of their own localities, Councillors will need to ensure that there is a focus on the strategic needs of the borough.

Such clarity around the focus for the borough will also be essential to shape strategic relationships with partners and the way in which WBC engages with those partners. Structures for some key partnerships are now well established, for example the framework for health integration, and it is widely understood that there is now a need to focus on the pace of delivery and the achievement of outcomes using these as levers.

There are a number of opportunities to strengthen key partnerships further, such as with the voluntary and community sector (VCS), to better channel community engagement and co-production initiatives in a cost effective way. These partnerships will be critical to successfully mitigating the impact of difficult decisions the council may have to take in the future.

The council has a number of examples of innovative work, for example the commercialisation of discretionary services in Environmental Services, and delivering improvement, for example the Children's Framework which is on track to improve services over the next 9 months and is well-regarded by Ofsted.

Suggestions

- For the council, review the vision and priorities to develop a more specific direction to help inform the difficult decisions to be made.
- Consider whether you have the right strategic partnerships – with the right partners – in place to support delivery of priorities.

- Design your engagement with the voluntary and community sector in a way that promotes an ongoing, healthy and productive dialogue – as equal partners.

4.2. Leadership of place

Wokingham is the Department of Communities and Local Government's 'go to' example of successful delivery of strategic housing development accompanied by the infrastructure to create sustainable communities. This is far from the norm. WBC has demonstrated a strong vision in this area of activity, coupled with leadership and commitment to achieving that vision, and quite rightly the officers and members of the council are proud of what has been achieved to date and what is in train.

There are a number of examples of how WBC is providing leadership of place:

- The Wokingham Town Centre regeneration scheme, having recovered from an earlier delay, is now well underway and is widely thought to be a strong and sustainable development programme, underpinned by good internal working across council teams and effective working relationships with developers.
- Business partners hold the Economic Development Team in high regard and appreciate the various ways the council engages with them.
- WBC's role within the Berkshire 10 Partnership is seen as very positive in supporting the delivery of an accountable care system
- The Chief Executive has been visible with the voluntary and community sector and is seen as being open and honest about the challenges being faced
- Members are in touch with the quality of life factors that make Wokingham an attractive and sustainable place to live (for example a commitment to social rent and affordable market rents; insisting on pets being accepted and balconies fitted in a new Extra Care housing development)

There is an opportunity for WBC to develop its place-shaping role further, to bring together partners across the public, business, community and voluntary sector space to develop a shared vision of how Wokingham will look in the long-term and each partner's role in making the vision a reality.

Some external partners have seen a real improvement in the council over recent years, and WBC is now seen as a "trusted partner" by neighbouring boroughs. There is no political appetite for pursuing the devolution agenda in Berkshire, favouring instead more shared service arrangements. The council should actively seek out opportunities for increased closer working with neighbouring authorities to capitalise on economies of scale.

There are wider skills gaps affecting local employers across the borough, including difficulties recruiting construction workers and senior leaders in schools. Furthermore, the relatively high cost of living in the borough has prompted challenges in filling lower paid roles. There is an opportunity to bring a broader group of partners together to tackle these issues. Working together to package Wokingham as a great place to live and work, for example, would be a prime opportunity to develop more productive relationships with the major employers and investors in the Borough.

The council has successfully used strong communications to explore controversial strategic issues with local people, not least the debate around the housing agenda. WBC is increasingly seeking to strengthen consultation and engagement with residents and stakeholders. The recent community budgeting exercise used to inform budget setting for 2016/17, is an example of WBC exploring new ways to engage local people and deepen the council's understanding of local concerns, and this is a very positive step. However, community engagement activity needs to be broader, deeper and earlier in the process, should provide meaningful opportunities to shape service design and decision making, and take care to ensure that plans are not blown off track by a vocal minority.

