

3 March 2017

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

Your contact is: Simon Hill - Committee Services

**NOTICE OF MEETING - POLICY COMMITTEE - 13 MARCH 2017**

A meeting of the Policy Committee will be held on Monday 13 March 2017 at 6.30pm in the Council Chamber, Civic Offices, Reading. The Agenda for the meeting is set out below.

*Please Note - the Committee will first consider items in closed session. Members of the press and public will be asked to leave the Chamber for a few minutes.*

**ITEMS FOR CONSIDERATION IN CLOSED SESSION**

The following motion will be moved by the Chair:

“That, pursuant to Section 100A of the Local Government Act 1972 (as amended) members of the press and public be excluded during consideration of the following items on the agenda, as it is likely that there would be disclosure of exempt information as defined in the relevant Paragraphs of Part 1 of Schedule 12A (as amended) of that Act”

<u>ACTION</u>	<u>WARDS AFFECTED</u>	<u>PAGE NO</u>
1. DECLARATIONS OF INTEREST FOR CLOSED SESSION ITEMS	-	-
2. ABBATOIRS ROAD  Councillor Lovelock / Director of Environment and Neighbourhood Services	ABBEY	A1
3. HOMES FOR READING: MOBILISATION, FUNDING AND BUSINESS PLAN  Councillor Page / Director of Environment and Neighbourhood Services and Director of Finance	BOROUGHWIDE	A8

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## ITEMS FOR CONSIDERATION IN PUBLIC SESSION

### 4. CHAIR'S ANNOUNCEMENTS

### 5. DECLARATIONS OF INTEREST

Councillors to declare any interests they may have in relation to the items for consideration in public session.

### 6. MINUTES

B1

To confirm the Minutes of the Policy Committee meeting on 13 February 2017.

### 7. PETITIONS AND QUESTIONS

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

### 8. DECISION BOOK REFERENCES

### 9. DOMESTIC ABUSE SERVICES: BUDGET AND COMMISSIONING

BOROUGHWIDE

C1

Councillor Lovelock / Director of Environment and Neighbourhood Services

This report sets out a summary of consultation responses to proposals to re-balance investment in Domestic Abuse services by increasing funding for non-accommodation based services and reducing funding for refuge services, in line with benchmarking information, and seeks approval to implement the proposals and award new contracts for the services.

### 10. HOMES FOR READING: MOBILISATION, FUNDING AND BUSINESS PLAN

BOROUGHWIDE

D1

Councillor Page / Director of Environment and Neighbourhood Services and Director of Finance

This report asks the Committee, acting as shareholder of Homes for Reading, to approve: a revised Shareholder Agreement, revised Memorandum and Articles of Association, Business Plan, the appointment of Non-Executive Directors and remuneration.

- |     |   |                                |    |
|-----|---|--------------------------------|----|
| 11. | <b>ACCOMMODATION RATIONALISATION REVIEW - THAMESBRIDGE HOUSE</b>  | <b>CAVERSHAM &amp; WHITLEY</b> | E1 |
|     | Councillor Lovelock / Director of Environment and Neighbourhood Services  |                                |    |
|     | This report sets out a proposal for improvements to Thamesbridge House, which will allow for the relocation of New Directions provision and future release of the Caversham Centre for disposal.                        |                                |    |
| 12. | <b>PLANNING APPLICATIONS - FEE INCREASE</b>   | <b>BOROUGHWIDE</b>             | F1 |
|     | Councillor Page / Director of Environment and Neighbourhood Services  |                                |    |
|     | This report seeks approval to accept a Government proposal to increase planning fees by 20% from July 2017 if the receiving Council commits to invest the additional income in their planning services.                 |                                |    |
| 13. | <b>BUILDING BETTER OPPORTUNITIES - STRONGER TOGETHER PARTNERSHIP (WEST OF BERKSHIRE UNITARY AUTHORITIES)</b>  | <b>BOROUGHWIDE</b>             | G1 |
|     | Councillor Lovelock / Managing Director   |                                |    |
|     | This report informs the Committee of an application to deliver a Big Lottery-funded £1.3 million Building Better Opportunities project across the West of Berkshire through a proposed 'Stronger Together Partnership'. |                                |    |
| 14. | <b>CONTRACT AWARD - MEASURED TERM CONTRACTS FOR WORKS TO COUNCIL HOUSING STOCK</b>  | <b>BOROUGHWIDE</b>             | H1 |
|     | Councillor Davies / Director of Environment and Neighbourhood Services  |                                |    |
|     | The report seeks approval for the award of 'measured term' contracts for the provision of various works and materials relating to the repair and maintenance of the Council's Housing Stock.                            |                                |    |
| 15. | <b>BUDGET MONITORING</b>  | <b>BOROUGHWIDE</b>             | J1 |
|     | Councillor Lovelock / Director of Finance   |                                |    |
|     | This report set out the budget monitoring position for the Council to the end of January 2017.  |                                |    |

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## POLICY COMMITTEE MINUTES - 13 FEBRUARY 2017

**Present:** Councillor Lovelock (Chair)

Councillors Davies, Duveen, Eden, Gavin, Gittings, Hoskin, Jones, Page, Skeats, Stevens, Terry and White.

**Apologies:** Councillor Hopper.

### 84. MINUTES

The Minutes of the meeting held on 16 January 2017 were agreed as a correct record and signed by the Chair.

### 85. QUESTIONS

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

	Questioner	Subject	Reply
1.	Roger Lightfoot	Arthur Hill Pool	Councillor Gittings
2.	Phil Vaughan	Arthur Hill Pool	Councillor Gittings
3.	Tom Lake	New Swimming Pools	Councillor Gittings

Questions on the following matters were submitted by councillors:

	Questioner	Subject	Reply
1.	Councillor White	Children's Services Agency Social Workers Overspend	Councillor Gavin

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

### 86. BUDGET 2017-2020

The Corporate Management Team submitted a report setting out the General Fund budget and indicative capital programme for the Council covering the forecast capital and revenue expenditure and resources for 2017/18, and explaining how the 2016/17 budget overspend would be financed. The Committee was asked to make a recommendation to the full Council meeting to be held on 21 February 2017.

The report set out the financial position of the Council, the context for service delivery, national and local financial matters affecting the Council's services for residents and businesses, proposals about how to address these issues, revenue budgets for service delivery, pressures, savings and income generating solutions and proposed fees and charges, the capital programme 2017/20 (which included updates for 2016/17 to reflect recent decisions and progress), proposals for the Housing Revenue Account, the risks associated with the financial position in the short and medium term, and the Equality Impact Assessment of the overall budget.

The following documents were attached to the report:

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Appendix 1a)	Savings and income proposals for 2017/18 agreed in previous years
Appendix 1b)	Savings and income proposals for 2017/18 agree at Policy Committee during 2016/17
Appendix 1c)	Additional savings proposals for 2017-20
Appendix 2)	Calculation of Council Tax
Appendix 3)	Fees and Charges Summary Statement
Appendix 4)	Robustness of Budget Estimates & Adequacy of Balances 2017-18 (Statutory Advice)
Appendix 5)	Treasury Management Strategy Statement
Appendix 6)	General Fund and Summary Cost Centre Budget
Appendix 7)	Capital Programme
Appendix 8)	CIL protocol
Appendix 9)	Dedicated Schools Grant
Appendix 10)	HRA Budget 2017/18

### Recommended -

- (1) That the following, as set out in the report by the Interim Managing Director and Interim Director of Finance and in the Budget Book, noting the Equality Impact Assessment, be approved:
  - a) The Council's General Fund Budget for the period 2017/20 (Appendix 6);
  - b) The specific revenue estimates for 2017/20;
  - c) The capital programme for the period 2017-20 including the 2016/17 update (Appendix 7);
- (2) That it be noted that on 24 January 2017 the Council calculated the Council Tax Base 2017/18 for the whole Council area as 53671 [item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")];
- (3) That the Council Tax requirement for the Council's own purposes for 2017/18 be calculated as £1,490.56;
- (4) That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:
  - (a) £413,593,113, being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act;
  - (b) £333,593,000, being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;

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- (c) £80,000,113, being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(4) of the Act);
- d) £1,490.56 being the amount at 4(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year;
- e) Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
993.71	1159.32	1324.94	1490.56	1821.80	2153.03	2484.27	2981.12

being the amounts given by multiplying the amount at 4(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

- (5) That it be noted that for the year 2017/18 the Police & Crime Commissioner (PCC) for the Thames Valley had stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
113.52	132.44	151.36	170.28	208.12	245.96	283.80	340.56

- (6) That it be noted that for the year 2017/18 Royal Berkshire Fire & Rescue Service had stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands

POLICY COMMITTEE MINUTES - 13 FEBRUARY 2017

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
41.65	48.60	55.55	62.49	76.37	90.26	104.14	124.98

- (7) That, having calculated the aggregate in each case of the amounts at 4(d), 5 and 6 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2017/18 for each of the categories of dwelling shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1148.88	1340.36	1531.85	1723.33	2106.29	2489.25	2872.21	3446.66

- (8) That the savings and income proposals outlined in Appendices 1a and 1b that had been approved at earlier meetings of Policy Committee be noted, and officers be authorised to implement the additional savings proposals outlined in Appendix 1c subject to any necessary consultation and equality impact assessments being undertaken and the outcomes being reported back for consideration by the relevant committee;
- (9) That, after considering the statutory advice of the Interim Finance Director in accordance with S25 of the Local Government Act 2003 on the robustness of the budget adequacy of financial reserves in Appendix 4, summarised in section 5 of the report, the minimum level of General Fund balance to be maintained over the year to 31 March 2018 be set at £5m (Appendix 4);
- (10) That, in the event that the Council decide to set a General Fund balance which was less than that advised by the Interim Director of Finance then the reasons for this difference be recorded in the Minutes of the Council Meeting;
- (11) That the arrangements set out in paragraphs 4.25 to 4.33 in connection with capital receipts, the Council's Equal Pay Provision and the Minimum Revenue Provision to balance the 2016/17 financial position and proposed 2017/18 budget be approved, and the Director of Finance be authorised, in consultation with the Leader and Chairman of Audit & Governance Committee, to determine the final detailed arrangements for 2016/17 in closing the accounts;
- (12) That the Treasury Management and Investment Strategy and the



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Prudential Indicators set out in Appendix 5, and the revised MRP Statement to apply for 2017/18 set out in Annex D of the strategy, be approved;

- (13) That the Community Infrastructure Levy (CIL) protocol as set out in Appendix 8 be approved, but that it be submitted for further detailed consideration to a meeting of the Strategic Environment, Planning and Transport Committee or Policy Committee;
- (14) That the changes to Fees and Charges outlined in Appendix 3 of the report, and set out in detail on the Council's website be approved, and officers authorised to take the action necessary to implement these changes;
- (15) That the Housing Revenue Account budget for 2017/18 set out in Appendix 10 be approved, and the outcome of the consultation with tenant representatives be noted, and that the Head of Housing & Neighbourhoods be authorised to implement the revised rent policy to re-let vacant HRA housing at target (formula) rent on all relets with a tenancy commencement date of 3 April 2017 or later, as explained in paragraphs 4.41 to 4.45 of the report;
- (16) That a 2.0% garage rent increase be approved, in line with normal rent policy. (CPI + 1%).

### 87. PROPOSED SAVING TO HOMELESSNESS PATHWAYS SERVICES

The Director of Environment and Neighbourhood Services submitted a report seeking authorisation to undertake a public consultation on a proposed saving for all Homelessness Support services.

The report explained that the Council commissioned a range of Homelessness Support services, including Homelessness Pathway accommodation to meet the needs of vulnerable single homeless residents and to support the reduction of rough sleeping numbers in the Borough, an Outreach service for rough sleeping in Reading, and a Floating Support service to prevent homelessness. Interim and extended contracts for these services would end between March and June 2018.

A review of Homelessness Support services had been recently undertaken by officers, which would lead to a full competitive tender exercise and implementation of new contracts from 1 April 2018. As part of this process, it was proposed that all Homelessness Support services be reconfigured and a more flexible model of support service adopted to better meet the needs of individuals, in line with current best practice, and to allow savings to be achieved which were consistent with the Council's legal duties. In the context of the Council's financial position, options for reducing spend in this area had been considered, and a saving of £244,550 to reduce the total commissioning budget for Homelessness Support services from £1.49m to £1.25m was proposed.

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Resolved -

That officers be authorised to undertake public consultation on proposals to reconfigure Homelessness Support services in Reading as set out in Section 6 of this report to deliver a target saving in the region of £245,000.

### **88. CONTRACT AWARD - LOWFIELD ROAD TEMPORARY ACCOMMODATION PROJECT, CONSTRUCTION OF 28 TEMPORARY ACCOMMODATION UNITS AT LAND OFF LOWFIELD ROAD IN CAVERSHAM**

Further to Minute 15 of the meeting of the Housing, Neighbourhoods & Leisure Committee on 18 November 2015, the Director of Environment and Neighbourhood Services submitted a report seeking approval for the award of a contract for the provision of 28 Temporary Accommodation units at land off Lowfield Road in Caversham, to provide accommodation for those families currently in bed and breakfast accommodation.

The report explained that expressions of interest had been sought against a specification of the Council's requirements, and six tenders had been received, but that the Council was unable to accept any of the tenders on the grounds that the responses significantly exceeded the available budget, or were not fully compliant with the requirement for a steel construction modular unit. Having tendered unsuccessfully, it was proposed to negotiate a contract directly with a potential provider on the basis that the contract was urgently required and value for money was more likely to be obtainable by way of direct negotiation with the potential supplier or contractors than carrying out another tender process.

The report explained that Morris and Blunt Ltd (MBL), who were currently working on the refurbishment of flats at Hexham Road, had been identified as a potential provider. MBL had completed two phases of Hexham Road and were about to start a third, each contract's value was similar to the Lowfield Road requirement, and in addition they were experienced in similar development projects. To establish a link to a competitively tendered project, and therefore value for money, MBL had agreed to use rates already accepted on the Hexham Road project. Scheme completion was now anticipated by late summer, subject to the proposal from the intended contractor.

Resolved -

That Morris & Blunt Limited be awarded a contract for the supply and installation of 28 Temporary Accommodation units and associated groundworks, landscaping and infrastructure at land off Lowfield Road in Caversham.

### **89. CONTRACT AWARD - MANAGED STORE FACILITY FOR THE SUPPLY OF CONSTRUCTION MATERIALS**

The Director of Environment and Neighbourhood Services submitted a report seeking approval for the award of a contract for the provision of a Managed Store Facility for

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the Supply of Construction Materials following a competitive tendering exercise. This largely related to the supply of construction materials to Housing Property Services trades staff for the repair and maintenance of the Council's Housing Stock.

The report explained that the Housing Property Service teams managed approximately 5,600 Council properties throughout the Borough. The Service employed approximately 55 trades operatives who carried out a range of repairs and maintenance works to the Council Housing stock. The contract for procurement of constructions materials required for these works had come to an end, and a re-tender exercise had been carried out. The evaluation of the tenders was complete and the report sought authority to award the contract to the successful tenderer.

**Resolved -**

**That the Director of Environment and Neighbourhood Services be authorised, in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal & Democratic Services, to award a contract to Travis Perkins Trading Company Limited for the provision of a Managed Store Facility for the Supply of Construction Materials for an initial period of 5 years with an option to extend for two further consecutive periods each of 2 years in accordance with the Public Contracts Regulations 2015.**

### **90. REVIEW OF CARE AND SUPPORT CHARGING AND FINANCIAL ASSESSMENT FRAMEWORK - INFORMATION REPORT**

The Director of Adult Care and Health Services submitted a report setting out information on a review of the Charging and Financial Assessment Framework for Adult Care and Support.

The report stated that the Council had consulted on and implemented a Charging and Financial Assessment Framework for Adult Care and Support as part of implementing the Care Act 2014 in Reading. A review of the Framework had been carried out as part of the Adult Social Care Transformation programme, and the report summarised proposed changes including proposals that had gone out to public consultation regarding Removing allowances and disregards from the Financial Assessment, Assistive Technologies and Telecare, Respite breaks/short stays in registered care homes, and Meals and refreshments provided at council day centres.

The report explained that the outcome of the consultation and the recommended amendments to the Framework would be submitted to the meeting of the Adult Social Care, Children's Services and Education Committee on 20 March 2017, for implementation from 1 April 2017. The proposed changes, if agreed and fully realised, would result in estimated additional annual income of £630,336.

**Resolved -**

**That the report be noted and it be noted that the meeting of the Adult Social Care, Children's Services and Education Committee on 20 March**

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2017 would make a final decision on the Charging and Financial Assessment Framework for Adult Care and Support in the light of the outcome of the consultation.

### 91. BUDGET SAVING PROPOSAL - CONSULTATION RESULTS FOR THE REMOVAL OF THE READYBIKE SUBSIDY

The Director of Environment and Neighbourhood Services submitted a report seeking approval to carry out a procurement process to identify a contractor to operate the Readybike scheme without a Council subsidy, in line with a budget savings proposal agreed by the Committee on 18 July 2016 (Minute 21 refers).

The report summarised the responses to a public consultation on the proposal to remove subsidy from the Readybike scheme, and an Equality Impact Assessment on the proposal was attached at Appendix 1. The report explained that the Council had invited expressions of interest to assess the level of interest from contractors to operate and maintain the Readybike scheme with no financial support from the Council. The invitation had specified that the contractor would be expected to utilise existing cycle hire infrastructure and to operate ReadyBike as a self-financing scheme funded by commercial income or alternative funding sources, such as but not limited to scheme sponsorship and advertising. Two expressions of interest had been received.

The report stated that the existing contract to operate the scheme had a six month notice period, and it was therefore recommended that notice be given to the current contractor and that a full procurement exercise be undertaken during the notice period to secure a suitable contractor to operate the scheme beyond the existing contract. If a suitable contractor could not be identified to operate the scheme commercially, ReadyBike would cease to operate beyond summer 2017.

Resolved -

- (1) That notice be given on the current contract for the operation of the ReadyBike cycle hire scheme;
- (2) That a full procurement process be undertaken to identify a suitable contractor to operate the scheme commercially without a Council subsidy, in line with the previously agreed budget saving proposal;
- (3) That the Director of Environment and Neighbourhood Services be authorised, in consultation with the Lead Councillor for Strategic Environment, Planning and Transport, the Head of Legal & Democratic Services and the Head of Finance to enter into contract for the operation of the Readybike scheme if a suitable contractor could be identified.

### 92. SCHOOL ADMISSIONS ARRANGEMENTS 2018/19

The Director of Education, Children And Early Help Services submitted a report

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asking the Committee to determine the admissions arrangements for community primary schools in Reading for the school year beginning in September 2018, and the coordinated schemes for primary and secondary schools. The report also sought approval for the proposed Relevant Area for admission policy consultations.

The report explained that the Admission Policy for Community Primary, Infant and Junior Schools 2018-2019, attached to the report at Annex A, had no significant changes from the agreed proposals for 2017/18. The Primary School Co-ordinated scheme, attached to the report at Annex B (with catchment area maps at Annex C) and the Secondary School Co-ordinated scheme, attached at Annex D, had been changed to reflect appropriate dates.

The report noted that the current admission policy had been adapted for the 2016 entry to community schools, and that it had not yet been possible to collate meaningful comparable data on the impact of changes, as the policy had only been through one complete admissions round. The School Admissions Forum had approved a decision not to consult on the admissions policies for 2018/19 entry, and this complied with the School Admissions Code (2014) as there were no significant changes to the admissions policy.

The Relevant area, attached to the report at Annex E, outlined the organisations that must be consulted on admissions arrangements by all schools in Reading. The arrangements complied with a statutory Code on School Admissions 2014.

**Resolved -**

- (1) That the scheme attached at Annexes A, B and C be determined as the admissions arrangements for community schools in Reading and the local arrangements for complying with the national co-ordinated primary school admission procedures for the allocation of primary school places for residents of Reading Borough;
- (2) That the scheme attached at Annex D be determined as the local arrangements for complying with the national coordinated secondary admissions procedure for the allocation of secondary school places for residents of Reading Borough;
- (3) That the relevant area attached in Annex E, setting out the organisations that must be consulted on admissions policy, be approved.