Suggestions

- Develop with partners a long-term vision for the Borough and clarify the roles of the council, partners, and the community roles to deliver this
- Build on the strong start you have made on public consultation and engagement
- Following the publication of the Skills Priority Statement, are you confident you are addressing any skills gaps in the area, not just for council workers?
- Develop a joined up public sector campaign to promote Wokingham as a great place to work to support public and private sector recruitment
- Prioritise exploring increased joint working across Berkshire.

4.3. Organisational leadership and governance

WBC is well-led, with a Chief Executive who is well-respected by staff, the Leader and members, and partners both in and outside of Wokingham, and a Leader and Lead Members who have a good understanding of their portfolios. Members of the Corporate Leadership Team (CLT) are approachable and staff believe that they 'walk the talk'. The Extended Corporate Leadership Team is helping to promote more integrated working across departments

There are increasingly good working relationships between members and officers. The Joint Board is a good way of bringing CLT and Executive Members together to explore key issues, and there appears to be emerging clarity about their respective roles. Members and officers both recognise that transformation is needed and are committed to the 21st Century Public Servant programme and appropriate management is being put in place to support this.

However, it is not clear how WBC sees the '21st Century Elected Member' and how this is being incorporated into the wider 21st Century Public Servant organisational development approach. More widely, there seems to be limited support for member development and it would be useful for the council to consider how members should be supported to embrace their roles as modern community leaders. It may be helpful to explore options for member development such as the Member Development Charter Programme and the LGA's Leadership Academy/ Leadership Essentials.

The largest political group explores key decisions prior to them going to the Executive. This works well in helping smooth the flow of decisions, but creates an elongated decision-making process, leading to a tendency to focus on the short-term. It could also be seen as limiting transparency in decision-making. It is worth considering whether the perception that all decisions have to go through a political process mean that relatively simple service changes may not be proposed.

There have been some good examples of overview and scrutiny activity adding value, for example task and finish groups (on non-contentious issues), and scrutiny of the post-Ofsted action plan performance. However, generally overview and scrutiny is reactive and has a limited role in policy development. There is a need to think about how the council can ensure that scrutiny provides effective challenge for the council, for example evaluating different options, performance monitoring, and assessing delivery of outcomes. Linked to this, there is a wider issue of how opposition members can be involved in policy development.

Performance management and monitoring has improved over recent years, but there is more work to do to ensure that it links to council priorities, has meaningful and clearly understood targets, and is actively managed by managers, executive members and overview and scrutiny. Furthermore, the council should seek to maximise opportunities for shared learning across the authority.

WBC has a great story to tell and not just on its impressive growth agenda. However, the council is missing an opportunity to celebrate its success and to promote Wokingham to staff, partners, residents and beyond.

Suggestions

- Further clarify roles and responsibilities of members and officers – is the risk that unnecessary escalation of decision-making to members stifles innovation?
- Consider how overview and scrutiny can add value in light of the political context
- Explore options for member development
- CLT and Executive Members need to demonstrate ownership of performance management, and staff development should be clearly linked to productivity and achievement of corporate outcomes
- Celebrate success – shout from the rooftops!

4.4. Financial planning and viability

The council's financial management is strong, with no major overspends or underspends, and so far WBC has been able to achieve significant savings with minimal impact on front line services. An asset rationalisation programme is underway with an accelerated delivery timescale, there is a commercial approach developing across the council, and re-procurement exercises have generated £100k savings in environmental services. The almost 10% return expected from the Wokingham Town Centre regeneration project is impressive.

There is good, early, high-level member engagement in budget setting via the Joint Board and the largest political group, and a positive approach to community engagement on the 2016/17 budget this year.

However, the level of detail in the public papers for the 2016/17 budget setting was extremely limited, with very little detail about the savings (or growth) proposed and the potential impact of each of the proposals. The debate seems largely to have taken place internally, with limited potential for public scrutiny. It is essential that members are given sufficient level of information to be able to consider, question and challenge the proposals put before them, and that there is transparency for local people around the savings proposed.