(The meeting started at 6.30pm and closed at 7.25pm).

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 MARCH 2017	AGENDA ITEM:	9
TITLE:	DOMESTIC ABUSE SERVICES: BUDGET AND COMMISSIONING		
LEAD COUNCILLOR:	CLLR LOVELOCK	PORTFOLIO:	LEADERSHIP
SERVICE:	HOUSING AND NEIGHBOURHOODS	WARDS:	BOROUGHWIDE
LEAD OFFICER:	SARAH TAPLISS	TEL:	0118 9373203
JOB TITLE:	SERVICE DEVELOPMENT OFFICER	E-MAIL:	<a href="mailto:Sarah.Tapliss@reading.gov.uk">Sarah.Tapliss@reading.gov.uk</a>

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Council currently has three separate contracts for the provision of Domestic Abuse services in the town for refuge, family support services, training for GPs and a grant allocation for outreach support/drop-in.
- 1.2 It has been agreed that budgets across all service areas will be pooled to enable a holistic commissioning approach and joint re-tender for Domestic Abuse services.
- 1.3 In light of the Council's financial situation, the budget for the procurement of Domestic Abuse services has been reviewed and options for future commissioning within a reduced budget in this area have been considered. In line with the Community Safety Partnership's Domestic Abuse Strategy 2015-18 and benchmarking data comparing levels of provision in Reading with other areas, it is proposed that there will be a shift in focus and funding away from support within refuges and towards non-accommodation-based preventative and Outreach support.
- 1.4 Reading currently has 25 refuge places in the town, which at 16.1 per 100,000 population, is significantly more than any other LA in the Thames Valley. The average across the areas that provide any refuge spaces is 7.4 beds per 100,000 population, and across all areas it is only 4.8. To be in line with the average Reading would be required to provide 11.6 refuge places or 7.5 refuge places depending on the comparison used.
- 1.5 Refuge places are generally accessed by women from out of area as the majority of those fleeing domestic violence need to relocate for their own safety. Locally, 80% of refuge beds are accessed by women from outside the Reading area and occupation levels are typically 85-90%.
- 1.6 This proposal is therefore intended to maintain provision for local referrals and also maintain an important contribution to the national pool of refuge provision which relies on a principle of reciprocity.
- 1.7 A consultation was completed in relation to this proposal between 11<sup>th</sup> January and 10<sup>th</sup> February 2017. 120 online responses were received as well as a petition signed by 700 individuals protesting the proposed funding reduction. In addition two public drop-in sessions took place with a total of 13 people attending and two specific

sessions with a total of 30 services users were held. The report summarises the feedback provided and a more detailed analysis is attached at Appendix 2.

- 1.8 Further to consultation, it is still proposed that investment in commissioned provision is rebalanced towards non-accommodation based support services in order to meet a growing demand. This will result in a reduction in the number of Council-funded refuge places from 24 to 15 and reducing the funded weekly hours of support per household within those refuge places - both in line with benchmarking data. This will enable an increase in the budget for non-accommodation based support services and would deliver a £58,000 saving against the total Domestic Abuse services budget. Combined with previous reductions that have been agreed, this would result in a total budget of £345,000, a 22% reduction in spend in comparison to the current 2016/17 budget for Domestic Abuse services.
- 1.9 Many respondents to the consultation raised concerns in respect of a reduction in the local contribution to refuge provision nationally (whilst recognising disparities and inequity in levels of funding across Authorities) However, it should be noted that women fleeing domestic violence who may be unable (or may not wish) to access a refuge bed and don't have anywhere to live can apply to any Council for help as a homeless person. In most cases, that Council has to provide accommodation immediately while it makes enquiries into the household's situation and determines whether it has a duty to accommodate them permanently.
- 1.10 Reading Borough Council has also successfully submitted a partnership bid for short-term Government funding and £131,000 has been awarded including £56,000 for additional specialist refuge places for the Thames Valley. The funding will also provide specialist support for professionals in respect of Honour Based Abuse or Forced Marriage across the Thames Valley, and will fund a review of service requirements.
- 1.11 Two new contracts will be procured for all Domestic Abuse services with start dates of 1<sup>st</sup> October 2017. It is proposed that the reduced refuge contract will be negotiated directly with the existing provider to avoid an additional financial risk to the Council. A provider for all non-accommodation based services will be procured via competitive tender exercise.
- 1.12 In order to maintain services until the start of the new contract, it is proposed that two of the existing contracts (with the value of the refuge contract stepping down in July) and the agreed grant arrangements are extended until the 1<sup>st</sup> October 2017.
- 1.13 Appendix 1 - Equality Impact Assessment for options outlined in this report.  
Appendix 2 - Consultation Summary Report

## 2. RECOMMENDED ACTION

- 2.1 That Policy Committee note the summary of the consultation responses as set out in appendix 2.
- 2.2 That Policy Committee endorses the rebalancing of investment - increasing funding for non-accommodation based Domestic Abuse services and reducing funding for refuge services in line with benchmarking information, which will deliver an overall saving of £58,000 p.a.
- 2.3 That Policy Committee resolves to award a contract to provide support at 15 refuge places to Berkshire Women's Aid for an initial period of 3 years, with an option to extend for two further consecutive periods each of 1 year, with a start date of 1<sup>st</sup> October 2017, and that authority is delegated to the Director of

Environment and Neighbourhood Services, in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal and Democratic Services, to finalise the negotiated terms of the contract with Berkshire Women's Aid.

- 2.4 That Policy Committee provide delegated authority to the Director of Environment and Neighbourhood Services, in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal and Democratic Services, to award the contract for non-accommodation based Domestic Abuse services for an initial period of 3 years with an option to extend for two further consecutive periods each of 1 year.
- 2.5 That Policy Committee agree to the extension of the existing grant arrangements, Family Choices contract and refuge contract until 1<sup>st</sup> October 2017.

### 3. POLICY CONTEXT

#### Domestic Abuse

- 3.1 Reading's Domestic Abuse Strategy 2015-18 outlines Reading's focus for tackling domestic abuse over the three year period. Reading provides a good range of services and support for victims of domestic abuse. However, activity data indicates that the number of reported incidents of domestic abuse in Reading remains above average for the Thames Valley area. The strategy aims to continue to improve the offer for those experiencing domestic abuse and their families and deliver the best possible coordinated response to the challenge of domestic abuse in Reading.
- 3.2 The strategy identifies four key areas of focus:
- **Encouraging people to seek support earlier** - improving information, education and prevention
  - **Providing the right response first time** - improving identification, encouraging disclosures and ensuring an appropriate immediate response.
  - **Having the right services available** - improving support to move from victim to survivor or to change abusive behaviour.
  - **Understanding of the challenges in our town** - improving data analysis and community engagement.
- 3.3 Reading Borough Council has a strong history of providing refuge provision in the town for those experiencing domestic abuse. There is a reciprocal nature to refuge provision as the majority of those fleeing domestic abuse need to be accommodated out of area for their own safety. However, with Local Authorities (LA) finances under increasing pressure a number of Authorities have reduced or ceased all provision on the basis that it doesn't meet local need and have redirected funding to other priorities. This is creating a national shortage and there are calls for a national system to fund provision.
- 3.4 Reading currently has 25 refuge places in the town, which is significantly more per 100,000 population (16.1) than any other LA in the Thames Valley and also Southampton who were included in the benchmarking exercise. The next highest is Milton Keynes who provide 11 units per 100,000 population. The average across the areas that provide any refuge spaces is 7.4 beds per 100,000 population, and across all areas it is 4.8. To be in line with the average Reading would be required to provide 11.6 refuge places or 7.5 refuge places depending on the comparison used. Locally, 80% of refuge beds are accessed by women from outside the Reading area and occupation levels are typically 85-90%.



- 3.5 Recent activity data in relation to domestic abuse indicates a significant increase in referrals for non-refuge based support such as Outreach support, support through the Criminal Justice System and support to break the cycle of abuse. 2015/16 saw a 28% increase in referrals to BWA for Outreach services in comparison to the previous year, and an equal increase was seen in the number of referrals to the Multi-Agency Risk Assessment Conference (MARAC) which considers high risk domestic abuse cases. In addition, a number of support services within the Local Authority and wider partnership, for example Children's Social Care, have seen a significant increase in demand for services as a result of domestic abuse. In many ways this is a positive change, especially as Police crime reports have not increased at the same pace, as it indicates more people are seeking support, and seeking support earlier, to stop or reduce any domestic abuse they are experiencing. However, this increase in demand needs to be managed within challenging financial constraints.

### **The Council's Financial Position**

- 3.6 To contextualise, continued reduction in Government revenue support grant to Local Authorities coupled with rising demand has placed severe pressure on the Council's budgets. This has meant that, although the Council has agreed just over £70m savings in the period 2010 to 2016, there is a continuing budget gap of £44m over the next three years. This presents a very significant challenge to the Authority and means that it is facing unpalatable decisions and unprecedented cuts to services.

## **4. THE PROPOSAL**

### **Current Position:**

- 4.1 In the current financial year RBC has three separate contracts and a grant funding agreement, funded by different service areas, for the provision of Domestic Abuse services in the town. These contracts plus the grant total £440,000 and the largest contract covers the refuge provision (£254,000).
- 4.2 New contract arrangements are due to be implemented in 2017 and the budgets across all services areas will be pooled to enable two new contracts to be awarded in relation to Domestic Abuse services. Contributions from the different services areas into the pooled budget for 17/18 were previously expected to total £403,000, reflecting reductions in budget already agreed via the Voluntary Sector Grants review in 2015 and a 20% reduction to the 'Family Choices' contract already approved as a saving at the July 2016 Policy Committee. These reductions result in the overall budget for Domestic Abuse services in 17/18 being reduced by £37,000 (8%) in comparison to 16/17.

### **Options Proposed**

- 4.3 As stated above, Reading Borough Council funds significantly in excess of the average number of refuge beds per 100,000 population when compared to other Authorities. Meanwhile, demand for non-accommodation based support services is increasing. The Council therefore proposes to rebalance investment in commissioned provision to align with strategic priorities and deliver a saving.
- 4.4 It is proposed that funding for support at the refuge provision is significantly reduced from the current level of £254,000 to c. £90,000 in line with benchmarking data. This reduction would be achieved by reducing the funded weekly hours of support per household within the refuge; by a reduction in refuge places; and by paying a more competitive hourly rate - all in line with benchmarking data.

- 4.5 This level of funding would support circa 15 refuge places in the town, 4 of which would be specialist provision for women from the Asian Community (reduced from 8). The number of support hours would reduce from 10 per week, per household, to either 6 or 7.5 (the latter for those in specialist provision).
- 4.6 This proposal is intended to maintain provision for local referrals and also maintain a contribution to the national pool of refuge provision which relies on a principle of reciprocity.
- 4.7 This does not mean that the number of refuge places in Reading will necessarily reduce, this is a matter for the incumbent provider and the availability of alternative funding, only that the number of commissioned refuge spaces where support is funded by the Council will reduce. Reading Borough Council has recently submitted a partnership bid to the Department for Communities and Local Government (DCLG) and has been successful in obtaining funds that can maintain support for additional refuge places to serve the Thames Valley.
- 4.8 The reduction in funding for refuge accommodation will enable an increase in the budget for non-accommodation based support and services to help meet the increasing demand, and a £58,000 saving against the total Domestic Abuse services budget.
- 4.9 The overall annual budget for Domestic Abuse services would be £345,000. This represents a further 14% reduction in the budget for Domestic Abuse services and combined with the £37,000 reduction set out above would result in a total reduction of £95,000 (22%) in budget for Domestic Abuse services for 2017/18 in comparison to 2016/17.
- 4.10 The remaining budget of c. £255,000 would fund non-accommodation based services in line with the Council's strategic commitment. This would include, but not be limited to:
- Outreach/specialist IDVA<sup>1</sup> support for people experiencing abuse to help them safeguard themselves and their families
  - Drop in services
  - 'Breaking the cycle' support (including support for the whole family: perpetrator, person experiencing abuse and any children or young people affected; individual or group work)
  - Training/ support for Council staff and the voluntary sector
  - Raising awareness of the impact of domestic abuse and the services available
  - Specialist training for GPs to increase identification and referrals
  - Specialist work with children and young people affected by domestic abuse
  - Universal work with young people to educate on the importance of healthy relationships
  - Administrative support/helpline

### Consultation Summary

- 4.11 This proposal has been subject to public consultation between 11<sup>th</sup> January and 10<sup>th</sup> February 2017. 120 online responses were received, two public drop-in sessions took place with a total of 13 people attending, and two specific sessions with a total of 30 services users were held. A petition has also been organised with over 700 signatures protesting the proposed reductions. Consultation sessions were also held with partner agencies. Of those responding online, 38% identified as a local resident, 21% identified

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<sup>1</sup> *Independent Domestic Violence Advisors (IDVA) focus on high risk clients, supporting them to develop safety management strategies to safeguard themselves and their dependents. A central part of the role involves supporting them to access and navigate through the Criminal Justice System.*

as a current or former user of Domestic Abuse services (or their family member), the remaining 41% of respondents were mainly professionals or volunteers working in Domestic Abuse services or related areas.

- 4.12 The majority of respondents to the consultation raised concerns about the impact of a potential reduction in the number of refuge places available nationally - regardless of local need or who is funding the provision. There is a clear recognition that there is inequity in levels of funding and provision of refuge places across Authorities and there is support for a national model of funding refuge provision to address this. Although there was also support for increasing investment in non-accommodation based services required in order to reflect local need, respondents stated that they believe that a reduction in refuge will result in more women and children staying in unsafe situations as they have no alternative safe accommodation to move to. Respondents may not be aware of the protections afforded by homelessness legislation as detailed at 4.17.
- 4.13 When responding to questions about priorities for future services there was a more varied response. The strongest theme of the consultation was that there is a need for a range of services from prevention activity in schools, crisis intervention and support to break the cycle of abuse. None of the suggested services required for the town were outside of the scope of the proposed specification for services.
- 4.14 The following areas were seen as a priority for non-accommodation based support:
- Telephone support/helpline
  - Outreach support (1:1 emotional support and practical support navigating services such as housing, benefits and help to access legal services and support through the criminal justice process)
  - Support for young people affected
  - Training and support for front line workers to identify signs of abuse
  - Support for perpetrators to change behaviour
- 4.15 Existing and former service users stressed the importance of group work to help talk through their situation and find the confidence to either leave an abusive relationship or avoid repeating the pattern in future relationships. The need for more education for young people to understand the risks of domestic abuse and what a healthy relationship looks like was considered a high priority also.

#### **Other options considered**

- 4.16 Committee could determine not to make the saving, or to direct a different split of funding between the two proposed contracts. However, statutory and voluntary sector agencies have highlighted a clear pressure on non-accommodation support services which are significantly over-subscribed. There is also insufficient resource to support preventative work in schools and with perpetrators which has been reinforced through the consultation. The average level of refuge provision across 17 similar Authorities is 7 per 100,000 population. On this basis, Reading would be supporting a significantly greater than average contribution to the national pool of refuge places.
- 4.17 Women fleeing violence who may be unable to access a refuge bed and don't have anywhere to live can apply to any Council for help as a homeless person (without the need for a local connection to that area). In most cases, that Council has to provide accommodation immediately while it makes enquiries into the household's situation and determines whether it has a duty to accommodate them permanently. In Reading, specialist Outreach support is and will continue to be available to such households through commissioned services. However, it is recognised that refuges provide key,

short-term and intensive support for many women fleeing abuse and this provision will continue to be available in Reading.

#### **PROPOSED COMMISSIONING PROCESS**

- 4.18 It is proposed that as part of the reshape of services there will be two separate contracts, one for the refuge provision and one for all other non-accommodation based services.

#### **Refuge Based Support Contract**

- 4.19 A key risk identified in re-tendering refuge support services is that in the event of the incumbent housing provider being unsuccessful in winning the tender, it is likely that they would continue to provide refuge accommodation options even if there is limited funding for support within the units. This could therefore result in a significant increase, potentially double, in the number of refuge accommodation places in the town as has happened elsewhere. As Reading already has a high level of provision in comparison to the rest of the Thames Valley, double provision would create an increased demand pressure on services.

- 4.20 In order to mitigate this risk it is proposed that a new contract for refuge support provision is awarded to the current provider (BWA) with new terms, as they are the only refuge provider that already has established accommodation in the town. The service for the refuge based support is governed by the Council's Contract Procedure Rules and by the Public Contract Regulations 2015 and is subject to the Light Touch Regime (LTR). As the value of the proposed contract is below the LTR threshold of £589k, it is not required to be advertised in the Official Journal of the European Union (OJEU). Contract Procedure Rule 4(2) permits a contract which is not required to be advertised in OJEU to be awarded without a tender process where demonstrable benefits in service or value for money or price are likely to be obtainable by way of direct negotiation with the potential supplier or contractors and a business case with supporting evidence is approved by the Director/Head of Service.

#### **Non-accommodation based services**

- 4.21 The contract value for non-accommodation based services is £255k a year, £1.275m over the 5 year maximum term (3 years with two one year extensions). This contract will be awarded following an OJEU advertised competitive tender with a start date of 1<sup>st</sup> October 2017. Therefore delegated authority is sought to award the contract to the successful bidder.
- 4.22 The specification for this contract has been developed in partnership with organisations across the Community Safety Partnership and has been shaped by both the public consultation and direct provider engagement.

#### **Extension of existing contracts**

- 4.23 For both procurement exercises, the start date for the new contracts will be the 1<sup>st</sup> October 2017. In order to maintain service continuity until this date, Policy Committee are asked to agree the extension of the existing grant arrangements, the current Family Choices contract and the existing refuge contract - in order to manage the transition this will step down in value in the lead up to the new contract starting.

#### **5. CONTRIBUTION TO STRATEGIC AIMS**

- 5.1 This proposal relates to the following Corporate Plan priorities:

1. Safeguarding and protecting those that are most vulnerable;
2. Providing homes for those in most need;

## 6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 The Domestic Abuse Strategy was consulted on throughout 2015.
- 6.2 The proposal to rebalance investment in services, to reduce the overall budget and prioritisation of services within the new contract were subject to a public consultation between 11<sup>th</sup> of January and 10<sup>th</sup> of February 2017. Please see the main body of the report.
- 6.3 A consultation with potential providers was completed from 15<sup>th</sup> February to 3<sup>rd</sup> March 2017.

## 7. EQUALITY IMPACT ASSESSMENT

- 7.1 *Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—*
  - *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
  - *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
  - *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
- 7.2 The Equality Impact Assessment completed in respect of this proposal is attached. This indicates that the proposal has the potential to have a disproportionate impact due to gender, as the refuge provision for those fleeing domestic abuse (which would reduce under this proposal) is solely for women.
- 7.3 Whilst a reduction in funding for refuge bed spaces is proposed, an increase in funding for non-accommodation based services is also proposed (through rebalancing investment and aligning costs with benchmarking). This will benefit more people (predominantly women and their children) seeking support and advice in relation to domestic abuse. It is difficult to appraise the net impact, particularly as refuge provision is part of a national network. Further, women fleeing domestic abuse may choose to present to a Local Authority as homeless to secure emergency accommodation either in preference to refuge or where this is not available.
- 7.4 There is also a concern that this proposal will have an impact on a specific racial group as the proposal means that the Council would reduce support funding to specialist Asian women's refuge (although still maintaining some provision). Asian women may be at risk as a result of so-called honour based abuse and forced marriage. In the interim, additional Government funding has been secured through a partnership bid as detailed elsewhere in this report.
- 7.5 The Council will ensure that all services procured are capable of supporting individuals from across ethnic backgrounds and cohorts with other protected characteristics under the Equality Act. Refocusing funding on peripatetic 1-1 and group support which is not tied to accommodation increases flexibility in meeting a wide range of needs across different communities and the capacity to respond to emerging needs. This changing emphasis and increase in non-accommodation based services could therefore have a positive benefit for those from other racial groups.

## 8. LEGAL IMPLICATIONS

- 8.1 There are no statutory obligations to provide either refuge or support services for people experiencing domestic abuse.
- 8.2 The procurement for the new Domestic Abuse services will be completed in line with Contract Procedure Rules and the Public Contract Regulations 2015. Paragraphs 4.21 and 4.25 detail the procurement routes for the accommodation based service and the non-accommodation based services respectively.