Furthermore, the financial planning horizon for the revenue budget is limited to one year and the Medium Term Financial Strategy (MTFS) contains no detailed forward plans. The lack of a strong vision and priorities for the council means that there is no focus for the medium term financial strategy to guide the next phase of savings, and that there is limited opportunity to conduct effective consultation with residents, partners and stakeholders to discuss difficult decisions.

Given the financial challenges to come, it would be worth ensuring that the medium to long-term cost implications of demand around adult services are understood, and in light of legislative and financial changes it would be worth reviewing the future of Wokingham's own housing stock.

There is a need to deepen the understanding of the long-term potential trade-offs available to the council and community, including considering all options that may in years gone by have been considered as 'sacred cows'.

We understand that there has recently been a somewhat broader involvement across Corporate Leadership Team in financial planning. This has been welcomed by senior managers and this should become standard practice. Financial planning is a critical council-wide, functional issue, and not an issue for the finance department alone.

The council is willing to consider new ways of working, for example shared services, commercialisation of parks, and creating company structures, and work on asset rationalisation is moving in the right direction. It is important that WBC ensures that there is a strategic approach to exploring other delivery models and that it is making optimum use of existing companies/ models (Optalis, Wokingham Housing Company, etc) and growing these businesses sustainably. The council should also take care to ensure that commissioning and procurement processes do not shut out smaller, local organisations.

As part of the above suggestion for WBC to develop its place-shaping role further, it is important that the council considers what the future relationship of the council, partners and the community in Wokingham looks like to meet local need in the medium- to long-term, and develop a shared agenda around this. Furthermore, the council should tap into the resource offered by the community, voluntary sector and partners to help to shape future service delivery and achieve savings.

Suggestions

- Increase transparency around financial reporting
- Develop a medium term financial strategy that provides medium-term planning around future budget envelopes and the nature of required savings
- Broaden the ownership of financial planning – it is a critical council-wide, functional issue, not an issue for the finance department alone.
- Ensure that members have a full range of savings options in front of them, with an understanding of impact
- Consider flexible use of capital
- Undertake a review of the future of WBC's own housing stock

4.5. Capacity to deliver

WBC enjoys enthusiastic, innovative and capable staff and middle managers, who feel supported by senior management who 'walk the talk'. The latest staff survey results were very positive and give a strong sense that the organisation 'looks after' its staff, and this was echoed in our discussions with staff while on site. There are few HR issues, improved levels of attendance, and SMART ways of working have delivered significant savings for the council.

The council's approach to organisational development is supporting a committed workforce to develop and remain with the council, and WBC has a strong record on 'growing their own'. There is a strong awareness of key skills gaps for the authority and the council has actively managed recruitment and retention issues, tailoring approaches for some of these, for example career paths for planners, special terms & conditions and benefits for children's social workers (praised by Ofsted), and apprenticeships. There are also successful collaborative working initiatives in place across Berkshire to avoid local councils 'poaching' key staff from neighbouring boroughs. This work could be widened to address workforce recruitment and retention across the public sector, for example recruiting teachers, identifying more key worker housing.

WBC is now embarking on an innovative 21st Century Public Servant organisational development programme, which will develop a clear vision and direction for WBC workforce and members. This should explore how to align workforce to productivity and outcomes, and begin to address what the '21st Century Elected Member' looks like for WBC and how the council can support members on this aspect of the transformation programme.

WBC has strong relationships with some partners and voluntary and community sector (VCS) organisations resulting in good examples of delivery, for example adult social care maximising opportunities around coproduction. There are further opportunities to explore closer working with partners such as town and parish councils, VCS organisations, fire and police services. There is a need for the council to demonstrate to partners how much it values them, to build trust and reinforce the sense of working together as equal partners.