**9. FINANCIAL IMPLICATIONS**

- 9.1 These are covered in the body of the report. The change in the level of local authority funding, should the proposal be agreed, can be summarised as below:

	Refuge contract value	Non-accommodation based services contract value	Total
2016/17	£254,000	£186,000	£440,000
2017/18	£90,000	£255,000	£345,000

- 9.2 As explained above, the difference year on year in total funding is as a result of previously agreed reductions to grant/contract values and a further reduction as a result of this proposal of £58,000.
- 9.3 The contract value for refuge reflects the proposed reduction in the number of spaces funded (from 24 to 15) but also a reduction in the number of support hours per week in line with benchmarking against contracts in other areas (6 hours per week per household; 7.5 hours for specialist provision).
- 9.4 Reading Borough Council has also successfully submitted a partnership bid for short-term Government funding and £131,000 has been awarded, including £56,000 for additional specialist refuge places for the Thames Valley.

**10. BACKGROUND PAPERS**

- 10.1 None.

## Appendix 1

### Equality Impact Assessment

Proposed Changes to Funding for Domestic Abuse Services

Directorate: Directorate of Environment and Neighbourhood Services

Service: Community Safety

Name and job title of person doing the assessment

Sarah Tapliss, Service Development Officer

Date of assessment: 02-03-17

#### Scope of proposal

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

RBC currently (2016/17) has three separate contracts, funded by different service areas, for the provision of Domestic Abuse (DA) services in the town. These contracts total £384,000 and the largest contract covers the refuge provision, which is funded by the Housing Service (£254,000). The Housing Service also funds a grant of £56,000 to pay for Outreach support for those experiencing domestic abuse, drop-in arrangements and training.

New contract arrangements are due to be implemented in 2017 and the budgets across all services areas will be pooled to enable a single procurement exercise to be completed for all DA services. Previous budget decisions have already agreed a decrease in funding for 17/18 of £37,000, and this proposal looks to reduce the budget by a further £58,000. This will result in a total budget of either £403,000 (no budget cut) or £345,000.

As part of this process it is proposed that funding on Domestic Abuse services are rebalanced in line with the current Domestic Abuse strategy launched in November 2015. The specific amounts spent on different services will be finalised via the procurement process, however it is expected that RBC will reduce the funding for refuge provision to c. £90,000. This will enable any remaining budget, after the savings reduction has been applied, to be invested in non-accommodation based support for example, but not limited to, Outreach support, preventative activity and support to break the cycle of abuse. The non-accommodation based support budget would be £313,000 (no budget cut) or £255,000 depending on if the savings implemented. The total budget for non-refuge based services in 16/17 is £186,000.

### Implications for refuge provision

There is reciprocal nature to DA refuge provision as the majority of those fleeing domestic abuse need to be accommodated out of area for their own safety. However, with LA finances under increasing pressure, a number of Authorities have reduced provision on the basis that it doesn't meet local need and have redirected funding to other priorities. This is creating a national shortage and there are calls for a national system to fund provision. Reading's contribution to the availability of refuge has been compared to other areas.

Reading currently has 25 refuge places in the town, which is significantly more per 100,000 population (16.1) than any other LA in the Thames Valley and also Southampton who were included in the benchmarking exercise. The average across the areas that provide any refuge spaces is 7.4 beds per 100,000 population, and across all areas it is 4.8. To be in line with the average Reading would be required to provide 11.6 refuge places or 7.5 refuge places depending on the comparison used.

As stated above, it is expected that the refuge budget will reduce from £254,000 to £90,000, a reduction of £164,000. This will result in the number of commissioned refuge beds in Reading reducing to c.15 (currently 24), 4 of which will be specialist refuge places for women from the Asian community (currently 7 are funded). The number of support hours for each of the households funded by RBC would reduce to an indicative 6 hours a week per household (currently 10), and 7.5 for the specialist resource based on benchmarking. This current proposal would mean that Reading would still be funding above the regional average number of refuge units.

This does not mean that the number of refuge places in Reading will definitely reduce, this is a matter within the control of the incumbent provider and the availability of alternative funding, only that the number commissioned by RBC with support funded by the Council will reduce.

The Council is not able to assess or comment on the overall national need for refuge beds.

### Non - Accommodation based support.

This reduction in refuge would enable a rebalancing and shift of investment into non-accommodation based support, even with a reduction in overall spending. However, the amount of additional funding available for services will be dependent on the level of overall savings agreed.

Demand for Outreach services has increased significantly in the last 12 months, with the current provider receiving 464 new referrals in 2015/16, 152 of these were received in the last quarter of the year. The data for the first three quarters of this financial year indicate that the numbers of referrals are maintaining the level of Q4 last year, which would mean that, if demand continues at this rate, the full year figure would be c.600 new referrals. This increase in activity matches with those in other support areas such as Children's Social Care and the MARAC (Multi Agency Risk Assessment Conference). This level is not sustainable and measures are in place by the provider to prioritise referrals and ensure a safe delivery of their service.



This proposal seeks to increase funding for non-accommodation based services - outreach support, advice and information provision, preventative activity and training, as well as support to children and young people impacted by DA and for perpetrators and victims to break the cycle of abuse.

**Who will benefit from this proposal and how?**

The reduction in budget will provide savings to the Council, and the rebalancing of the remaining funding will enable more of the demand for non-accommodation based services to be met.

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

The reduction in budget for Domestic Abuse services is required in order to support the Council to deliver services within a significantly reduced budget. The re-balancing of funding is intended to meet a growing demand for non-accommodation based services whilst continuing to provide refuge spaces both to meet local need and to contribute to the national requirement.

**Who are the main stakeholders and what do they want?**

Service users; potential service users; professionals/statutory and voluntary agencies working with those experiencing DA. The consultation completed indicates concern regarding sufficiency of refuge provision (or alternate safe accommodation and support) nationally for women and their children fleeing domestic abuse.

**Assess whether an EqIA is Relevant**

How does your proposal relate to eliminating discrimination; promoting equality of opportunity; promoting good community relations?

**Do you have evidence or reason to believe that some (racial, disability, gender, sexuality, age and religious belief) groups may be affected differently than others? (Think about your monitoring information, research, national data/reports etc.)**

Yes - a reduction in DA services will have a disproportionate impact on women as they are the main users of these services. The reduction in refuge numbers will also mean that the Council may no longer be able to commission a specialist facility specifically aimed at women experiencing abuse in the Asian community to the same level as currently. This does not mean that the number of specialist refuge beds will reduce, this is a matter for the existing provider, but the Council will no longer be able to guarantee that that this level of service will be available. This may have a disproportionate impact on Asian women seeking to access refuge (from outside of the Reading area generally).

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

Yes - nationally DA funding is a public concern.

*If the answer is Yes to any of the above you need to do an Equality Impact Assessment.*

### Assess the Impact of the Proposal

#### Consultation

The changes proposed are in line with the Community Safety Partnership's Domestic Abuse Strategy. This was consulted on during 2015 prior to the launch of the strategy in November 2015.

A consultation was completed specifically in relation to the above proposal between 11<sup>th</sup> January and 10<sup>th</sup> February 2017.

All respondents were supportive of the increase in spend on non-accommodation based services and many recognised how a transfer of funding away from high cost refuge provision to preventative and Outreach services would be a positive approach to commissioning. However, nearly all respondents (120 online; c.45 face to face; 700 signatories to a petition; professionals feeding back) have raised concerns about the impact of a potential reduction in the number of refuges places available nationally - regardless of local need or who is funding the provision.

There is a clear recognition that there is inequity in levels of funding and provision of refuge places across Authorities and there is support for a national model of funding refuge provision to address this. Respondents stated that they believe that a reduction in refuge will result in more women and children staying in unsafe situations as they have no alternative safe accommodation to move to. Respondents may not be aware of the protections afforded by Homelessness legislation. Women fleeing domestic violence who may be unable (or may not wish) to access a refuge bed and don't have anywhere to live can apply to any Council for help as a homeless person. In most cases, that Council has to provide accommodation immediately while it makes enquiries into the household's situation and determines whether it has a duty to accommodate them permanently.

Relevant groups/experts	How were/will the views of these groups be obtained	Date when contacted

<ul style="list-style-type: none"> <li>• Users of Berkshire Women’s Aid services</li> <li>• Current providers of Domestic Abuse services in Reading</li> <li>• Paid staff and volunteers working in domestic abuse support across sectors</li> <li>• Staff in partner agencies, e.g. housing, benefits, police, social care</li> <li>• National domestic abuse service providers</li> </ul>	<p>Online consultation promoted directly and via the local press.</p> <p>Two face to face drop in sessions</p> <p>Two consultation sessions with service users</p>	<p>11<sup>th</sup> January 2017 - 10<sup>th</sup> February 2017</p>
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**Collect and Assess your Data**

Using information from Census, residents survey data, service monitoring data, satisfaction or complaints, feedback, consultation, research, your knowledge and the knowledge of people in your team, staff groups etc. describe how the proposal could impact on each group. Include both positive and negative impacts.

**Describe how this proposal could impact on Racial groups**

Commissioned domestic abuse services will be available to all racial groups, however, funding will be reduced for specialist refuge spaces for women experiencing abuse within the Asian community - resulting in a potential reduction from 8 to 4 beds. A further consideration is that Asian women may be at risk as a result of culturally specific issues of so-called honour based abuse and forced marriage. Asian women may not feel more comfortable accessing a specialist refuge for those with a similar cultural background.

The level of investment in non-accommodation based services will increase. Refocusing funding on peripatetic 1-1 and group support which is not tied to accommodation increases flexibility in meeting a wide range of needs across different communities and the capacity to respond to emerging needs. This changing emphasis and increase in non-accommodation based services could therefore have a positive benefit for those from other racial groups.

Is there a negative impact?      Yes, potentially

The new procurement will reduce Local Authority funding for specialist Asian women’s refuge bedspaces from 8 to 4. This facility is the only one of its type in the Thames Valley and is predominantly utilised by women from other areas of the country.

This does not mean that these refuge spaces will close, the incumbent provider may choose to continue to run this provision via a different funding mechanism. However, RBC will no longer be able to guarantee the availability of the current level of provision.

Should this resource reduce, the lack of specialist refuge will have an impact on women from an Asian community nationally that do not feel comfortable accessing a refuge with people from a range of ethnic backgrounds.

Refuge spaces will continue to be available to all women regardless of ethnic background and tailored support will be available to all residents of this provision.

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

Commissioned DA services will be available to all residents of Reading regardless of gender. However, Research shows that domestic violence is a deeply gendered issue that disproportionately affects women. For example:

- Metropolitan Police statistics show that male violence against women made up 85% of reported domestic violence incidents
- A 2009 study based on police reports, which accounted for the dynamics of domestic violence, found that only 5% of domestic violence incidents were perpetrated by women in heterosexual relationships
- Domestic violence is patterned, repeated behaviour intended to assert power and control over the victim. Of those who experience 4 or more incidents of domestic violence, 89% are women
- Four times as many women as men are killed by a current or former partner. Two women a week are killed as a result of domestic violence in England and Wales<sup>1</sup>

Therefore any reduction in funding for Domestic Abuse services overall has a disproportionate impact on women.

Specifically this proposal expects to reduce the number of refuge beds available in the town and as these refuges are utilised by women only this will have a disproportional impact on one gender - predominantly women seeking refuge from out of area.

However, whilst a reduction in funding for refuge bedspaces is proposed (and an overall reduction in funding), an increase in funding for non-accommodation based services is also proposed (through rebalancing investment and aligning costs with benchmarking). This will benefit more people (predominantly women and their children) seeking support and advice in relation to domestic abuse.

Is there a negative impact? Yes

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<sup>1</sup> <http://www.refuge.org.uk/about-domestic-violence/domestic-violence-and-gender/> - Accessed 17/2/16

**Describe how this proposal could impact on Disability**

Commissioned Domestic Abuse services will continue to be available to all residents regardless of disability. No disproportionate impact is anticipated.

Is there a negative impact? No

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

Commissioned Domestic Abuse services will continue to be available to all residents regardless of sexual orientation, no disproportionate impact is anticipated.

Is there a negative impact? No

**Describe how this proposal could impact on Age**

Commissioned Domestic Abuse services will continue to be available to all residents regardless of age, no disproportionate impact is anticipated.

Is there a negative impact? No

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

Commissioned Domestic Abuse services will continue to be available to all residents regardless of religious belief, no disproportionate impact is anticipated.

Is there a negative impact? No

**Make a Decision**

If the impact is negative then you must consider whether you can legally justify it. If not you must set out how you will reduce or eliminate the impact. If you are not sure what the impact will be you **MUST** assume that there could be a negative impact. You may have to do further consultation or test out your proposal and monitor the impact before full implementation.

**3. Negative impact identified or uncertain**

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

As shown above the reduction of funding for refuge spaces does have the potential to have a disproportionate impact on women. However, whilst some reduction in funding for refuge bedspaces is proposed locally, an increase in funding for non-accommodation based services is also proposed (through

rebalancing investment and aligning costs with benchmarking). This will benefit more people (predominantly women and their children) seeking support and advice in relation to domestic abuse. It is difficult to appraise the net impact, particularly as refuge provision is part of a national network. Further, women fleeing domestic abuse may choose to present to a Local Authority as homeless to secure emergency accommodation either in preference to refuge or where this is not available (and in most cases would be eligible).

There is also a concern that this proposal will have an impact on a specific racial group as the proposal means that the Council would reduce support funding to specialist Asian women's refuge. In the interim, additional Government funding has been secured through a partnership bid for the Thames Valley. The Council will also ensure that all Domestic Abuse services procured are capable of supporting individuals from across ethnic backgrounds and cohorts with other protected characteristics under the Equality Act. However, refocusing funding on peripatetic 1-1 and group support not tied to accommodation increases flexibility in meeting a wide range of needs across different communities and the capacity to respond to emerging needs - this redistribution of funding and changing emphasis could therefore have a positive benefit for those from other racial groups.

How will you monitor for adverse impact in the future?

There will be regular contract management and if a concern arises the situation will be reviewed by the Domestic Abuse Strategy group, a sub-group to the CSP.

Signed (completing officer)

Date

Signed (Lead Officer)

Date

## Appendix 2

# Domestic Abuse Services: Consultation Report - March 2017

### Executive Summary

In light of the Council's financial situation the budget for the procurement of Domestic Abuse services has been reviewed and options for future commissioning within a reduced budget in this area have been considered. In line with the Community Safety Partnership's Domestic Abuse Strategy 2015-18 and taking into account demand and benchmarking data (comparing levels of provision in Reading with other areas), it was proposed that there should be a shift in focus and funding away from support within refuges and towards non-accommodation-based preventative and outreach support services.

The Council ran a consultation in relation to this proposal between 11th January and 10th February 2017. This report provides an analysis of the feedback provided through the consultation.

Stakeholders had the option of taking part in the consultation by returning a survey - online or in paper copy - or by taking part in group discussions about the consultation issues.

120 online responses were received as well as a petition signed by 700 individuals protesting the proposed funding reduction. In addition two public drop-in sessions took place with a total of 13 people attending and two specific sessions with a total of 30 services users were held.

The majority of respondents to the consultation raised concerns about the impact of a potential reduction in the number of refuge places available nationally - regardless of local need or who is funding the provision.

There is a clear recognition that there is inequity in levels of funding and provision of refuge places across Local Authorities and there is support for a national model of funding refuge provision to address this.

There was also support for rebalancing funding across services in order to better reflect local need, however, many respondents stated that they believe that a reduction in refuge will result in more women and children staying in unsafe situations as they have no alternative safe accommodation to move to.

When responding to questions about priorities for future services there was a more varied response. The strongest theme of the consultation was that there is a need for a range of services from prevention activity in schools, crisis intervention and

support to break the cycle of abuse. None of the suggested services required for the town were outside of the scope of the proposed specification for services.

The following areas were seen as a priority for non-accommodation based support:

- Telephone support/helpline
- Outreach support (1:1 emotional support and practical support navigating services such as housing, benefits and legal support)
- Support for children and young people impacted by domestic abuse
- Training and support for front line workers to identify signs of abuse
- Support for perpetrators to change behaviour

Existing and former service users stressed the importance of group work to help talk through their situation and find the confidence to either leave an abusive relationship or avoid repeating the pattern in future relationships. The need for more education for young people to understand the risks of domestic abuse and what a healthy relationship looks like was considered a high priority also.

### What we consulted on

Reading's Domestic Abuse Strategy 2015-18 outlines Reading's focus for tackling domestic abuse over the three year period. Reading provides a good range of services and support for victims of domestic abuse. However, activity data indicates that the number of reported incidents of domestic abuse in Reading remains above average for the Thames Valley area. The strategy aims to continue to improve the offer for those experiencing domestic abuse and their families and deliver the best possible coordinated response to the challenge of domestic abuse in Reading.

The strategy identifies four key areas of focus:

- Encouraging people to seek support earlier - improving information, education and prevention.
- Providing the right response first time - improving identification, encouraging disclosures and ensuring an appropriate immediate response.
- Having the right services available - improving support to move from victim to survivor or to change abusive behaviour.
- Understanding of the challenges in our town - improving data analysis and community engagement.

Reading Borough Council has a strong history of providing refuge provision in the town for those experiencing domestic abuse. There is a reciprocal nature to refuge provision as the majority of those fleeing domestic abuse need to be accommodated out of area for their own safety (locally 80% of refuge beds are accessed by women from outside the Reading area). However, with Local Authorities' finances under increasing pressure, a number of Authorities have reduced or ceased all provision on the basis that it doesn't meet local need and have redirected funding to other priorities. This is creating a national shortage and there are calls for a national system to fund provision.



In Reading, continued reduction in Government revenue support grant to Local Authorities coupled with rising demand has placed severe pressure on the Council's budgets. This has meant that although the Council has agreed just over £70m savings in the period 2010 to 2016, there is a continuing budget gap of £44m over the next three years. This presents a very significant challenge to the Authority and means that it is facing unpalatable decisions and unprecedented cuts to services.

Reading currently has 25 refuge places in the town, which is significantly more per 100,000 population (16.1) than any other LA in the Thames Valley and also Southampton who were included in the benchmarking exercise. The next highest is Milton Keynes who provide 11 units per 100,000 population. The average across the areas that provide any refuge spaces is 7.4 beds per 100,000 population, and across all areas it is 4.8. To be in line with the average (per 100,000 population) Reading would be required to provide 11.6 refuge places or 7.5 refuge places depending on the comparison used.

Recent activity data in relation to domestic abuse indicates a significant increase in referrals for non-refuge based support such as Outreach support, support through the Criminal Justice System and support to break the cycle of abuse. 2015/16 saw a 28% increase in referrals to BWA for Outreach services in comparison to the previous year and an equal increase were seen in the number of referrals to the Multi-Agency Risk Assessment Conference (MARAC) which considers high risk domestic abuse cases. In addition, a number of support services within the Local Authority and wider partnership, for example Children's Social Care, have seen a significant increase in demand for services as a result of domestic abuse. In many ways this is a positive change, especially as Police crime reports have not increased at the same pace, as it indicates more people are seeking support, and seeking support earlier, to stop or reduce any domestic abuse they are experiencing. However, this increase in demand needs to be managed within challenging financial constraints.

#### Proposal:

In the context of the above, the Council consulted on a proposal to rebalance investment in commissioned provision in order to meet a growing demand. This would result in a reduction in the number of Council-funded refuge places from 24 to 15 (above the average level provided by similar Authorities) and a reduction in the funded weekly hours of support per household within those refuge places (in line with benchmarking data). This would enable an increase in the budget for non-accommodation based support services and would deliver a £58,000 saving against the total Domestic Abuse services budget. Combined with previous reductions that have been agreed, this would result in a total budget of £345,000, a 22% reduction in spend in comparison to the current 2016/17 budget for domestic abuse services.

The consultation asked residents and stakeholders their views on two main areas:

- Their views on the impact of the proposed reduction of Council funded refuge bed spaces, and
- Their priorities services to be commissioned in the future in Reading.