The early conclusions from the VCS Review (which was yet to report when the team was on site) were that the local VCS was delivering high quality services and value for money. The council should consider how it can work with the VCS to capitalise on this to increase the local capacity to deliver. Key to this will be to ensure that there is strategic leadership of the council's relationship with the VCS (for example a single point of contact) and that the council acts as a responsible partner to the sector as far as it can, for example at least 3 months' notice of funding agreements, considering 3-year funding agreements, regular monitoring of delivery against SLAs for grants/contracts with organisations, paying bills on time, involvement in service design and regular engagement. This will support the VCS to have strong and sustainable financial footing.

The issue of elections by thirds was raised with the peer team, with the suggestion that elections every three years out of four was having an impact on the business of the council ("The real business gets done between September and November"). It is not for the Corporate Peer Challenge process to advise a council on its electoral arrangements, but the council should consider whether the electoral cycle does indeed impact adversely on decision-making, and if so how to address this.

Suggestions

- Work with members to develop a programme of development that supports the '21st Century Elected Member'
- Ensure that the impact of staffing reductions are identified and do not undermine the delivery of priorities
- Widen collaborative approaches to addressing workforce recruitment and retention across the public sector
- Identify organisational leadership around relationship with the VCS and ensure a strategic approach to longer-term grant giving and commissioning of the VCS. Consider establishing a Compact between the VCS and the council (and other partners) to set out how all partners will engage with each other

4.6 Preparedness to respond to austerity

It is difficult to take a view on whether the council is well-prepared to respond to the next wave of austerity because WBC's revenue plans are only clear for the short-term.

The council has been bold on numerous occasions to put in place new and innovative models of working, for example parks that are now self-financing, shared services with other councils, and establishing the housing company, and there is clearly a willingness to push this further. Members are increasingly coming to understand the realities of the financial situation and the impact for the council.

However, if all the 'low hanging fruit' has been picked as has been suggested to us, the council needs to ensure that the transformation plans have sufficient pace to be able to mitigate the impact of the funding situation anticipated in 2019/20

Furthermore, it is important that WBC thinks about how it can embrace collaboration and multi-agency working across both Wokingham and Berkshire to deliver further

change at scale and pace. The council must ensure that it has the right partners in place, that there is clarity about the role of the council and the role of partners in delivering a shared vision, so that all players are making the best contribution they can. WBC also needs to consider whether it is being open enough with partners: Is there a shared understanding of each other's priorities (and to what extent are these shared priorities) and each other's challenges (including scale of financial challenge) to explore opportunities to effective joint working?

Wokingham is asset rich as a locality and the council should consider whether it is making the most of those assets. Wokingham also had a low dependency community and a wealthy population that potentially could pay more and take on more to retain the services they feel they need. WBC should consider how to start this conversation with the local community.

5. Next steps

Immediate next steps

We appreciate you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the Council wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Mona Sehgal, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Her contact details are 07795 291006/ Mona.Sehgal@local.gov.uk.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA peer challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 12-24 months.

Appendix B – Corporate Peer Review Action Plan

Area for Improvement	Activity	How progress is being monitored (for review at CLT – 20/9)
<p>Understanding of the local place and priority setting</p>	<p>1.1 For the council, review the vision and priorities to develop a more specific direction to help inform the difficult decisions to be made.</p> <p>1.2 Consider whether you have the right strategic partnerships – with the right partners – in place to support delivery of priorities</p> <p>1.3 Design engagement with the voluntary and community sector in a way that promotes an ongoing, healthy and productive dialogue – as equal partners.</p>	<p>Through the C21C programme clear areas for ongoing scrutiny around cost and opportunity have been identified for work to support the 3-year financial plan. 12 themes identified within the programme, for detailed examination</p> <p>Role of, and relationships between key partnerships is under consideration, and an emerging ‘Resilient Wokingham’ Strategy will provide an over-arching strategic intent. Outcomes of the Peer Challenge into the Health and Wellbeing Board also shaping partnership</p> <p>Work undertaken with Involve to create a better and stronger platform for engagement and dialogue</p>
<p>Leadership of place</p>	<p>2.1 Develop with partners a long-term vision for the Borough and clarify the roles of the council, partners, and the community roles to deliver this.</p> <p>2.2 Build on the strong start made on public</p>	<p>See above, plus An updated Economic Strategy has been approved and is being implemented. We have strong strategic and working links with the LEP</p>