This was split between 9 separate questions. Demographic information was also captured to provide information about the profile of the respondents.

### How we consulted

The consultation ran from 11<sup>th</sup> January to 10<sup>th</sup> February 2017. It was an open public consultation, with respondents encouraged to respond online but with opportunities afforded for group discussion including sessions run specifically for service users.

The consultation questionnaire (including a description of the proposal) was available on the Council’s website and in paper copy on request.

People could choose which parts of the consultation they responded to. Most people commented within each section, but many focused on the impact of the refuge reduction.

The consultation was discussed at 4 meetings (see table below).

Meeting	Number of people attending
Drop in session - 13 <sup>th</sup> January 2017	4
Consultation sessions with service users x 2	30
Drop in session - 10 <sup>th</sup> February 2017	9
<b>TOTAL ATTENDANCES</b>	<b>43</b>

A press release was issued at the start of the consultation which was picked up by both Getreading and the Reading Chronicle. Berkshire Women’s Aid (BWA) also committed to bringing the consultation to the attention of their service users.

### Who responded

A total of 120 questionnaires were returned. In addition, verbal responses were collated from the 43 attendees at group sessions as per the table above. There may be some overlap between the verbal responses and returned questionnaires. A formal consultation response was received from BWA and an online petition titled ‘Don’t cut funding to Berkshire Women’s Aid’ was also created by a member of the public in response to the consultation, which has over 700 signatures.

More detailed demographic analysis is available only from those who responded to the consultation by returning a questionnaire and completing the ‘about you’ questions - which were optional.

People were invited to identify as residents; current or former users of services; family or friends of people who had used services; service providers; or professionals. Of those responding online 38% identified as a local resident, 21% identified as a current or former user of Domestic Abuse services (or their family member) and the remaining 41% of respondents were mainly professionals or volunteers working in domestic abuse services or related areas.

Of those with experience of services who identified their gender, 91% were female and 9% were male.

The age of the respondents is profiled below:

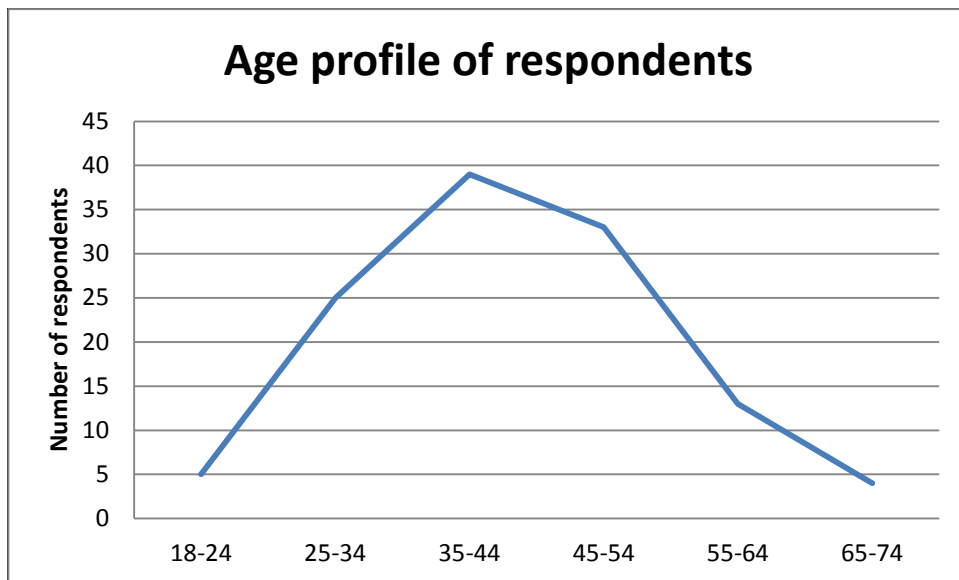


Figure 1: Responses from people online- by age bracket

Most of those with experience of services who responded were in the 35-44 age bracket, followed by the 45-54 bracket.

Across all returned surveys, 79% identified their sexuality as heterosexual or straight whilst 6% identified as gay, lesbian or bisexual and 15% preferred not say or didn't answer. 85% of the respondents defined as white British, 8% defined as being from another white background and only 7% define as BME. Across all returned surveys, 14% of people identified as having a disability of long-term illness.

### Consultation feedback

#### *Impact of reducing refuge provision (Q 1-3)*

Respondents were asked to comment on the proposed reduction of Council funded refuge bed spaces in the town, including the proposed reduction of the specialist Asian women's refuge provision (from 8 to 4 bed spaces).

The majority of respondents to the consultation raised concerns about the impact of a potential reduction in the number of refuges places available nationally on the safety of women and children - regardless of local need or who is funding the provision. It was felt that people with additional vulnerabilities would have an increased level of risk.

It was recognised that the shortage of refuge provision was a national issue. There is a clear recognition that there is inequity in levels of funding and provision of refuge places across Local Authorities and there is support for a national model of funding refuge provision to address this. However, respondents commented that they were proud that Reading were providing more than others and felt that these services should continue.

There was also support for rebalancing funding across services in order to better reflect local need, however, many respondents stated that they believe that a reduction in refuge will result in more women and children staying in unsafe situations as they have no alternative safe accommodation to move to.

Respondents also highlighted that across the South-East a shortage of affordable housing, rising rents and sale values precluded many from sourcing their own housing solutions and increased reliance on emergency provision such as refuge.

Some respondents stated that they thought that the reduction in refuge provision would have a greater impact on public services (not necessarily in Reading), and therefore cost, as situations would escalate if women couldn't secure safe, emergency accommodation.

There was support for increasing spend on non-accommodation based services and it was suggested that this support would reach more individuals and hopefully reduce the need for refuge in the future at a local level.

There was a more mixed response in terms of the requirement for specialist Asian women's refuge provision. Many respondents were concerned that without a specialist provision women from the BME community would not approach services or access refuge. Others felt that all of the refuges should be able to cater for an individual's cultural needs.

### *Working well in Reading*

The next question asked people to identify what they felt was working well in Reading. 77 people responded to this question online and it was discussed at the face to face consultation sessions.

The most common response was that the skill set of the existing service provider was very high and this led to positive experiences for service users and other professionals. People reported that strong and effective partnership work was

taking place in Reading and that there was high quality training for people working in the town.

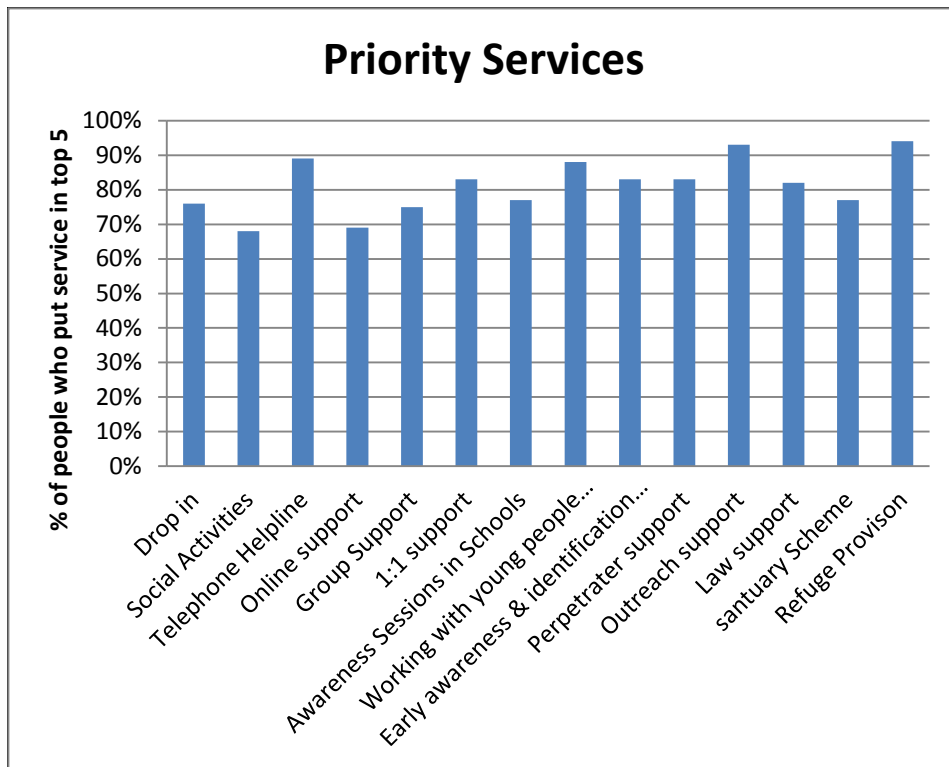
Many respondents stated the level of refuge provision provide was positive, but there was a strong message that all services were important and that it was the availability and connectivity of a range of services (including 1 to 1 support, group work and the helpline) that was effective. Service users also praised the ‘whole family approach’ that is commissioned in Reading, and that work was completed with children and young people that are also impacted by the abuse.

### *Services that should be prioritised*

We asked people to tell us what services they would be most keen to see in Reading for people experiencing abuse, and we also asked them to complete a chart and tick the 5 areas they thought were most important. 101 online respondents answered this question.

The most common responses reiterated the need for refuge provision and the need for support at the point of crisis. People suggested a range of mechanisms for how people could access services. Consistently there was felt to be a need for people to be able to speak to trained, supportive workers who could provide immediate advice. Support to break the cycle of abuse was also cited as a necessary resource, and the need to be able to access legal support. Work in schools and with young people was again highlighted as a priority. However, the range of responses were extensive and many respondents stated that the existing spread of services met the requirements but increased capacity was needed. Nothing suggested fell outside of the Council’s proposed specification for services.

The table below shows the percentage of people that chose a service as one of their top 5 priorities.



The following areas were seen as a priority for non-accommodation based support:

- Telephone support/helpline
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- Support for children and young people impacted by domestic abuse
- Training and support for front line workers to identify signs of abuse
- Support for perpetrators to change behaviour

Existing and former service users stressed the importance of group work to help talk through their situation and find the confidence to either leave an abusive relationship or avoid repeating the pattern in future relationships. The need for more education for young people to understand the risks of domestic abuse and what a healthy relationship looks like was considered a high priority also.

#### *General observations/ comments*

We asked people to make any other comments or suggestions in terms of the domestic abuse services required in the town. Many respondents used this opportunity to highlight the need for national funding for these types of services, and to reiterate the importance of comprehensive services to reduce the prevalence of domestic abuse. People also stated the importance of partnership working across all agencies, the need for consistent training and how this could be rolled out to community groups to make domestic abuse something that everyone is aware of and can help tackle.

The strongest theme of the consultation was that there is a need for a range of services from prevention activity in schools, crisis intervention and support to

break the cycle of abuse. It was felt that the priority should be ensuring that these services worked together to enable those that experience abuse, and those that perpetrate it, are helped with a cohesive wrap around service.

READING BOROUGH COUNCIL

REPORT BY THE DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES  
AND DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	13 MARCH 2017	AGENDA ITEM:	10
TITLE:	HOMES FOR READING: MOBILISATION, FUNDING AND BUSINESS PLAN		
LEAD COUNCILLOR:	CLLR TONY PAGE	PORTFOLIO:	LEADERSHIP
SERVICE:	HOUSING/FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ALAN CROSS	TEL:	0118 9372058
JOB TITLE:	HEAD OF FINANCE	E-MAIL:	<a href="mailto:Alan.Cross@reading.gov.uk">Alan.Cross@reading.gov.uk</a>

**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 In March 2016 Council agreed to create a housing company wholly owned by the Council with the aim of the company purchasing, over a 5 year period, 500 existing (and potentially new) residential properties to rent. The financial modelling was predicated on there being no overall cost to the Council and a proportion of the homes (as an aggregate over the life of the business plan) being provided at sub-market rent to homeless households, subsidised by letting the remainder at market rent.
- 1.2 This report updates the Committee on the progress made in setting up Homes for Reading Limited as a wholly owned company and Policy Committee is asked to approve the Financial Business Plan attached to this report. The Business Plan sets out the structure of the arrangements between the Council (RBC) and Homes for Reading (HfR); describes the assumptions underpinning the business model; and considers financial viability and risk exposure in that context. The Business Plan has informed the terms of the facility agreement between the Council and HfR which deals with lending money to the company. Both the Business Plan and the funding agreement are the subject of a State Aid report by Savills Financial Consultants which confirms that the proposed loan arrangements reflect a normal commercial arrangement for this type of business.
- 1.3 The report clearly sets out the financial implications of the Business Plan and funding arrangements and highlights some of the potential risks of such property investment. Homes for Reading's Board of Directors have approved a detailed Risk Register setting out the risks to the company and their proposed mitigation.
- 1.7 The following appendices are attached: -

Appendix 1: Shareholder Agreement (revised)

Appendix 2: Memorandum and Articles of Association (revised)

In a separate similar PART 2 Report there were 4 further appendices which are relevant to the overall consideration of this item.



- Appendix 3: HfR Business Plan
- Appendix 4: State Aid Report (Savills Financial Consultants)
- Appendix 5: Summary of Facility Agreement Terms
- Appendix 6: HfR Risk Register

These Appendices 3-6 in the Part 2 report are not for disclosure.

## 2. RECOMMENDED ACTION

Policy Committee is asked to:

- 2.1 Approve the revised Shareholder Agreement (Appendix 1).
- 2.2 Approve the revised Memorandum and Articles of Association (Appendix 2).
- 2.3 Approve the Business Plan for HfR Ltd (as provided on the Committee agenda in closed session).
- 2.4 Note the revised principal terms of the proposed Facility Agreement to enable the Council to lend money to HfR Ltd and note the contents of the State Aid Report (as provided earlier on the Committee agenda in closed session).
- 2.5 Note the HfR Ltd Risk Register (as provided on the Committee agenda in closed session).
- 2.6 Approve the appointment of Non-Executive Directors (as detailed at paragraph 4.9) and note the amendment to the Memorandum and Articles of Association to extend the appointment of all Directors of HfR Ltd to 3 years (paragraph 4.10 of the report).
- 2.7 Approve the remuneration of the HfR Managing Director in line with the Council's pay policy at Head of Service/Director Grade.

### 2.8 (1) Authority to Allot

That, in accordance with section 551 of the Companies Act 2006 (CA 2006), the Directors (Directors) of HfR be generally and unconditionally authorised to allot shares in the Company to the Council up to an aggregate nominal amount of £10,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 March 2018 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. (This authority is in addition to the October Policy Committee authority to allocate £5,000,000 shares).

### (2) Disapplication of Pre-Emption Rights

That, subject to the passing of resolution 1 and in accordance with section 570 of the CA 2006, the Directors be generally empowered to allot equity securities (as defined in section 560 of the CA 2006) pursuant to the authority conferred by resolution 1, as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall:

be limited to the allotment of equity securities up to an aggregate nominal amount of £15,000,000; and expire on 31 March 2018 (unless renewed, varied

or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired

- 2.9 That the Director of Finance and the Head of Legal and Democratic Services, in consultation with the Deputy Leader and Chair of Audit & Governance Committee) are authorised to act on behalf of the Council in agreeing arrangements with HfR Ltd save for those matters specifically reserved to Policy Committee in the Shareholder Agreement.

### 3. POLICY CONTEXT AND BACKGROUND

- 3.1 In March 2016 Council agreed to create a housing company wholly owned by the Council with the aim of the company purchasing 500 existing (and potentially new) residential properties to rent. The modelling was predicated on there being no overall cost to the Council and a proportion of the homes (as an aggregate over the life of the business plan) being provided at sub-market rent to homeless households, subsidised by letting the remainder at market rent.
- 3.2 The Council further approved a delegation to the Head of Finance, in consultation with the Leadership (and Chair of Audit & Governance Committee) to finalise the Facility Agreement and to enable up to £30m capital expenditure to be incurred to purchase shares in and make loan advances (secured on property) to the Housing Company.
- 3.3 Policy Committee appointed the initial Board of Directors on 25<sup>th</sup> May 2016 comprising four elected members and two senior officers. In October 2016 Committee further agreed arrangements for the initial capitalisation of the company, prior to purchasing its first property, and in particular authorised the board to allot up to 5,000,000 shares. By the end of 2017/18 it should be necessary to allot almost 15,000,000 shares to realise the business plan. Committee are therefore asked to provide authority to allot an additional 10,000,000 £1 shares in this report. 2.9 above provides a general delegation for the formal business arrangements between HfR and the Council to be conducted, essentially authorising the Council's most senior finance and legal officers to act on its behalf in consultation with appropriate councillors (recognising conflicts of interest of councillors who are also directors).
- 3.4 'Homes for Reading Limited' was incorporated as a Private Limited Company on 6<sup>th</sup> April 2016 and Directors have now been registered at Company's House. The HfR Board met for the first time on 29<sup>th</sup> June 2016 and the Board is currently meeting monthly to agree policy and process with the HfR Executive Management Team formed from the Managing Director and the two senior Council officers. A Company Secretary has also been appointed to advise on compliance and statutory responsibilities.
- 3.5 To date excellent progress has been made in developing the company and putting in place the necessary resources, systems, policies and procedures to ensure that mobilisation is thorough and that HfR is given the best chance of successfully achieving its goals in what is a challenging market place. The work plan includes a wide range of activity from ensuring that HfR has appropriate insurance cover in place for its commercial activity to appointing an online marketing company or

agreeing a performance reporting framework. The Company expects to commence acquisitions early in the new financial year once the facility agreement and associated documentation is finalised and company systems are fully established.

- 3.6 As previously reported it has been agreed that to avoid the burden and costs of setting up systems for the company to employ staff directly, the Council will employ the Managing Director and second them to HfR initially until the company is more established. Other services required by the company will all be contracted out in the first instance through Service Level Agreements (SLAs) with Council and external service providers as necessary. As the property portfolio grows, additional resources may be required and employed directly by the company. Service Level Agreements (SLA) are now in place with RBC service providers for legal, financial, housing management, property maintenance and valuation support. These are supplemented by operational processes in respect of acquisition, lettings, management and maintenance.
- 3.7 HfR is starting to look outward and is developing a communications strategy and web site. Ongoing market research as well as starting to build relationships with local agents and developers ensures that we are on track to commence property acquisitions this Spring 2017.

#### 4.0 THE PROPOSAL

##### HfR Business Plan

- 4.1 The Council has been working with advisors from Trowers and Hamlins (Legal advisors) and Savills Financial Consultants (the finance arm of a property company) on the development of the HfR Business Plan. The final draft Business Plan has recently been approved by the HfR Board.
- 4.2 The Shareholder Agreement for HfR sets out matters requiring shareholder consent and this includes consent to adopt or amend the company's annual Business Plan. This therefore requires that Policy Committee approve the final Business Plan before HfR began to trade (i.e. purchase properties and rent them).
- 4.3 The essential features of the Business Plan are that the Council will purchase shares and make loan advances to HfR in the approximate ratio of 45:55 to enable HfR to acquire residential property. Both share purchases and such loan advances are capital expenditure and so approved by Council in February (as part of the budget). Whilst the Council will manage the day to day cash flows associated with such advances within its normal day to day treasury business, ultimately it will be funding those advances using borrowed money.
- 4.4 HfR pays a commercial rate of interest above the Council's borrowing levels such that the overall interest payments should be sufficient to meet the Council's debt financing costs on both the loan and share capital advances. The expectation is that the company has an operating profit from year 2 subject to being able to acquire properties at the rate assumed in the business plan (2 per week on average), and being able to manage them to the cost and income profile assumed, which is dependent on market forces and other variables.
- 4.5 On commercial and governance advice HfR appointed Centrus financial advisors to independently review the proposed loan arrangements and Business Plan on the company's behalf, with a focus on the terms of the facility agreement (a legal document that sets out the arrangements). After some amendments to the initial

draft were agreed, in early February, Centrus were able to advise HfR "that the facility agreement is now in a form that is reasonable to enter into." As detailed below, Savills have also provided State Aid advice to the Council in respect of the arrangements (as amended).

## Facility Agreement

- 4.6 Section 5 of the Business Plan summarises the funding arrangements at high level and a precis of the proposed terms of the Facility Agreement was provided as part of the Part 2 report. The State Aid report provides a review and summary of the proposed loan facility agreement in Section 4 and states that the proposed facility is reasonably market standard. (i.e. it would be lawful for the Council to provide loan finance to HfR on the proposed terms).

## Resourcing

### i) Appointment of Directors

- 4.7 The Board of Directors is responsible for providing strategic direction, as well as overseeing and scrutinising the operational and financial performance of the company to ensure that business plan targets are met, within the parameters agreed with the Shareholder. The company will be engaged in both property acquisition and ensuring that landlord responsibilities are fulfilled in the management of the stock and provision of services to tenants and so the right balance of skills, experience and commercial financial acumen are critical. It was agreed by Council that the Board membership should include two independent Non-Executive Directors to bring commercial housing and finance experience.
- 4.8 The present HfR Board of Directors is currently Councillors Richard Davies, Sarah Hacker, Ed Hopper and Jo Lovelock; Sarah Gee (Head of Housing and Neighbourhood Services); and Bruce Tindall (Chief Valuer). Policy Committee appointed officer and councillor directors in May 2016 and subsequently two Non-Executive Directors have been recruited and Policy Committee approval is sought in order to confirm their appointment.
- 4.9 HfR was successful in attracting an extremely high calibre of candidates for Non-Executive Director roles. Two directors have now been selected and the Board consider that they will bring significant commercial property and financial experience to the company. Darrell Mercer is currently the Chief Executive Officer of A2 Dominion with considerable sector experience both of the private rented sector and residential development. His extensive career in housing includes time at the Housing Corporation. John Higgins is a Chartered Accountant and currently Interim Head of Strategic Finance at East Thames Housing Group one of the largest providers of affordable housing in east London and Essex. Remuneration for NEDs has been agreed by the Board, and is allowed for in the business plan.
- 4.10 Directors have currently been appointed for the period of the Municipal Year 2016/17. It is proposed to amend the Memorandum and Articles of Association to extend this period to an initial appointment of three years - for elected members this will be subject to the Annual General Meeting of the Council confirming their appointment.

### ii) Appointment of Managing Director

- 4.11 A Managing Director for the company has been recruited, whose key task is to work with other officers and the Board to move the company from planning to operation.

Alex Jaques is a chartered surveyor with over 15 years experience of managing residential property portfolios in the private sector. The Shareholder Agreement requires that the remuneration package for the HfR Managing Director be approved by the Shareholder and Committee is asked to approve the remuneration of the Managing Director in line with the Council's pay policy at Head of Service/Director Grade. (In line with normal arrangements for such posts the precise placement on the scale will be agreed by the Director of Environment & Neighbourhood Services). It is not currently proposed that the Managing Director is a member of the company board (though she attends the Company's board meeting as does the Council's Head of Finance, as an observer).

## **Shareholder Agreement and Memorandum and Articles of Association**

- 4.12 RBC will hold all of shares in HfR and as such retains full control of the company. The governance structure in place ensures robust management of the company and protection of the Council's financial and reputational investment.
- 4.13 The final proposed Memorandum and Articles of Association (Appendix 2) and Shareholder Agreement (Appendix 1) are attached and set out how the company will be run and the decisions reserved for shareholders. The shareholder function is primarily executed through Policy Committee. Additionally the Audit and Governance Committee has been authorised to provides oversight of the arrangements and financial position in relation to the company.

## **5. CONTRIBUTION TO STRATEGIC AIMS**

- 5.1 This proposal will contribute to the service priorities set out in the Council's Corporate Plan 2015-18:
- Providing homes for those in most need.
- 5.2 The proposal will increase access to safe and suitable housing for homeless households and more widely will help to improve stock condition and promote best practice in the private rented sector.

## **6. COMMUNITY ENGAGEMENT AND INFORMATION**

- 6.1 There is no requirement in legislation or in guidance to consult with other agencies or stakeholders on the establishment of a housing company. However, it will be important that members, council staff, applicants, tenants and the wider community understand the role and offer provided by the housing company and how this differs from the provision of Council housing. Information and housing policies will be published in plain English. A communications strategy will need to be developed in due course.

## **7. EQUALITY IMPACT ASSESSMENT**

- 7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2 An Equality Impact Assessment (EIA) does not indicate that recommendations will have a disproportionate impact on any protected group.

## 8. LEGAL IMPLICATIONS

8.1 Specialist legal advisors Trowers and Hamlins have provided legal advice including documentation in respect of powers to form and to fund the housing company. This was set out in some detail in the report to Council in March 2016.

8.2 The Housing and Planning White Paper 'Fixing Our Broken Housing Market' published in early February has the potential to impact on both the local housing market and the company's Business Plan. Further analysis will be required and the impact will be subject to the final primary and secondary legislation once enacted. There is reference to the Right to Buy being applied to affordable homes developed by local authority housing companies but there is little detail to enable any potential impact on the HfR proposed business model at this stage. It is also proposed to regulate lettings fees in the private rented sector.

## 9. FINANCIAL IMPLICATIONS

9.1 The financial model for HfR has been developed by Savills Financial Services with officers providing and agreeing assumptions. As previously noted, the modelling is predicated on there being no overall cost to the Council, which intends to borrow money and in turn support the housing company through the provision of loans and subscription to share capital. Both the loans (which will be for more than one year) and share capital will be accounted for as capital expenditure.

9.2 The interest rate on the loans to the company will be set such that the interest paid by the company is forecast to be at least as much as the interest the Council will need to pay on borrowing it undertakes to finance the share & loan finance over the life of the business plan. The treasury risks of the company (as a start up) and Council are different, so whilst in theory it would be possible to achieve this by always undertaking matching borrowing when HfR needs money to buy property, in practice a better overall financial position is likely to be achieved by managing the Council's position in the context of the treasury strategy overall (agreed at Council in February).

### State Aid

9.3 Savills have additionally provided advice on State aid compliance and their report is intended to enable the Council to satisfy itself in respect of both this matter and compliance with UK transfer pricing rules. The Market Economy Operator Principle (MEOP) is a concept that has been developed by the European Commission to determine whether a transaction entered into by a public body gives an advantage to a particular economic undertaking and therefore falls within the State Aid regime. In broad terms, MEOP says that an economic transaction carried out by a public body does not constitute State Aid if it is carried out in line with normal market conditions. In other words, "does the beneficiary get an advantage they would not normally get from the market?". For example, if a Council was to provide a loan to a company on commercial terms and at a commercial interest rate, properly taking into account the associated risks, on terms and for a return

that a private investor would, then such activity would normally be considered to constitute lawful State Aid. The proposed arrangements meet this requirement.

- 9.4 It is recommended practice for councils to satisfy themselves on this issue by obtaining an independent report setting out that a notional private lender/investor would in the same circumstances make a loan/invest on the terms which the council proposes. In particular, the loan arrangement must comply with prevailing market terms - i.e. be commercial in nature and contain provisions which a private lender would require, have a commercial interest rate which properly reflects the risk and security, and other factors which a private/commercial lender would take into account in calculating an appropriate interest rate.
- 9.5 The intention of this report is to satisfy the Council, (HMRC & regulators) in this respect and on related Corporation Tax issues.

#### **Value for Money (VFM)**

- 9.6 See above - the proposal is cost neutral to the authority but will provide a supply of accommodation for homeless households thus contributing to a reduction in expenditure on bed and breakfast accommodation.
- 9.7 Unlike other options to accommodate homeless households, such as the Rent Guarantee Scheme and leasing property in the market, provision of housing through a housing company will be at no net cost to the authority as the company will operate on a commercial basis, cross-subsidising sub-market rent with the provision of full market rent.

#### **Risk Assessment**

- 9.8 Investing in property presents a number of significant risks and also opportunities to the housing company and the Council. The HfR Risk Register is based on the Council model and identifies 27 risks, 10 of which are red and 13 amber before mitigation. After mitigation HfR will manage 13 amber risks. These will be regularly reviewed and updated by HfR Executive Management Team and the HfR Board. Any start up business carries risks and the first year of operation will be most challenging for HfR. Many of the risks are outside the direct control of the company, but where HfR can influence matters it will focus on managing and minimizing risk.
- 9.9 The current residential property market can be characterised as uncertain. In addition to taxation and stamp duty changes, World and UK economic considerations have all had a significant impact on the UK property market over the last year. Many commentators have offered opinion, but it is clear that the impact of the UK leaving the EU is uncertain and likely to be so for several years. The fundamentals of housing in the region remain the same - high demand and a historic lack of supply. HfR continue to monitor the market and will revise assumptions as we start to move towards our first acquisitions.
- 9.10 The key variables which can impact on the viability of the company are market driven and these are not always predictable:
- i) Market rent yield (the relationship between market rent achievable on a property and it's market value). Yields will fall if for instance
- Rents fall (with no commensurate fall in sales values)
  - Sales prices rise but rents don't rise at the same rate

- ii) Interest rates/Council funding costs rise - and therefore the cost to the company.
- iii) Rate of acquisition of properties - this impacts the ability to cover a fixed cost base.
  - If there are insufficient properties available to purchase above threshold yield - risk re rate of acquisition and ability to cover fixed costs.

Other factors include:

- iv) Performance - control of operating costs. This is controllable to a considerable extent but could be impacted by market forces, for instance, if insufficient demand impacted void periods.
- v) Legislative and policy risks. For example
  - The current Housing White Paper proposes that affordable homes developed by a Council Housing Company should also be subject to the Right to Buy. There is little detail available as yet.
  - The Government are considering the need for additional disincentives for buy-to-let investors (further to increasing SDLT).

9.11 If the company cannot meet its interest payments to the Council and in turn the Council is not receiving sufficient return to meet its own financing costs, if it did the company could realise capital from the sale of a property to cover the shortfall. This situation is not ideal as the company would be a forced seller with a tenanted portfolio - but it would give the company time to then address the root problem of why it was unable to meet its interest payments. However, the Council would be exposed if property values had fallen since purchase - so that sale proceeds would not cover the Council's borrowing and initial investment. As part of the funding arrangements HfR is expected to achieve a property value to loan ratio within 3 years that provides a buffer, and ensure that only the shareholding value remains at risk.

9.12 Likewise should the rental market in Reading goes into decline and rents do not increase in line with costs, then this will require a re-alignment of the company's strategy which may include starting to sell properties and reduce the size of the portfolio.

9.13 It is anticipated that the company will hold properties for a significant time and therefore, over the longer period, property prices are expected to grow and so there should be sufficient value to cover any additional costs as well as cover the Council's original loan and equity investment. Reading property values are currently expected to increase significantly over the next 5 years. In this context, the Council needs to be able to take a long-term view of the proposal.

9.14 Furthermore, a reduction in the value of the stock only becomes a significant problem if it falls below the original purchase price, and is accompanied by significant reductions in rent levels achievable, and if the company actually has to sell properties. This business case is viewed as a long term investment and so any short term drops in property values should be seen in the context that property values generally increase over the long term.

9.15 Part of the company's management responsibility will be to continually monitor the property market and its property portfolio (and costs and incomes) to forecast any changes and adjust its strategy to manage any difficult periods or indeed, take



advantage of opportunities. In this context the Company would be expected to report to the Council as shareholder if it foresaw significant risk of problems emerging from a changing property market.

- 9.16 As well as shareholder risks above, the company will carry operational risks of managing a housing portfolio; in many ways these will be similar to those the Council already carries as HRA landlord.

## 10. BACKGROUND PAPERS

- i) PROPOSAL TO ESTABLISH A COUNCIL OWNED HOUSING COMPANY: Report to Council - 22 March 2016
- ii) APPOINTMENT/NOMINATIONS TO OTHER BODIES FOR THE MUNICIPAL YEAR 2016-17: report to Policy Committee - 25 May 2016
- iii) HFR - BOARD AUTHORITY TO ALLOT SHARES: Report to Policy Committee - 31 October 2016
- iv) Financial model (which is confidential).



**dated**

**2017**

**Reading Borough Council**

and

**Homes for Reading Ltd**

## **Shareholders' Agreement**

in respect of Homes for Reading Ltd

Trowers & Hamblins LLP  
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**1**

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# Shareholders' Agreement

dated 2017

## Parties

- (1) **Reading Borough Council** whose registered office is at Civic Offices, Bridge St, Reading, Berkshire RG1 2LU (the **Council**).
- (2) **Homes for Reading Ltd** (company no 10108064) whose registered office is at Civic Offices, Bridge St, Reading, Berkshire RG1 2LU (the **Company**).

## Introduction

- (A) The Company was incorporated in England under the Companies Act 2006 on 6 April 2016 and, at the date of this Agreement, 1 Share is in issue and is registered in the name of and are beneficially owned by the Council.
- (B) The Company has been established for the commercial purpose of increasing the supply of housing across a range of tenures including for sale (on market or shared ownership or shared equity terms) and rent (at a market or at sub-market rent).
- (C) This Agreement sets out the terms upon which the Council will participate in the Company as its shareholder.

## Agreed Terms

### 1 Definitions and Interpretation

1.1 In this Agreement:

**Agreed Form** means a form agreed between the Shareholders from time to time, a copy of which has been initialled for the purpose of identification by or on behalf of the Shareholders;

**Articles** means the articles of association of the Company;

**Business** means the business of the Company as set out in clause 2;

**Business Day** means a day (other than a Saturday or Sunday) on which the banks in the City of London are open for business;

**CA2006** means the Companies Act 2006;

**Director** means a director of the Company;

**Dwelling** means any dwelling owned by the Company from time to time;

**Environmental Information Regulations** means the Environmental Information Regulations 2004;

**Financial Model** means the financial model set out in a CD-R will file referenced [file name to follow] and initialled by way of identification by the signatories to this Agreement as amended from time to time with Shareholder Consent;

**Finance Documents** means a development facility agreement to be entered into by the Company and the Council on or about the date of this Agreement, a loan note instrument to be entered into by the Company on or about the date of this Agreement, and any other funding and security documentation which is entered into by the Company relating to the provision of funding for the Business from the Council;

**FOIA** means the Freedom of Information Act 2000;

**Group** means the Company and its subsidiary undertakings from time to time, or any of them as the context requires and **Group Company** shall be construed accordingly;

**Information** has the meaning given to it under section 84 of the FOIA;

**Remuneration Policy** means a policy adopted by the Company (following receipt of Shareholder Consent) in relation to the provision of remuneration (including salary, bonus, the provision of benefits-in-kind or otherwise) for its employees, officers and consultants;

**Request for Information** has the meaning set out in the FOIA or any apparent request for information made under the FOIA or the Environment Information Regulations;

**Shareholder** means any holder of any Share(s) from time to time, being the Council at the date of this Agreement;

**Shareholder Consent** means consent of the Shareholders in accordance with clause 3.6;

**Shareholder Consent Matters** means those matters listed in schedule 1;

**Shares** means the ordinary shares of £1 each in the issued share capital of the Company;

**Subsidiary** has the meaning given in the CA2006; and

**United Kingdom** means the geographical area of the United Kingdom of Great Britain and Northern Ireland as at the date of this Agreement.

1.2 A reference to a statutory provision includes a reference to:

1.2.1 a statutory amendment, consolidation or re-enactment (whether before or after the date of this Agreement),

1.2.2 statutory instruments or subordinate legislation (as defined in section 21(1) of the Interpretation Act 1978) or orders made under the statutory provision (whether made before or after the date of this Agreement), and

1.2.3 statutory provisions of which the statutory provision is an amendment, consolidation or re-enactment.

1.3 Reference to:

- 1.3.1 a person includes a legal or natural person, partnership, trust, company, government or local authority department or other body (whether corporate or unincorporate),
  - 1.3.2 a statutory or regulatory body shall include its successors and any substituted body,
  - 1.3.3 an individual includes, where appropriate, his personal representatives,
  - 1.3.4 the singular includes the plural and vice versa, and
  - 1.3.5 one gender includes all genders.
- 1.4 Unless otherwise stated, a reference to a clause or schedule is a reference to a clause or schedule to this Agreement and a reference to this Agreement includes its schedules.
- 1.5 Clause headings in this Agreement are for ease of reference only and do not affect its construction.
- 1.6 In construing this Agreement the so-called ejusdem generis rule does not apply and accordingly the interpretation of general words shall not be restricted by words indicating a particular class or particular examples.
- 1.7 For the purposes of this Agreement **Party** means a party to this Agreement and reference to **Parties** shall be to all or more than one of them as applicable.
- 1.8 Where a provision of this agreement imposes an obligation, cost or liability on two or more Parties, that obligation, costs or liability shall be construed as being against those Parties jointly and severally, and where a provision of this Agreement gives a claim, benefit or right to two or more Parties, that claim, benefit or right attaches to those Parties jointly.
- 1.9 Where a consent and/or permission is required under this Agreement from one Party to the other that consent and/or permission should not be unreasonably withheld or delayed.

## **2 Business**

- 2.1 The Business of the Company shall be:
- 2.1.1 to operate as a commercial company;
  - 2.1.2 to purchase land and property within the United Kingdom from either the Council or on the open market; and
  - 2.1.3 to acquire, develop, construct and/or refurbish residential homes within the 'Greater Reading' as defined by the company (subject to any variation of the geographical extent of the Company's activities agreed pursuant to clause 2.6) which it will sell at market or shared equity or shared ownership terms or rent (either on the open market or at a sub-market rent).
- together with any activities reasonably incidental to the above.
- 2.2 The first Business Plan of the Company is set out in schedule 2 to this Agreement [to be agreed once the company commences trading]. The Company shall circulate a revised

version of the then current Business Plan to the Shareholders by the end of November in each year and invite the Shareholders to provide comments on the proposed Business Plan or to provide Shareholder Consent. The Shareholders will use reasonable endeavours to respond by the end of the following February. Subject to the receipt of Shareholder Consent, before the end of each Accounting Period the Directors shall (in accordance with this Agreement) consider and, if appropriate, adopt an updated and revised Business Plan. No adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has received Shareholder Consent.

- 2.3 Each Business Plan shall be substantially in the format of the first Business Plan and shall be for a three year period, unless the shareholder consents otherwise.
- 2.4 Notwithstanding any other provision of this clause 2, following the requisite approval by the Directors of a new proposed Business Plan or an amended or updated and revised Business Plan, such draft Business Plan shall become, or such amended or updated Business Plan shall become, the Business Plan for the relevant Accounting Periods. For any period when a proposed Business Plan presented under clause 2.3 has not been approved and adopted by the Directors in accordance with this Agreement the relevant existing Business Plan shall continue to be the Business Plan of the Company.
- 2.5 The Company shall not acquire any property or otherwise trade outside of the area of 'Greater Reading' as defined by the company, without Shareholder Consent.

### **3 Conduct of the Company's Affairs**

- 3.1 Meetings of the Directors shall be held no less than four times in every year and at not more than three monthly intervals.
- 3.2 With the exception of those matters requiring Shareholder Consent pursuant to clause 3.6, the management of the Company shall be vested in the Directors. The Directors may appoint a managing director on such terms as they may think fit who shall be responsible for the day to day management of the Business within the terms of the Business Plan and this Agreement and perform such duties as may be delegated to him by the Directors. The Directors may also remove such managing director and appoint a replacement, on such terms as it may think fit providing that no appointment to the post of managing director shall be made without Shareholder Consent.
- 3.3 Without prejudice to the generality of the foregoing, the Directors will determine the general policies of the Company and the manner in which the Business is to be carried out, subject to the Business Plan, to those matters requiring Shareholder Consent pursuant to clause 3.6 and to any other express provisions of this Agreement. In particular, but without limitation to the generality of the foregoing, the Directors will shall exercise all voting rights and other powers of control available to them in relation to the Company so as to procure (in so far as they are able in the exercise of such rights and power) that, at all times during the term of this Agreement, the Company shall:
- 3.3.1 carry on and conduct its business and affairs in a proper and efficient manner, for its own benefit and in accordance with the Business Plan and with good business practices, and
- 3.3.2 transact all its business on arm's length terms.