	<p>consultation and engagement.</p> <p>2.3 Following the publication of the Skills Priority Statement, are you confident you are addressing any skills gaps in the area, not just for Council workers?</p> <p>2.4 Develop a joined up public sector campaign to promote Wokingham as a great place to work to support public and private sector recruitment</p> <p>2.5 Prioritise exploring increased joint working across Berkshire.</p>	<p>Lessons learned from first year: second round of engagement events scheduled and planned</p> <p>This work is addressed in the Economic Development Action Plan. We will be addressing the needs/gaps through this route, with work already underway in relation to hospitality, construction and STEM subjects.</p> <p>Outstanding: Council's Leadership Team to explore approach 10/16</p> <p>WBC has led the way in promoting and hosting shared services, and will continue to do so.</p>
3 Organisational leadership and governance.	<p>3.1 Further clarify roles and responsibilities of members and officers – is the risk that unnecessary escalation of decision-making to members stifles innovation?</p> <p>3.2 Consider how overview and scrutiny can add value in light of the political context</p> <p>3.3 Explore options for member development</p>	<p>Member-officer roles and relationships are currently clear and strong. 'Joint Board' works effectively as to individual lead member-director links and communications</p> <p>New O&S Chair: root and branch review planned to deliver enhanced scrutiny function</p> <p>Programme to be reviewed in the light of</p>

	<p>3.4 CLT and Executive Members need to demonstrate ownership of performance management, and staff development should be clearly linked to productivity and achievement of corporate outcomes</p> <p>3.5 Celebrate success – shout from the rooftops!</p>	<p>the 21 Century Council (C21C) changes 1/17</p> <p>New structural arrangements for PM as part of C21C: to be implemented 1-3/16 Improved engagement of Lead Members through 1:1s with Directors</p> <p>Ongoing: local PR still more effective than sector-wide profile-raising. Will be addressed within the C21C programme</p>
4. Financial planning and viability	<p>4.1 Increase transparency around financial reporting</p> <p>4.2 Develop a medium term financial strategy that provides medium-term planning around future budget envelopes and the nature of required savings</p> <p>4.3 Broaden the ownership of financial planning – it is a critical council-wide, functional issue, not an issue for the finance department alone.</p> <p>4.4 Ensure that members have a full range of savings options in front of them, with an understanding of impact</p>	<p>MTFP process changed for 17-18: built around a 3-year plan, CLT and wider leadership group, and Executive members fully engaged</p> <p>See above</p> <p>See above</p> <p>Business case approach adopted for key savings lines. Business cases then considered by members</p>

	4.5 Consider flexible use of capital	Many posts already capitalised. We operate within regulation and make use of capital flexibly where we can
	4.6 Undertake a review of the future of WBC's own housing stock	Review commissioned: has narrowed the options available for the Council
5. Capacity to deliver	5.1 Work with members to develop a programme of development that supports the '21st Century Elected Member'	This will be taken forward by the C21C Member-Officer Working Group, building on the recent InLogov (Birmingham Uni.) publication 'The 21 st Century Councillor'
	5.2 Ensure that the impact of staffing reductions are identified and do not undermine the delivery of priorities	C21C programme includes risk assessments: for the programme and for each directorate in transition. Staffing issues addressed and mitigation in place
	5.3 Widen collaborative approaches to addressing workforce recruitment and retention across the public sector	It proves difficult to establish collaboration with partner LAs with whom we are competing for staff. Workforce issues a key consideration for the STP work with NHS
	5.4 Identify organisational leadership around relationship with the VCS and ensure a strategic approach to longer-term grant giving and commissioning of the VCS. Consider establishing a Compact between the VCS and the council (and other partners) to set out how all partners will engage with each other	Picked up by Head of Strategic Commissioning. Compact to be complete 3/17. VCS to be involved directly in the emerging Resilient Wokingham strategy and work programme

<p>6. Responding to austerity</p>	<p>6.1 Adopt transformation plans with sufficient pace to be able to mitigate the impact of the funding situation anticipated in 2019/20.</p> <p>6.2 Embrace collaboration and multi-agency working across both Wokingham and Berkshire.</p> <p>6.3 Review whether the Council is making the most use of its assets.</p> <p>6.4 Consider how best to start a conversation with the local community about charging for services and self-reliance.</p>	<p>C21C programme achieves this</p> <p>We are actively engaged in this already where opportunities emerge. WBC has 'led the charge' for the establishment of shared services</p> <p>Asset Review programme underway. WBC also lead agency for One Public Estate bid, leading partnership of 6 Las, Police, Fire, Health, Gov't Property Unit</p> <p>We are picking this up in the 16-17 round of budget consultation events</p>
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TITLE	Woodley Town Centre (North Precinct) Improvement Programme
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	Bulmershe and Whitegates
DIRECTOR	Josie Wragg, Interim Director of Environment
LEAD MEMBER	Angus Ross, Executive Member for Environment

OUTCOME / BENEFITS TO THE COMMUNITY

Improved community and recreational facilities within Woodley precinct along with aesthetic enhancements that will encourage; greater footfall, improved perception, reduce fear of crime and potentially encouraging economic development.

RECOMMENDATION

That the Executive:

- 1) agrees to the release of £250,500 of Section 106 (s106) contributions (from Woodley developments only) to fund the regeneration proposals for Woodley Town Centre;
- 2) notes the approval of third party funding of £90,000 as outlined in the financial section of the report.

SUMMARY OF REPORT

The north end of Woodley precinct has suffered from a lack of footfall due to limited investment and facilities. A partnership project has brought together key stakeholders in the area to design and fund a scheme to enhance the area, drive up footfall and increase the potential for economic development.

Wokingham Borough Council WBC, Woodley Town Council (WTC) and Woodley Town Centre Management Initiative (WTCMI) have created a proposal and obtained commitment of up to £90,000 from other funding sources that will enable the regeneration to take place with the help of £250,500 of s106 contributions all from developments in the Woodley area. These contributions were earmarked for the scheme in 2015 but now need formal approval for release.

A delivery committee was established in 2015, which includes the Executive Member for Environment, Councillor Angus Ross. This committee will oversee the completion of the work, delivered through the WBC Capital Programme Team.

Background

Woodley precinct is divided into two areas, north and south, split by the disabled parking bays. The north end is cluttered with a mismatch of street furniture which restricts the use of the space, and hosts a 1970's style pagoda which has low usage due to its lack of flexibility.

The area has limited footfall compared with the popular south end, and is generally considered an area to walk through with little to encourage shoppers to stop, linger and browse.

Woodley Town Council have led discussions on the design and regeneration of this area with other stakeholders, including; WTCMI, WTC and other user groups.

Funding has been made available from a variety of sources. The WTCMI offered £30,000 to support improvement of the north end of the precinct and received an addition £10,000 from Mary Portas Town Team funding in 2014. In 2015 WBC also identified and earmarked £250,500 in s106 contributions to support improvement works.