- 3.4 The Company shall not carry out any activity which would render the holding of Shares by any Shareholder unlawful provided that where a proposed change of law would render such shareholding unlawful such Shareholder will use its reasonable endeavours to take such steps as are necessary to allow it to continue lawfully to hold its Shares.
- 3.5 The Company will if it requires any approval, consent or licence for the carrying on of its Business in the manner in which it is from time to time carried on or proposed to be carried on, obtain and maintain the same in full force and effect.
- 3.6 The Company shall ensure that none of the Shareholder Consent Matters shall be carried out without the prior consent in writing of Shareholders holding in aggregate between them a majority of the Shares then in issue.
- 3.7 The Company shall permit any Director to discuss the affairs, finances and accounts of the Company and its subsidiaries with any Shareholder's designated officers and executives at any time. All books, records, accounts and documents relating to the business and the affairs of the Company and its subsidiaries shall be open to the inspection of any such person, who shall be entitled to make any copies thereof as he or she deems appropriate to keep the relevant Shareholder properly informed about the business and affairs of the Company or to protect its interests as a Shareholder. Any information secured as a consequence of such discussions and examinations shall be kept confidential by the requesting Shareholder and its designated officers and executives in accordance with the terms of clause 5.
- 3.8 The Company agrees with the Shareholders that it will maintain effective and appropriate control systems in relation to the financial, accounting and record-keeping functions of the Group and will generally keep the Shareholders informed of the progress of each Group Company's business and affairs and in particular will procure that each Shareholder is given such information and such access to the officers, employees and premises of the Group as it may reasonably require for the purposes of enabling it to monitor its investment in the Group.
- 3.9 The Company shall not breach nor cause the Council to be in breach of the Local Authorities (Companies) Order 1995.

#### **4 Covenants**

The Company covenants to the Council in accordance with the terms of Schedule 3.

#### **5 Termination**

5.1 This Agreement shall terminate upon

5.1.1 the written agreement of the Parties in accordance with the terms agreed; or

5.1.2 when a resolution is passed by the Shareholders or creditors of the Company, or any order made by a court or other competent body or person instituting a process that shall lead to the Company being wound up and its assets being distributed among the creditors, Shareholders or other contributors,



but shall cease and determine in respect of a Shareholder (without prejudice to that Shareholder's accrued rights, obligations or liabilities) upon that Shareholder ceasing to hold Shares in the Company.

## **6 Confidentiality**

6.1 Each Party undertakes that it shall not at any time disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other party or of any member of the group of companies to which the other Party belongs, except as permitted by clause 5.2.

6.2 Each Party may disclose the other Party's confidential information:

6.2.1 to its employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the Party's obligations under this Agreement. Each Party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other Party's confidential information comply with this clause 5; or

6.2.2 as may be required by law, court order or any governmental or regulatory authority.

6.3 Each Party acknowledges that the other Party is subject to the requirements of the FOIA and the Environmental Information Regulations, and shall facilitate the other Party's compliance with its Information disclosure requirements pursuant to and in the manner provided for in clauses 5.4 and 5.7.

6.4 If either Party (the **Recipient**) receives a Request for Information in relation to Information that the other Party is holding and which the Recipient does not hold itself, the Recipient shall refer to the other Party such Request for Information as soon as practicable and in any event within five (5) Business Days of receiving a Request for Information, and the other Party shall:

6.4.1 provide the Recipient with a copy of all such Information in the form that the Recipient requires as soon as practicable and in any event within 10 Business Days (or such other period as the Recipient acting reasonably may specify) of the Recipient's request; and

6.4.2 provide all necessary assistance as reasonably requested by the Recipient to enable the Recipient to respond to a Request for Information within the time for compliance set out in Section 10 of the FOIA or Regulation 5 of the Environmental Information Regulations.

6.5 Following notification under 5.4, and up until such time as the other Party has provided the Recipient with all the Information specified in clause 5.4, the other Party may make representations to the Recipient as to whether or not or on what basis Information requested should be disclosed, and whether further information should reasonably be provided in order to identify and locate the information requested, provided always that the Recipient shall be responsible for determining, at its absolute discretion:

6.5.1 whether Information is exempt from disclosure under the FOIA and the Environmental Information Regulations; and

6.5.2 whether Information is to be disclosed in response to a Request for Information, and in no event shall the other Party respond directly to a Request for Information unless the Request for Information is addressed to it.

6.6 The Parties acknowledge that (notwithstanding the provisions of clause 5.1) the Recipient may, acting in accordance with the Department of Constitutional Affairs' Code of Practice on the Discharge of Functions of Public Authorities under part I of the Freedom of Information Act 2000, be obliged under the FOIA or the Environmental Information Regulations to disclose Information concerning the other Party:

6.6.1 in certain circumstances without consulting with the other Party; or

6.6.2 following consultation with the other Party and having taken their views into account.

6.7 Each Party shall transfer to the other Party any Request for Information which it receives but is addressed to the other Party as soon as practicable and in any event within 3 Business Days of receiving it.

6.8 The Parties acknowledge that any lists provided which list or outline Confidential Information are of indicative value only and that a Recipient may nevertheless be obliged to disclose Confidential Information in accordance with clause 5.6.

## **7 No Partnership**

Nothing in this Agreement gives rise to a partnership between the Parties or constitutes one Party the agent of another.

## **8 Contracts (Rights of Third Parties) Act 1999**

8.1 Unless the right of enforcement is expressly granted, it is not intended that a third party, other than a lawful successor in title or a lawful assignee, should have the right to enforce a provision of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

8.2 The Parties may rescind or vary this Agreement without the consent of a third party to whom an express right to enforce any of its terms has been provided.

## **9 Costs of this Agreement**

Each party shall pay its own costs in connection with the negotiation, preparation, execution and performance of this Agreement and of each department referred to in it.

## **10 Waiver**

10.1 The rights of each of the Parties in respect of a breach of this Agreement shall not be affected by completion, by its rescinding, or failing to rescind, this Agreement, or failing to exercise, or delaying in exercising, a right or remedy, or by anything else, except a specific authorised written waiver or release. A single or partial exercise of a right or remedy provided by this Agreement or by law does not prevent its further exercise or the exercise of another right or remedy.

10.2 Waiver of a breach of a term of this Agreement, or of a default under it, does not constitute a waiver of another breach or default nor affect the other terms of this Agreement.

10.3 The rights and remedies provided in this Agreement are cumulative and not exclusive of any other rights or remedies.

## **11 Variation**

A purported variation of this Agreement is not effective unless in writing and signed by or on behalf of each of the Parties.

## **12 Invalidity**

If a provision of this Agreement is held to be illegal or unenforceable, in whole or in part, under an enactment or rule of law, it shall to that extent be deemed not to form part of this Agreement and the enforceability of the remainder of this Agreement shall not be affected. The Parties agree to negotiate in good faith to agree the terms of a mutually satisfactory provision to be substituted for the provision found to be illegal or unenforceable.

## **13 Entire Agreement**

13.1 This Agreement (together with any documents entered into under it or at the same time as it) supersedes all prior understandings and agreements between the Parties (whether written or oral) relating to its subject matter and contains the entire agreement between the Parties relating to its subject matter.

13.2 Each Party acknowledges that it does not enter into this Agreement on the basis of, and does not rely on, warranties or representations made, or agreed to, by any person (whether a party to this Agreement or not).

13.3 Each Party waives its rights against the others in respect of warranties and representations (whether written or oral) not expressly set out or referred to in this Agreement.

13.4 Nothing in this clause 12 limits or excludes liability for fraud.

13.5 The Parties acknowledge that they have had the benefit of legal advice on the effects of this clause 12 and confirm that they consider this clause 12 to be reasonable in all circumstances of this Agreement.

## **14 Status of this Agreement**

14.1 In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, then it is the intention of the Shareholders that the provisions of this Agreement shall prevail. Accordingly, each Shareholder (so far as each is able) shall take all such steps and do all such acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it in relation to the Company, so as to give effect to the provisions of this Agreement and shall further if necessary procure (insofar as it is able to do so by the exercise of those rights and powers) any required amendment to the Articles.

## **15 Consents**

15.1 Consents, notices, approvals or agreements to be given by the Shareholders under this Agreement shall be given in writing.

15.2 Where this Agreement provides that a matter is subject to the consent, approval or Agreement of any Party then (except as expressly provided otherwise), it shall be in the absolute discretion of the Party concerned as to whether (and if so, on what terms and conditions) the consent, approval or agreement is made.

## **16 Communications**

16.1 Any notice or other communication under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by first-class post (and by air mail if overseas) or by facsimile as follows:

16.1.1 if to the Council, to:  
Address: Civic Offices, Bridge St, Reading, Berkshire RG1 2LU  
marked for the attention of Head of Legal Services;

16.1.2 if to the Company, to:  
Address: Civic Offices, Bridge St, Reading, Berkshire RG1 2LU  
marked for the attention of The Managing Director;

or to such other person, address, or fax number or email as any Party may specify by notice in writing to the other.

16.2 In the absence of evidence of earlier receipt, any notice or other communication shall be deemed to have been duly given:

16.2.1 if delivered personally, when left at the address referred to in clause 15.1;

16.2.2 if sent by mail, other than airmail, two Business Days after posting it;

16.2.3 if sent by fax, on completion of its legible transmission; and

16.2.4 if sent by email, when sent and there has been no communication by the recipient to the senders that the email has not been received,

provided always that a notice given in accordance with the above but received on a day which is not a Business Day or after business hours on a Business Day will only be deemed to be given on the next Business Day.

16.3 The original of any notice or other communication by fax shall be forwarded to the recipient(s) but the non-arrival of that original shall not affect the validity of the notice or other communication by fax.

## **17 Counterparts**

17.1 This Agreement may be executed in a number of counterparts and by the Parties on different counterparts, but shall not be effective until each Party has executed at least one counterpart.

17.2 Each counterpart, when executed, shall be an original, but all the counterparts together constitute the same document.

**18 Governing Law and Jurisdiction**

18.1 This Agreement and the rights and obligations of the Parties shall be governed by and construed in accordance with the laws of England and Wales.

18.2 The Parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales in respect of any dispute or claim arising out of or in connection with this Agreement or any of the documents to be executed pursuant to this Agreement or their subject matter or formation (including non-contractual disputes or claims). This Deed has been executed as a deed and delivered on the date stated at the beginning of this Deed.

## Schedule 1

### Shareholder Consent Matters – Part A (Corporate Matters)

The Company and any Group Company shall not, unless it has Shareholder Consent:

1. vary in any respect its articles of association or the rights attaching to any of its shares; or
2. permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Shareholders in accordance with the terms of this Agreement and/or any permitted transferees, or permit the registration (upon subscription or transfer) of any person as a member of any other Group Company save for the Company; or
3. increase the amount of its issued share capital except as provided in this agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital; or
4. issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital; or
5. make any borrowing other than under the Finance Documents; or
6. apply for the listing or trading of any shares or debt securities on any stock exchange or market; or
7. pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent); or
8. engage in any business other than as contemplated by the Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business; or
9. form any Subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not); or
10. close down any business operation, or dispose of or dilute its interest in any of its Subsidiaries for the time being, or dispose of any material asset unless in each case such closure or disposal is expressly contemplated by the Business Plan; or
11. amalgamate or merge with any other company or business undertaking; or
12. alter its name or registered office; or
13. enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement; or

14. enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or
15. enter into, as lessor or as lessee, any finance lease; or
16. create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than:
  - (a) the Finance Documents;
  - (b) liens arising in the ordinary course of business; or
  - (c) any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business; or
17. adopt or amend its annual Business Plan; or
18. change either:
  - (a) its statutory auditors; or
  - (b) its financial year end; or
19. make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom; or
20. make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading); or
21. give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan; or
22. factor or assign any of its book debts; or
23. establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees (but for the avoidance of doubt, this will not prevent any Group Company from awarding a discretionary cash bonus to directors, officers or employees); or
24. establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family; or
25. dismiss any director
26. adopt or amend its Remuneration Policy;

27. agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any employee, officer of or consultant to the Company unless the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) is in accordance with the Company's current Remuneration Policy or Business Plan; or
28. institute, settle or compromise any material legal proceedings (other than possession or debt recovery proceedings in the ordinary course of business or where the Value of such claim is reasonably believed by the Company to be less than £100,000 instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan; or
29. make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes in relation to the Group Company or its business if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan.
30. (in addition to the Covenant 4 in Schedule 3 to this Agreement) acquire any land or any individual dwelling with a value in excess of £750,000
31. enter into any contract with a value in excess of £1,000,000.



## Shareholder Consent Matters – Part B (Operational Matters)

The Company and any Group Company shall not unless it has Shareholder Consent make any amendments to the Financial Model or to its Remuneration Policy

**Schedule 2**  
**First Business Plan**

**Schedule 3**  
**Company Covenants**

The Company covenants to the Shareholder as follows:

1. To only acquire land or a dwelling if the acquisition is in accordance with the Financial Model.
2. To appoint the Council's auditors as its statutory auditors and to maintain the Council's financial year and as its financial year end.

**In witness** whereof the parties have executed this Agreement as a deed.

executed as a deed by affixing the common seal of )

**Reading Borough Council** )

)

in the presence of:

Authorised signatory

executed as a deed by )

**Homes for Reading Ltd** )

)

acting by: )

a director in the presence of:

.....

Director

Witness signature

Name

Address

Private company limited by shares

## Memorandum of association

of

## Homes for Reading Limited

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Each subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company and to take at least one share.

---

Name of each subscriber

Authentication by each subscriber

---

Reading Borough Council

---



**Homes for Reading Limited**

**Articles of association**

Trowers & Hamlins LLP  
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[www.trowers.com](http://www.trowers.com)

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Company number: 10108064

Private company limited by shares

Articles of association

of

Homes for Reading Limited

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**1 Model articles not to apply**

The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles shall not apply to the company. References to **the articles** shall be to the following articles of association as amended from time.

**2 Defined terms**

In the articles, unless the context requires otherwise:

**bankruptcy** includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

**board** means the board of directors of the company from time to time;

**chairman** has the meaning given in article 14;

**chairman of the meeting** has the meaning given in article 47;

**Companies Acts** means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

**council** means Reading Borough Council or any successor body thereto;

**director** means a director of the company, and includes any person occupying the position of director, by whatever name called;

**distribution recipient** has the meaning given in article 39;

**document** includes, unless otherwise specified, any document sent or supplied in electronic form;

**electronic form** has the meaning given in section 1168 of the Companies Act 2006;

**fully paid** in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

**hard copy form** has the meaning given in section 1168 of the Companies Act 2006;

**holder** in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

**instrument** means a document in hard copy form;

**ordinary resolution** has the meaning given in section 282 of the Companies Act 2006;

**paid** means paid or credited as paid;

**Parent** means the council;

**participate**, in relation to a directors' meeting, has the meaning given in article 12;

**proxy notice** has the meaning given in article 53;

**shareholder** means a person who is the holder of a share;

**shares** means shares in the company;

**special resolution** has the meaning given in section 283 of the Companies Act 2006;

**subsidiary** has the meaning given in section 1159 of the Companies Act 2006;

**transmittee** means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

**writing** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

### **3 Liability of members**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

### **4 Objects clause**

The company's objects are unrestricted.

### **5 Directors' general authority**

Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.



## **6 Shareholders' reserve power**

- 6.1 The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 6.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

## **7 Directors may delegate**

- 7.1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:

- 7.1.1 to such person or committee, including to any appointed managing director and non-executive directors;
- 7.1.2 by such means (including by power of attorney);
- 7.1.3 to such an extent;
- 7.1.4 in relation to such matters or territories; and
- 7.1.5 on such terms and conditions;

as they think fit.

- 7.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 7.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## **8 Committees**

- 8.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- 8.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

## **9 Directors to take decisions collectively**

- 9.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 10.

- 9.2 If:

- 9.2.1 the company only has one director; and
- 9.2.2 no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

## **10 Unanimous decisions**

- 10.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 10.2 Such a decision may take the form of a resolution in writing, which may consist of several copies each signed by one or more eligible directors or to which the eligible directors have otherwise indicated agreement in writing.
- 10.3 References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- 10.4 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

## **11 Calling a directors' meeting**

- 11.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- 11.2 Notice of any directors' meeting must indicate:
- 11.2.1 its proposed date and time;
  - 11.2.2 where it is to take place; and
  - 11.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 11.3 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 11.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting. A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the company to that effect. Where a director gives such notice after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## **12 Participation in directors' meetings**

- 12.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
- 12.1.1 the meeting has been called and takes place in accordance with the articles, and
  - 12.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 12.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

12.3 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is.

### **13 Quorum for directors' meetings**

13.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

13.2 The quorum for the transaction of business of the directors shall be five.

13.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to request that the Parent appoints such number of further directors as are required to make up the board under articles 20 and 21.

### **14 Chairing of directors' meetings**

14.1 The board shall appoint a director to chair the directors' meetings.

14.2 The person so appointed for the time being is known as the chairman.

14.3 The Parent may require the directors to terminate the chairman's appointment at any time upon giving written notice to the company.

14.4 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

### **15 Casting vote**

15.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

15.2 But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

### **16 Conflicts of interest**

16.1 If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, then provided that the director has disclosed his interest in such actual or proposed transaction or arrangement with the company in accordance with the Companies Acts or the provisions of these articles, he may nevertheless be counted as participating in the decision-making process for quorum and voting purposes in respect of any such matter in which the director is in any way interested, and shall not, save as otherwise agreed, be accountable to the company for any benefit which he derives under or in consequence of any such transaction or arrangement.

16.2 For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

16.3 Subject to article 16.4, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

16.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

## **17 Authorisation of directors' conflicts of interest**

17.1 For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the **2006 Act**), the directors shall have the power to authorise any relationship, situation or other matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act (a **Conflict Situation**). Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

17.2 For the purposes of sections 175 and 180(4) of the 2006 Act and for all other purposes, it is acknowledged that a director may be or become subject to a Conflict Situation or Conflict Situations as a result of his also being or having been (or being party to an agreement or arrangement or understanding or circumstances under which he may become) an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or a direct or indirect investor in and/or otherwise involved with or interested in, any of the council, the company, its subsidiaries, any of its holding companies or any subsidiary of any of its holding companies (as such terms are defined in section 1159 of the 2006 Act) or any of its shareholders.

17.3 No director shall be in breach of the duty to avoid conflicts of interest in section 175 of the Act as a result of, and no authorisation is required in respect of, any Conflict Situation envisaged by article 17.2 having arisen or existing in relation to him.

17.4 Authorisation of a matter under this article 17 shall be effective only if:

17.4.1 the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;

17.4.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together, the **interested directors**); and

17.4.3 the matter was agreed to without the interested directors voting or would have been agreed to if the votes of the interested directors had not been counted.

17.5 Unless otherwise determined by the directors (excluding the interested directors), any authorisation of a matter under this article 17 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.

17.6 Any authorisation of a matter under this article 17 shall be on such terms and/or conditions as the directors (excluding the interested directors) may determine, whether at the time

such authorisation is given or subsequently and may be varied or terminated by the directors (excluding the interested directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the interested directors from all information and discussion of the matter in question. A director shall comply with any obligations imposed on him by the directors (excluding the interested directors) pursuant to any such authorisation.

17.7 If a director receives or has received any information otherwise than by virtue of his position as a director of the company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:

17.7.1 disclose any such information to the company, the directors or any other director or employee of the company; or

17.7.2 use or apply any such information in connection with the performance of his duties as a director;

provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, this article 17.7 shall apply only if such situation or relationship has been authorised by the directors under this article 17.

17.8 A director shall not, save as otherwise agreed by him, be accountable to the company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under this article and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

## **18 Records of decisions to be kept**

The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

## **19 Directors' discretion to make further rules**

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

## **20 The board**

Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum and the minimum number is one.

## **21 Appointment and Removal of Directors**

21.1 Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the company may at any time and from time to time:

- 21.1.1 appoint any person to be a director in an executive or non-executive director role (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors) for an initial term of three years. Where a director is an elected member of the council their term of appointment shall be for an initial term of three years subject to the annual general meeting of the council confirming their appointment; or
- 21.1.2 Remove any director from office.
- 21.2 The shareholder must consent to directors holding additional terms of office up to a maximum of nine years.
- 21.3 Every such appointment or removal shall be effected by notice in writing to the company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.
- 21.4 In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

## **22 Termination of director's appointment**

A person shall be ineligible for appointment to the board and if already appointed ceases to be a director as soon as:

- 22.1 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- 22.2 that person has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that person's office be vacated;
- 22.3 a bankruptcy order is made against that person;
- 22.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 22.5 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- 22.6 notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- 22.7 that person is an elected member or employee of any shareholder in the company where that person ceases to be an elected member or an employee of any shareholder for any reason;
- 22.8 that person is removed by the Parent by a notice in writing to the company;

22.9 that person is or becomes a person disqualified from elected membership of a local authority;

## **23 Directors' remuneration**

23.1 Directors may undertake any services for the company that the directors decide **provided that** no sum shall be paid to a director who is an elected member of the council.