A delivery committee was established in 2015 combining representatives from all main stakeholders, including the WBC Executive Member for Environment (Cllr Angus Ross). The committee has produced and costed a brief to deliver the following improvements;

- Removal of the existing pagoda and replacement with a new multi-use performance shelter in a new location adjacent to the pub car park. This will provide the flexibility and space for commercial or larger community events.
- Removal of the old street furniture and replacement with new coordinated street furniture to complement the brushed steel benches already installed in the south precinct, while enhancing the lighting of the area. This will bring the north end up to the standard of the southern end, make the area more welcoming and in keeping with the overall design of the precinct.
- Position the street furniture to create a family / community zone with play markings so families have a place to meet and linger. This will provide space to attract people in to the area, and support greater footfall and opportunity for businesses.
- Create a flexible open space that can be used for community and commercial events e.g. concerts, pop-up dining etc. This will provide a space to support local priorities and initiatives, provide an addition attraction to draw footfall and provide an opportunity to generate income.

Analysis of Issues

The works incorporate a number of small projects covering services across the Environment Directorate, which will regenerate the northern precinct. Each project is relatively small, but overall will have a significant impact on the look, feel and function of the north end of the precinct.

The space will become warm and inviting during the winter months through the creative use of lighting, while making it look and feel safer and so increasing footfall and with it the viability of the businesses in and around that area. The addition of a space for children will also support this, adding a new attraction to draw people in.

In addition, the works will provide a flexible community space that will be managed and maintained by WTC, allowing an additional range of events and activities that will bring people in to the space and support other agendas e.g. health, wellbeing, income generation, and community interests.

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)	£340,000	Yes	s106 and 3 rd party contributions
Next Financial Year (Year 2)	£0	£0	N/A
Following Financial Year (Year 3)	£0	£0	N/A

Other financial information relevant to the Recommendation/Decision

In addition to the s106 contributions, which are from developments within Woodley, there is additional funding, including;

- £30,000 from WTCMI
- £10,000 from Mary Portas
- £50,000 from Woodley Town Council (to be confirmed)

As per finance regulation 12.1.17.8, the Director of Finance and Resources and the Director of Environment approve the allocation of the additional 3rd party funding to this project, £90,000 in total.

The costs for managing the project as well as any associated costs, such as planning permission or licenses, have been factored into the budget.

Cross-Council Implications

There are implications across Environment, Leisure and Highways services, all of which have been involved in the design and planning stages, and will be included in delivery of the works.

There are also implications on the Capital Programme Team (part of Operational Property) who will project manage the delivery of the works.

List of Background Papers

N/A

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Date: 14 October 2016	Version No.: 1.0

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TITLE	Acquisition of Property (Toutley Cottage) to enable the North Wokingham Distributor Road
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	Emmbrook, Evendons, Norreys and Wescott
DIRECTOR	Graham Ebers, Director of Finance and Resources Josie Wragg, Interim Director of Environment
LEAD MEMBER	Malcolm Richards, Executive Member for Highways and Transport Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME / BENEFITS TO THE COMMUNITY

Facilitates the route delivery of the North Wokingham Distributor Road (NWDR) required as traffic mitigation for the North Wokingham Strategic Development Location (NW-SDL).

RECOMMENDATION

Executive is recommended to agree:

- 1) the voluntary acquisition of Toutley Cottage as set out in this report;
- 2) to approve a virement of £301k from the Winnersh relief road scheme;
- 3) to note that there is no impact on the ongoing scheme and design to the Winnersh Relief Road as a result of this virement.

SUMMARY OF REPORT

The Executive at its meeting on 24th September 2015 approved the final route of the NWDR which indicated that Toutley Road would form the route between Old Forest Road and the Matthewsgreen development. This requires the acquisition of Toutley Cottage in order to construct the route. Voluntary acquisition is in the interest of the owner and his current tenant and reduces risk to the Council. There is no impact on the ongoing scheme and design to the Winnersh Relief Road as a result of this virement.