23.2 The board may decide on any remuneration packages to be offered to non-executive directors.

## **24 Directors' expenses**

The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:

24.1 meetings of directors or committees of directors;

24.2 general meetings; or

24.3 separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company **provided that** no sum shall be paid to a director who is an elected member of the council.

## **25 Company Secretary**

The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

## **26 Nil- or partly-paid shares permitted**

If the company at any time has nil or partly-paid shares in issue, articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these articles, shall apply to the company and form part of these articles as if the text of such provisions was set out in full in these articles.

## **27 Allotment of shares**

27.1 Save as authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company.

27.2 Sections 561 and 562 of the Companies Act 2006 shall not apply to any allotment of equity securities (as defined in section 560 of the Companies Act 2006) by the company.

## **28 Powers to issue different classes of share**

28.1 Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

28.2 The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

## **29 Company not bound by less than absolute interests**

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

## **30 Share certificates**

30.1 The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

30.2 Every certificate must specify:

30.2.1 in respect of how many shares, of what class, it is issued;

30.2.2 the nominal value of those shares;

30.2.3 the amount paid up on the shares to which it relates; and

30.2.4 any distinguishing numbers assigned to them.

30.3 No certificate may be issued in respect of shares of more than one class.

30.4 If more than one person holds a share, only one certificate may be issued in respect of it.

30.5 Certificates must:

30.5.1 have affixed to them the company's common seal, or

30.5.2 be otherwise executed in accordance with the Companies Acts.

## **31 Replacement share certificates**

31.1 If a certificate issued in respect of a shareholder's shares is:

31.1.1 damaged or defaced; or

31.1.2 said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

31.2 A shareholder exercising the right to be issued with such a replacement certificate:



- 31.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;
- 31.2.2 must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- 31.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

## **32 Share transfers**

- 32.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.
- 32.2 The instrument of transfer of any share taken on formation of the company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.
- 32.3 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 32.4 The company may retain any instrument of transfer which is registered.
- 32.5 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 32.6 The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

## **33 Transmission of shares**

- 33.1 If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.
- 33.2 A transmittee who produces such evidence of entitlement to shares as the directors may properly require:
  - 33.2.1 may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and
  - 33.2.2 subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 33.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

## **34 Exercise of transmittees' rights**

- 34.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

34.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

34.3 Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

### **35 Transmittees bound by prior notices**

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

### **36 Procedure for declaring dividends**

36.1 The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

36.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.

36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

36.4 Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

36.5 If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

36.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

36.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### **37 Calculation of dividends**

Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:

37.1 declared and paid according to the amounts paid up on the shares on which the dividend is paid; and

37.2 apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends,

no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

### **38 Payment of dividends and other distributions**

38.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:

38.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;

38.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;

38.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or

38.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

38.2 In these articles, the **distribution recipient** means, in respect of a share in respect of which a dividend or other sum is payable:

38.2.1 the holder of the share; or

38.2.2 if the share has two or more joint holders, whichever of them is named first in the register of members; or

38.2.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

### **39 No interest on distributions**

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

39.1 the terms on which the share was issued, or

39.2 the provisions of another agreement between the holder of that share and the company.

### **40 Unclaimed distributions**

40.1 All dividends or other sums which are:

40.1.1 payable in respect of shares; and

40.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

40.2 The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

40.3 If:

40.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

40.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

#### **41 Non-cash distributions**

41.1 Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

41.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

41.2.1 fixing the value of any assets;

41.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

41.2.3 vesting any assets in trustees.

#### **42 Waiver of distributions**

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if:

42.1 the share has more than one holder; or

42.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

#### **43 Authority to capitalise and appropriation of capitalised sums**

43.1 Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:

43.1.1 decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential

dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

43.1.2 appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.

43.2 Capitalised sums must be applied:

43.2.1 on behalf of the persons entitled; and

43.2.2 in the same proportions as a dividend would have been distributed to them.

43.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in or towards:

43.4.1 paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct;

43.4.2 paying up any amounts unpaid on existing shares held by the persons entitled.

43.5 Subject to the articles the directors may:

43.5.1 apply capitalised sums in accordance with paragraphs 46.3 and 46.4 partly in one way and partly in another;

43.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

43.5.3 authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

#### **44 Attendance and speaking at general meetings**

44.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

44.2 A person is able to exercise the right to vote at a general meeting when:

44.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

44.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

- 44.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 44.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 44.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

#### **45 Quorum for general meetings**

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. The presence of a duly authorised representative of the Parent shall be a quorum.

#### **46 Chairing general meetings**

- 46.1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- 46.2 If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

46.2.1 the directors present; or

46.2.2 (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

- 46.3 The person chairing a meeting in accordance with this article is referred to as **the chairman of the meeting**.

#### **47 Attendance and speaking by directors and non-shareholders**

- 47.1 Directors may attend and speak at general meetings, whether or not they are shareholders.
- 47.2 The chairman of the meeting may permit other persons who are not:
- 47.2.1 shareholders of the company; or
- 47.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

#### **48 Adjournment**

- 48.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- 48.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:
- 48.2.1 the meeting consents to an adjournment; or
  - 48.2.2 it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 48.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 48.4 When adjourning a general meeting, the chairman of the meeting must:
- 48.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
  - 48.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 48.5 If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given:
- 48.5.1 to the same persons to whom notice of the company's general meetings is required to be given; and
  - 48.5.2 containing the same information which such notice is required to contain.
- 48.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

#### **49 Voting: general**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

#### **50 Errors and disputes**

- 50.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 50.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

#### **51 Poll votes**

- 51.1 A poll on a resolution may be demanded:

- 51.1.1 in advance of the general meeting where it is to be put to the vote, or
- 51.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

51.2 A poll may be demanded by:

- 51.2.1 the chairman of the meeting;
- 51.2.2 the directors;
- 51.2.3 any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation.
- 51.2.4 A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made.

51.3 Polls must be taken immediately and in such manner as the chairman of the meeting directs.

## **52 Content of proxy notices**

52.1 Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which:

- 52.1.1 states the name and address of the shareholder appointing the proxy;
- 52.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
- 52.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
- 52.1.4 is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

52.2 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

52.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

52.4 Unless a proxy notice indicates otherwise, it must be treated as:

- 52.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
- 52.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

## **53 Delivery of proxy notices**



- 53.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- 53.2 An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 53.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 53.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

#### **54 Proxies and corporate representatives**

The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

#### **55 Amendments to resolutions**

- 55.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 55.1.1 notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
  - 55.1.2 the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 55.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 55.2.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - 55.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 55.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

#### **56 Written resolutions and decisions of the Parent**

A proposed written resolution of the members of the company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the Companies Act 2006).

If the Parent makes a decision which is required to be taken in a general meeting or by means of a written resolution, that decision shall be valid and effectual as if agreed by the Company in general meeting. Any decision taken by the Parent pursuant to this Article 57 shall be recorded in writing and delivered by the Parent to the Company for entry in the Company's minute book.

## **57 Means of communication to be used**

57.1 Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

57.2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

57.3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

57.4 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

57.4.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

57.4.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;

57.4.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and

57.4.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

57.5 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Companies Act 2006.

## **58 Company seals**

58.1 Any common seal may only be used by the authority of the directors.

58.2 The directors may decide by what means and in what form any common seal is to be used.

58.3 Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

58.4 For the purposes of this article, an authorised person is:

58.4.1 any director of the company;

58.4.2 the company secretary (if any); or

58.4.3 any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

## **59 No right to inspect accounts and other records**

Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

## **60 Provision for employees on cessation of business**

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

## **61 Indemnity**

61.1 The company may indemnify any relevant officer out of the assets of the company from and against any loss, liability or expense incurred by him or them in relation to the company (including any liability incurred in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006)) **provided that** this article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the Companies Act 2006. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the Companies Act 2006 and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled.

61.2 To the extent permitted by, and subject to the restrictions in, the Companies Act 2006 and without prejudice to any indemnity to which he may otherwise be entitled, the board shall

have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the Companies Act 2006, or to enable him to avoid incurring such expenditure.

61.3 Without prejudice to the provisions of article 63, the directors may exercise all the powers of the company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the company.

61.4 In these articles:

61.4.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;

61.4.2 **relevant officer** means any current or former director, secretary or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006)), other than any person (whether an officer or not) engaged by the company (or associated company) as an auditor, to the extent he acts as an auditor.

## 62 Insurance

62.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

62.2 In this article:

62.2.1 a **relevant director** means any director or former director of the company or an associated company;

62.2.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and

62.2.3 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT & NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 MARCH 2017	AGENDA ITEM:	11
TITLE:	ACCOMMODATION RATIONALISATION REVIEW - THAMESBRIDGE HOUSE		
LEAD COUNCILLOR:	COUNCILLOR LOVELOCK	PORTFOLIO:	LEADERSHIP
SERVICE:	PLANNING DEVELOPMENT AND REGULATORY SERVICES	WARDS:	CAVERSHAM, WHITLEY
LEAD OFFICER:	JAN SAGOO	TEL:	0118 937 2304
JOB TITLE:	HEAD OF CIVIC SERVICES	E-MAIL:	jan.sagoo@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out a proposal to carry out improvements to Thamesbridge House at an estimated cost of £240,000 - £260,000 and appoint Morgan Sindall to carry out the works under their existing agreement with the Council, which will allow for the relocation of New Directions provision and future release of the Caversham Centre for disposal (subject to Policy Committee approval). In addition to a Capital receipt (to be determined), the disposal of the Caversham Centre would achieve an annual revenue saving of circa £68k plus £50k of condition related Capital costs.

2. RECOMMENDED ACTION

- 2.1 That improvement works up to the value of £260,000 be carried out at Thamesbridge House, 330 Northumberland Avenue;
- 2.2 That, in accordance with Contract Procedure Rule 4(2)(h) and (i), the existing agreement with Morgan Sindall be extended to include the additional works described in section 4.2 of the report;
- 2.3 That the Capital programme be amended to include this approved works in 2.1 above.

3. POLICY CONTEXT

- 3.1
- The Council is in the process of rationalising its principal operational premises in order to improve the quality of customer facing services by ensuring that buildings are fit for purpose, generating capital receipts, increasing revenue streams and making on-going revenue savings. This is in line with the actions set out in the Council's Corporate Asset Management Plan.
  - At its meeting held on 18 July 2016, the Policy Committee agreed the recommendations set out in the Operational Accommodation Review and Asset Management Report, which included the principle of disposing of The Caversham

Centre by re-providing the New Directions services currently operating from the Centre to other existing Council premises.

#### **4. THE PROPOSAL**

##### **4.1 Current Position:**

Thamesbridge House currently provides mixed classroom and office space for New Directions and children's services teams including South Children's Action Team, Family Workers, Multi-systemic Therapy and the Portage teams. As part of the office rationalisation programme and detailed surveys, Thamesbridge House presented itself as a favourable site for improvement works as it required minimum investment to increase capacity for New Directions Services and office space. A location plan showing Thamesbridge House is appended to this report.

##### **4.2 Options Proposed**

These works have become a priority for Reading Borough Council (RBC) in order to facilitate the expedient disposal of the Caversham Centre, approved in principle by the Policy Committee at its meeting held on 18 July 2016. With intelligent use of space Thamesbridge House has the potential to accommodate the New Directions Services currently located in Caversham, as well as providing office accommodation for the RBC staff in both buildings.

Works are being proposed at Thamesbridge House for a number of factors:

- Geographically, the building is within the south of Reading which is the area where service delivery is most needed.
- Improved utilisation of the building through undertaking of these works, namely using the building to maximum capacity. This makes best use of property assets and releases the Caversham site for disposal.
- Children's Services and New Directions will both be able to operate effectively and collaboratively from Thamesbridge House.
- RBC will only be required to run one building (Thamesbridge House) instead of the current two buildings.

A high level feasibility study has been undertaken on the Thamesbridge House proposals based on a set of user requirements developed through service consultations, at an estimated cost of £240,000 - £260,000. The scope of works is outlined below:

###### **Ground Floor:**

- Large team office with 20 desks
- Small team office with 8 desks
- Pottery/Art space with Kiln room
- Café/Drop-in for mixed staff and student use
- Replace flooring for change of use where required

###### **First Floor:**

- Large team office with 16 desks
- Removal of partition wall to create one larger training room
- Digipad added to staff-only kitchen
- Replace flooring as required

The Council already has an existing contract with Morgan Sindall, and the addition of these works to that contract would provide demonstrable benefits in terms of

timescale, value for money and contractor continuity. Without the need to go through the 42-day tender process, Morgan Sindall would be able to carry out the required work by September 2017 in time for the start of the new term.

#### **4.3 Other Options Considered**

An outline appraisal has been undertaken on the two procurement options available, namely seeking an extension of the existing contract with Morgan Sindall or re-procuring with a new contractor.

### **5. CONTRIBUTION TO STRATEGIC AIMS**

5.1 The decision contributes to the following corporate aims:

- Providing the best life through education, early help and healthy living.
- Remaining financially sustainable to deliver these service priorities.

### **6. COMMUNITY ENGAGEMENT AND INFORMATION**

In terms of communicating the new venue for courses, New Directions will be able to include relevant information about the whole curriculum in the prospectus.

### **7. EQUALITY IMPACT ASSESSMENT**

7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2 A detailed Equality Impact Assessment in respect of the Operational Accommodation review was attached at Appendix B of the Policy Committee Report 18 July 2016. The relocation of the New Directions service to South Reading, which would be facilitated by this decision has been assessed and an EIA is attached. There are no adverse impacts identified regarding protected groups.

### **8. LEGAL IMPLICATIONS**

8.1 As the value of the contract is below the OJEU threshold, the Council's Legal Services have confirmed that the recommended procurement route is justified based on a business case approved by the Director. The business case demonstrates benefits to the Council in seeking to use an exemption from the overarching requirement to tender.

8.2 The Council's Contract Procedure Rules (4(2)(h)&(i)) allows this contract to be let without seeking tenders on the grounds that the contractor is already providing works and there is a financial benefit in extending this contract. The Council will achieve best value by direct negotiation with the current contractor.

### **9. FINANCIAL IMPLICATIONS**

9.1 Extending the existing agreement with Morgan Sindall provides demonstrable benefits to the Council in terms of value for money, time and contractor continuity at a total

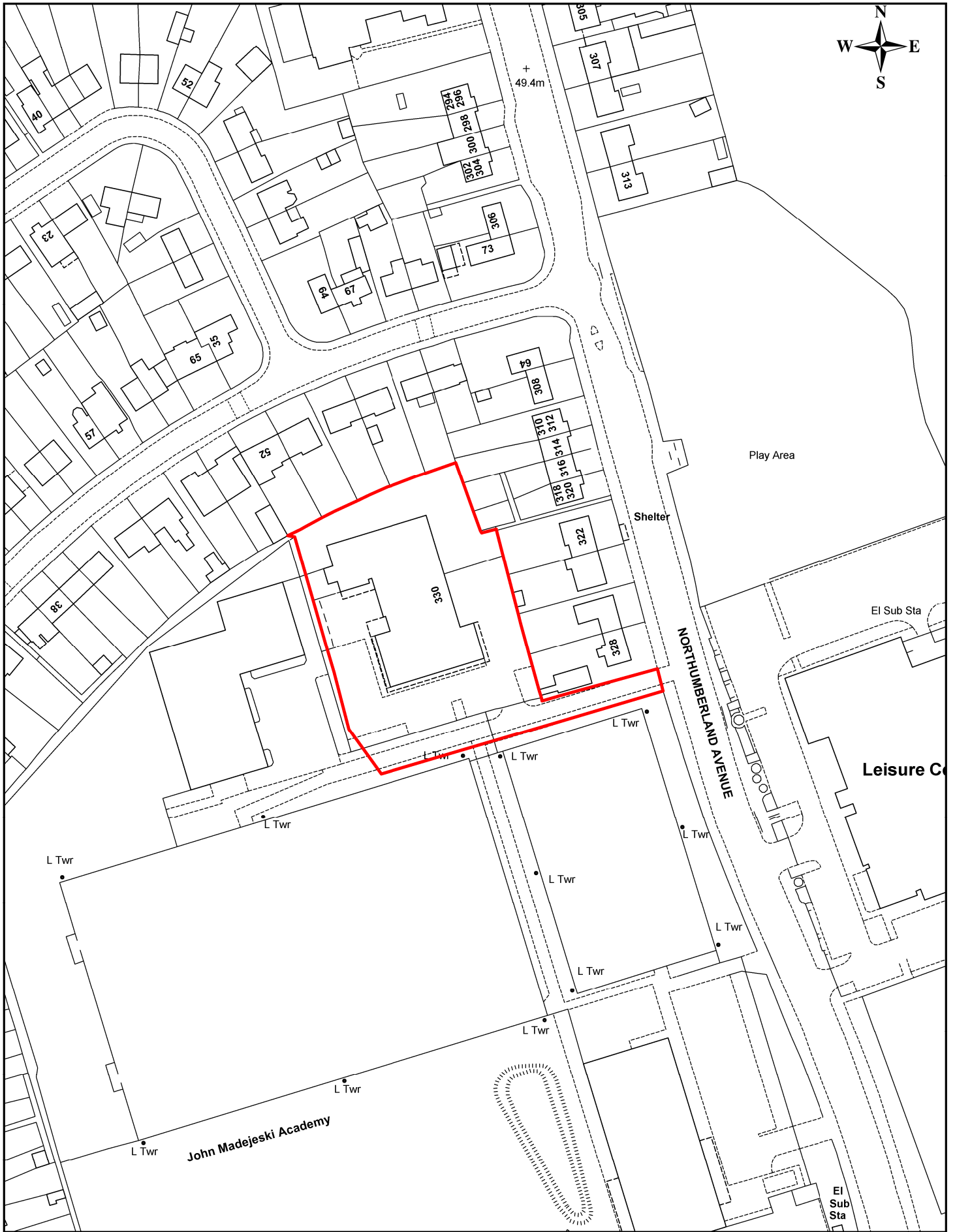
procurement cost of £16.7k compared to £43.5k if a full tender process were to be followed. The estimated cost of the building works is £240,000 - £260,000. The costs of the works would be funded by the Council's Capital Programme (£140k will be carried forward from the 2016/17 allocation and an additional borrowing of up to £120k is required).

- 9.2 The Council will achieve a revenue saving of circa £68k for Caversham (£22k for maintenance liability and £46k for annual running costs), plus £50k of condition related capital costs.
- 9.3 A capital receipt for the Caversham Centre will be realised once it had been released for disposal via a future Policy Committee report.

## **10. BACKGROUND PAPERS**

- 10.1 Report to Policy Committee, 18 July 2016.





Title: 330 Northumberland Avenue, Reading, RG2 8DH

File:  
Produced by Valuation Section

Date: 01/03/2017    Scale at A4: 1:1250  
Ref: 54008\S:\JeanJea\Mapinfo2\655a1.wor



Provide basic details

Name of proposal/activity/policy to be assessed: Relocation of new Directions North from Caversham Centre to join with New Directions South at Thamesbridge, 330 Northumberland Avenue

Directorate: DENS

Service: Planning Development and Regulatory Services

Name and job title of person doing the assessment

Name: Jan Sagoo

Job Title: Head of Civic Services

Date of assessment: March 2017

Scope your proposal

**What is the aim of policy or new service/ Changes are you proposing**

The Council continues to face significant budget pressures following reduced Government funding, with the need to make further savings and generate additional income.

The Council's approved Corporate Plan for 2016 - 2019 'Building a Better Borough' sets out the priorities for the Council which include remaining financially sustainable to deliver service priorities. Within this theme the plan refers to the need to identify further assets for disposal and secure significant capital receipts from property assets. Section 7 of the Corporate Plan refers to property and to the Council's Corporate Asset Management Plan.