Background

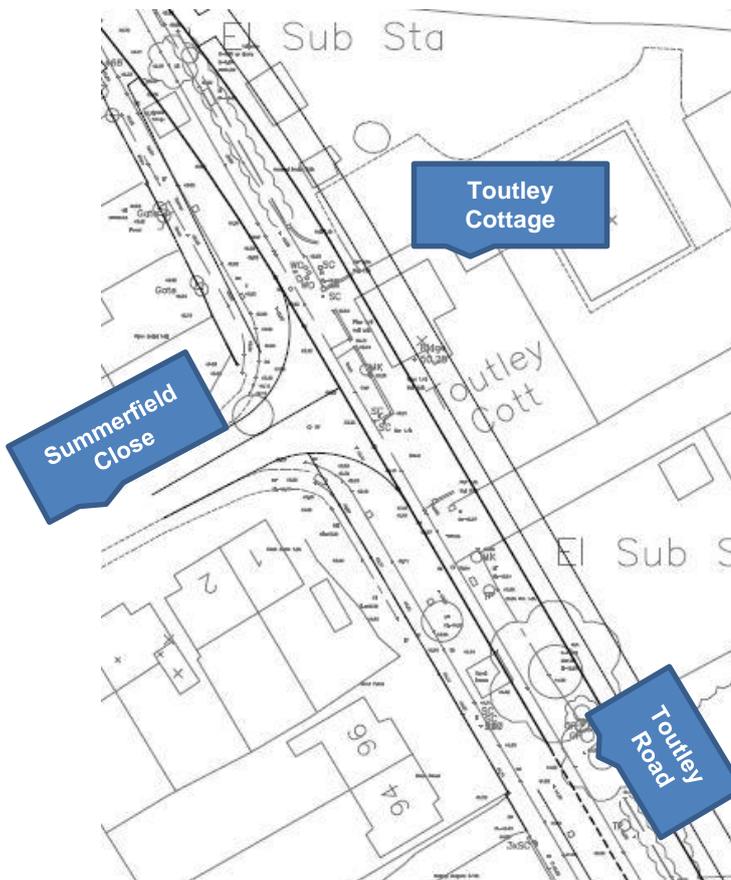
North Wokingham SDL was conceived in the 2010 adopted Core Strategy, which designated 1500 dwellings with associated infrastructure including traffic mitigation. Subsequently the Executive agreed that there should be a North Wokingham Distributor Road as the preferred transport solution.

The Executive at its meeting on 24th September 2015 approved the final route of the NWDR which indicated that Toutley Road would form the route between Old Forest Road and the Matthewsgreen development.

The Council is responsible for delivering the western section of Toutley Road and the proposed new highway alignment runs directly through Toutley Cottage. The owner of the cottage and the current tenant now face a future where the Council has committed to the demolition of the property and the owner has indicated a willingness to address this uncertainty sooner rather than later.

The Strategic Assets Manager was requested to progress a deal for consideration. This has been undertaken internally by the Council's acquisitions surveyor (RICS registered).

Other land is required for the Toutley Road section of the NWDR and discussions are on-going separately with those land owners.



Proposed NWDR route at Toutley Cottage

Analysis of Issues

The approved route for delivery of the Toutley Road section of the NWDR includes the demolition of Toutley Cottage and in the interests of the owner and his tenant it is sensible to progress this acquisition now.

Financial information relating to the acquisition of the property can be found in the Part 2 sheet.

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)	As set out in the Part 2 sheet	Yes	Capital
Next Financial Year (Year 2)	0	-	
Following Financial Year (Year 3)	0	-	

Other financial information relevant to the Recommendation/Decision

There is no direct budget for highway scheme land acquisition in 2016/17.

The Winnersh Relief Road Phase 2 major scheme budget has a budget in year of £750,000 with a spending requirement of approximately £450,000. The future year budgets for this scheme are expected to remain unchanged at this stage.

Cross-Council Implications

Delivery of the NDR facilitates housing and addresses congestion.

Reasons for considering the report in Part 2

The Part 2 sheet contains information relating to the financial and business affairs of the owner of the property.

List of Background Papers

None

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Date 17 October 2016	Version No. 6

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