The Corporate Asset Management Plan (CAMP) set outs the need to:

- Rationalise assets taking into account the compliance and condition matters and service delivery
- Co-locate services
- Optimise income opportunities
- Provide better service offer to our customers
- Reduce revenue costs
- Deliver Capital receipts
- Increase income targets

The proposal sets out a number of strategic themes and projects which include the need to: maintain and improve customer services; deliver an overall improvement in the condition of buildings and property; and maximise the opportunity to deliver energy efficiency and reduce energy costs and carbon emissions.

The property asset listed below has been identified for disposal:

1. Caversham Centre
  - Relocation of New Directions North to join with New Directions South at Thamesbridge, 330 Northumberland Ave.

A full Equality Impact Assessment is undertaken for only those projects assessed to have an impact on any of the protected characteristics under the Equality Act 2010. The protected characteristics are (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation)

Proposed Changes	
Closure of New Directions North building and Relocation to New	The New Directions service is part of Reading Borough Council's (RBC) Directorate of Environment & Neighbourhood Services (DENS) and is externally grant funded by the Skills Funding Agency (SFA). The service currently provides adult education in five RBC owned centres (two designated learning centres in Caversham & Whitley and three shared premises) plus a number of outreach locations in the borough for example Children's Centres.

<p>Directions South, 330 Northumberland Avenue</p>	<p>New Directions vision is ‘To support individuals to achieve their personal aims and aspirations whether they are to gain employment, improve their skills or to help them be part of their community’.</p> <p>They provide best value, high quality adult and family learning, which meets the needs and aspirations of each individual in the local community’. The service will achieve these by working with a range of organisations to provide high quality learning opportunities to those most in need.</p> <p>The service has established the Reading Community Learning Network (RCLN) members are providing targeted and specialist provision in Reading. The designated learning centre in Caversham is located in the Caversham Centre building which has been identified by the Council’s asset review to be in poor condition and in need of major refurbishment.</p> <p>The service currently has 471 learners enrolled from Caversham and surrounding wards who are studying qualifications. A further 157 non-qualification bearing courses ran from the centre in 2015-16. Classes include supported learning classes for adults with additional needs in subjects such as art, craft and pottery.</p> <p>The service currently has 327 learners enrolled who have declared additional needs. Around 40% of learners are BME, around 25% of learners are male, around 10% are aged 65+, around 60% of learners are from the most deprived areas of Reading.</p> <p>As part of the Council’s strategy to manage budgetary pressures, a proposal is being considered to close Caversham Centre due to its poor condition, dispose of this property and relocate the New Direction North service to another building. This proposal is being discussed with service managers.</p> <p><b>Proposed Relocation</b></p> <p>The proposal is to relocate the service to Thamesbridge, 330 Northumberland Ave, which would provide an accessible and functional building which already accommodates New Directions South. Thamesbridge is a modern, accessible building with lift access to the first floor. It is already configured to provide adult education services in one of the most deprived areas of Reading. It has two disabled car parking spaces and is on a regular bus route.</p> <p>The service also intends to run some courses from other sites eg the Avenue Centre in Tilehurst and Emmer Green Youth &amp; Community Centre in Caversham.</p>
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Who will benefit from this proposal and how?	
Proposed Changes	Who Benefits and How?
Closure of New Directions North building and relocation to New Directions South, 330 Northumberland Ave	RBC New Directions Service - Relocation provides an opportunity to consolidate to a single site which is already used to deliver the service and reduce facilities costs, with the flexibility to hire other premises on an ad-hoc basis to meet demand.  Service Users (Students) - Provides training facilities that is fit for purpose.

What outcomes does the change aim to achieve and for whom?	
Proposed Changes	Expected Outcomes and for Whom?
Closure of New Directions North building and relocation to New Directions South, 330 Northumberland Ave	RBC <ul style="list-style-type: none"> <li>• Delivery of a capital receipt from the disposal of Caversham Centre.</li> <li>• Utilise spare capacity within Thamesbridge, which is already set up to provide a learning environment.</li> </ul>

Who are the main stakeholders and what do they want?	
Proposed Changes	Stakeholders and what they want
Closure of New Directions North building and relocation to New Directions South, 330 Northumberland Ave	Service Users (Students) - Continuity of provision and retaining good accessibility to public transport and provision of car parking spaces.

Assess whether an EqIA is Relevant

How does your proposal relate to eliminating discrimination; promoting equality of opportunity; promoting good community relations?

Do you have evidence or reason to believe that some (racial, disability, gender, sexuality, age and religious belief) groups may be affected differently than others? Think about your monitoring information, research, national data/reports etc.

Proposed Changes	Yes or No
Closure of New Directions North building and relocation to New Directions South, 330 Northumberland Ave	Yes.

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

Proposed Changes	Yes or No
Closure of New Directions North building and relocation to New Directions South, 330 Northumberland Ave	No.

If the answer is Yes to any of the above you need to do an Equality Impact Assessment.

If No you **MUST** complete this statement:

An Equality Impact Assessment is not relevant because:

Proposed Changes	
Closure of New Directions North building and Relocation to Emmer Green Children Centre an alternative RBC site	

Signed (completing officer) Jan Sagoo

Date:

Signed (Lead Officer) Giorgio Framalicco

Date:

### Collect and Assess your Data

Using information from Census, residents survey data, service monitoring data, satisfaction or complaints, feedback, consultation, research, your knowledge and the knowledge of people in your team, staff groups etc. describe how the proposal could impact on each group. Include both positive and negative impacts.

#### **Describe how this proposal could impact on Racial groups**

There are no specific impacts anticipated for this category.

Is there a negative impact? No

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

There are no specific impacts anticipated for this category.

Is there a negative impact? No

#### **Describe how this proposal could impact on Disability**

Some of the service users with a disability may have further to travel to the new location.

Thamesbridge is on a major bus route, and all Reading buses are wheelchair accessible. There are two disabled car parking spaces available.

The service also intends to run some courses from other sites eg the Avenue Centre in Tilehurst and Emmer Green Youth & Community Centre in Caversham.

Is there a negative impact? No

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

There are no specific impacts anticipated for this category.

Is there a negative impact? No

**Describe how this proposal could impact on Age**

Some of the service users may have further to travel to the new location.

Thamesbridge is on a major bus route along Northumberland Avenue, and concessionary passes are available. Courses do not start so early in the day that passes are invalid. Car parking is available.

The service also intends to run some courses from other sites eg the Avenue Centre in Tilehurst and Emmer Green Youth & Community Centre in Caversham.

Is there a negative impact? No

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

There are no specific impacts anticipated for this category.

Is there a negative impact? No

### Make a Decision

If the impact is negative then you must consider whether you can legally justify it. If not you must set out how you will reduce or eliminate the impact. If you are not sure what the impact will be you **MUST** assume that there could be a negative impact. You may have to do further consultation or test out your proposal and monitor the impact before full implementation.



Negative impact identified but there is a justifiable reason

How will you monitor for adverse impact in the future?

The service will continue to record and monitor the needs and requirements of the protected and target groups as they do at present.

Signed (completing officer) Jan Sagoo

Date:

Signed (Lead Officer) Giorgio Framalicco

Date:

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT & NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 MARCH 2017	AGENDA ITEM:	12
TITLE:	PLANNING APPLICATION - FEE INCREASE		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT
SERVICE:	PLANNING DEVELOPEMNT AND REGULATORY SERVICES / FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	GIORGIO FRAMALICCO / ALAN CROSS	TEL:	0118 937 2604
JOB TITLE:	HEADS OF PLANNING DEVELOPMENT AND REGULATORY SERVICES / FINANCE	E-MAIL:	<a href="mailto:giorgio.framalicc@reading.gov.uk">giorgio.framalicc@reading.gov.uk</a> <a href="mailto:alan.cross@reading.gov.uk">alan.cross@reading.gov.uk</a>

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

The Government's Housing White Paper 'Fixing Our Broken Housing Market' published on 7 February 2016 sets out a proposal to increase planning fees by 20% from July 2017 if the receiving Council commits to invest the additional income in their planning services. Subsequent to this, the Government has asked Councils to confirm if they wish to accept or reject the proposed increase and, if the former require that Section 151 officers certify that the higher fees will be spent entirely on the planning service.

2. RECOMMENDED ACTION

- 2.1 To accept an increase in planning fees (planned for July 2017) by 20%;
- 2.2 That the Director of Finance confirms to Government that the higher fees will be spent entirely on the planning service;
- 2.3 That the Head of Planning Development & Regulatory Services be authorised, in consultation with the Director of Finance and Lead Councillor for Strategic Environment, Planning and Transport, to determine the best way of investing the additional income in the Planning Service.

3. POLICY CONTEXT

- 3.1 Planning application fees are set nationally and are the same across England. Planning fees were last increased in 2012 by an average of 15%.
- 3.2 The Government's Housing White Paper 'Fixing Our Broken Housing Market' published on 7 February 2016 sets out a number of housing, planning and regulatory matters in response to a need to boost housing supply and create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households which supports wider economic prosperity.

- 3.3 Full reports on the detailed matters raised by the White Paper are to be presented to the Housing, Neighbourhoods and Leisure Committee in March and Strategic Environment, Planning and Transport Committee in April.
- 3.4 In the White Paper the Government highlights the need to build homes faster and states that developers have consistently raised a concern about the lack of capacity and capability in planning departments. In response the Government proposes:
- that Local Authorities will be able to increase planning fees by 20% from July 2017 if they commit to invest the additional fee income in their planning department.
  - that they are minded to allow a further 20% increase for those Authorities who are delivering the homes their communities need. This would be subject to further consultation.

#### 4. THE PROPOSAL

Appendix A sets out the current fees in force and the proposed (initial) 20% increased fees set out by the Government.

Appendix B provides a copy of the return to be sent to the Government should Policy Committee wish to accept the increased fees proposed by both the initial 20%. Information on the estimated expenditure of the service is set out as is the possible increase gained in planning application fees.

- 4.1 For clarity, this report responds to the initial 20% uplift in planning fees set out in first bullet point above and not the further 20% which will be subject to a future Government consultation.
- 4.2 The Council's Planning Service includes a number of functions including development management, policy, enforcement, conservation, natural environment, CIL/S106 management and technical support. In the main, fees generated by the service are from planning applications fees and pre-application fees, although there are other miscellaneous fees. Income from planning applications does not cover the entire cost of the service. Whilst recognising that planning fees need to remain reasonable in the context of the cost of the work related to the processing of the planning application, this Council has generally welcomed an increase in planning fees where the additional income gained would reduce the overall cost of the service on the Council and therefore the wider public purse.
- 4.3 In asking Councils if they wish to accept an increase in planning fees, the Government is insisting that the additional funds raised are invested in the Planning Service. In July 2016, the Planning Service committed to make significant savings in order to meet corporate savings targets with a reduction in the overall net cost of the service in 2017/18, 2018/19 and 2019/20. These corporate savings will continue to be delivered with any net benefit gained from the increase in planning fees being invested into the service.
- 4.4 There are a number of options as to how the increased income will be used and final decisions will be made by management in consultation with the Deputy Leader and Lead Councillor for Strategic Environment, Planning and Transport.
- 4.5 **Other Options Considered**

The alternative is to not accept an increase in planning application fees. This would result in no additional investment into the Planning service to offset the corporate savings committed to in July 2016. As reported in July 2016, the savings proposed would reduce the overall quality of the service and its ability to respond effectively.

## **5. CONTRIBUTION TO STRATEGIC AIMS**

The decision contributes to the following corporate aims:

- Providing homes for those in most need;
- Keeping the town clean, safe and active;
- Providing infrastructure to support the economy;
- Remaining financially sustainable to deliver these service priorities.

## **6. COMMUNITY ENGAGEMENT AND INFORMATION**

No public consultation is to be undertaken on this proposal.

## **7. EQUALITY IMPACT ASSESSMENT**

7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2 A detailed Equality Impact Assessment is not required in relation to this report.

## **8. LEGAL IMPLICATIONS**

There are no legal implications

## **9. FINANCIAL IMPLICATIONS**

The financial implications are set out in the attached appendices in relation to the increased fees proposed and income position. Based on current forecasts, there will be an additional £114k in 2017/18. The arrangements beyond 2017/18 are not immediately clear and will need to be considered in due course as part of developing the Council's medium term financial plan.

## **10. BACKGROUND PAPERS**

Housing White Paper 'Fixing Our Broken Housing Market' (Feb 2017).

## A Guide to the Fees for Planning Applications in England

This document is based upon '[The Town and Country Planning \(Fees for Applications, Deemed Applications, Requests and Site Visits\) \(England\) Regulations 2012](#)'

<b>All Outline Applications</b>			<b>Fees in July 2017 assuming 20% increase</b>
£385 per 0.1 hectare for sites up to and including 2.5 hectares	Not more than 2.5 hectares	£385 per 0.1 hectare	£462 per 0.1 hectare
£9,527 + £115 for each 0.1 in excess of 2.5 hectares to a maximum of £125,000	More than 2.5 hectares	£9,527 + £115 per 0.1 hectare	£11,432.4+ £138 per 0.1
<b>Householder Applications</b>			
Alterations/extensions to a <b>single dwellinghouse</b> , including works within boundary	Single dwellinghouse	£172	£206
<b>Full Applications (and First Submissions of Reserved Matters)</b>			
Alterations/extensions to <b>two or more dwellinghouses</b> , including works within boundaries	Two or more dwellinghouses (or two or more flats)	£339	£407
<b>New dwellinghouses</b> (up to and including 50)	New dwellinghouses (not more than 50)	£385 per dwellinghouse	£462 per dwellinghouse
<b>New dwellinghouses</b> (for <i>more</i> than 50) £19,049 + £115 per additional dwellinghouse in excess of 50 up to a maximum fee of £250,000	New dwellinghouses (more than 50)	£19,049 + £115 per additional dwellinghouse	£22,859 + £138 per dwellinghouse
<b>Full Applications (and First Submissions of Reserved Matters) continued...</b>			
<b>Erection of buildings</b> (not dwellinghouses, agricultural, glasshouses, plant nor machinery):			
Gross floor space to be created by the development	No increase in gross floor space or no more than 40 sq m	£195	£234
Gross floor space to be created by the development	More than 40 sq m but no more than 75 sq m	£385	£462
Gross floor space to be created by the development	More than 75 sq m but no more than 3,750 sq m	£385 for each 75sq m or part thereof	£462 for each 75sq m or part thereof
Gross floor space to be created by the development	More than 3,750 sq m	£19,049 + £115 for each additional 75 sq m in excess of 3750 sq m to a maximum of £250,000	£22,859 + £138 for each additional 75 sq m in excess of 3750 sq m to a maximum of £300,000
<b>The erection of buildings</b> (on land used for agriculture for agricultural purposes)			
Gross floor space to be created by the development	Not more than 465 sq m	£80	£96
Gross floor space to be created by the development	More than 465 sq m but not more than 540 sq m	£385	£462
Gross floor space to be created by the development	More than 540 sq m but not more than 4,215 sq m	£385 for first 540 sq m + £385 for each 75 sq m (or part thereof) in excess of 540 sq m	£462 for first 540 sq m + £385 for each 75 sq m (or part thereof) in excess of 540 sq m

Gross floor space to be created by the development	More than 4,215 sq m	£19,049 + £115 for each 75 sq m (or part thereof) in excess of 4,215 sq m up to a maximum of £250,000	£22,859 + £138 for for each 75 sq m (or part thereof) in excess of 4,215 sq m up to a maximum of £300,000
<b>Full Applications (and First Submissions of Reserved Matters) continued...</b>			
<b>Erection of glasshouses (on land used for the purposes of agriculture)</b>			
Gross floor space to be created by the development	Not more than 465 sq m	£80	£96
Gross floor space to be created by the development	More than 465 sq m	£2,150	£2,580
<b>Erection/alterations/replacement of plant and machinery</b>			
Site area	Not more than 5 hectares	£385 for each 0.1 hectare (or part thereof)	£462 per 0.1 hectare (or part thereof)
Site area	More than 5 hectares	£19,049 + additional £115 for each 0.1 hectare (or part thereof) in excess of 5 hectares to a maximum of £250,000	£22,859 + £138 for for each 0.1 hectare (or part thereof) in excess of 5 hectares to a maximum of £300,000
<b>Applications other than Building Works</b>			
<b>Car parks, service roads or other accesses</b>	For existing uses	£195	£234
<b>Waste (Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals)</b>			
Site area	Not more than 15 hectares	£195 for each 0.1 hectare (or part thereof)	£234 for each 0.1 hectare (or part thereof)
Site area	More than 15 hectares	£29,112 + £115 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £65,000	£34,934 + £1385 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £78,000
<b>Operations connected with exploratory drilling for oil or natural gas</b>			
Site area	Not more than 7.5 hectares	£423 for each 0.1 hectare (or part thereof)	£508 for each 0.1 hectare (or part thereof)
Site area	More than 7.5 hectares	£31,725 + additional £126 for each 0.1 hectare (or part thereof) in excess of 7.5 hectares up to a maximum of £250,000	£38,070 + additional £151 for each 0.1 hectare (or part thereof) in excess of 7.5 hectares up to a maximum of £300,000
<b>Operations (other than exploratory drilling) for the winning and working of oil or natural gas</b>			
Site area	Not more than 15 hectares	£214 for each 0.1 hectare (or part thereof)	£257
Site area	More than 15 hectares	£32,100 + additional £126 for each 0.1 in excess of 15 hectare up to a maximum of £65,000	£38,520+ additional £151 for each 0.1 in excess of 15 hectare up to a maximum of £78,000
<b>Other operations (winning and working of minerals) excluding oil and natural gas</b>			

Site area	Not more than 15 hectares	£195 for each 0.1 hectare (or part thereof)	£234 for each 0.1 hectare (or part thereof)
Site area	More than 15 hectares	£29,112 + additional £115 for each 0.1 in excess of 15 hectare up to a maximum of £65,000	£34,934 + £1385 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £78,000
<b>Other operations (not coming within any of the above categories)</b>			
Site area	Any site area	£195 for each 0.1 hectare (or part thereof) up to a maximum of £1,690	£234 for each 0.1 hectare (or part thereof) up to a maximum of £2028
<b>Lawful Development Certificate</b>			
Existing use or operation		Same as Full	Same as Full
Existing use or operation - lawful not to comply with any condition or limitation		£195	£234
Proposed use or operation		Half the normal planning fee.	Half the normal planning fee.
<b>Prior Approval</b>			
Agricultural and Forestry buildings & operations or demolition of buildings		£80	£96
Telecommunications Code Systems Operators		£385	£462
Proposed Change of Use to State Funded School or Registered Nursery		£80	£96
Proposed Change of Use of Agricultural Building to a State-Funded School or Registered Nursery		£80	£96
Proposed Change of Use of Agricultural Building to a flexible use within Shops, Financial and Professional services, Restaurants and Cafes, Business, Storage or Distribution, Hotels, or Assembly or Leisure		£80	£96
Proposed Change of Use of a building from Office (Use Class B1) Use to a use falling within Use Class C3 (Dwellinghouse)		£80	£96
Proposed Change of Use of Agricultural Building to a Dwellinghouse (Use Class C3), where there are no Associated Building Operations		£80	£96
Proposed Change of Use of Agricultural Building to a Dwellinghouse (Use Class C3), and Associated Building Operations		£172	£206
Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a Mixed Retail and Residential Use to a use falling within Use Class C3 (Dwellinghouse), where there are <u>no</u> Associated Building Operations		£80	£96
Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a Mixed Retail and Residential Use to a use falling within Use Class C3 (Dwellinghouse), and Associated Building Operations		£172	£206
Notification for Prior Approval for a Change Of Use from Storage or Distribution Buildings (Class B8) and any land within its curtilage to Dwellinghouses (Class C3)		£80	£96
Notification for Prior Approval for a Change of Use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3)		£80	£96
Notification for Prior Approval for a Change of Use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3), and Associated Building Operations		£172	£206
<b>Prior Approval continued...</b>			

Notification for Prior Approval for a Change of Use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to Restaurants and Cafés (Class A3)	£80	£96
Notification for Prior Approval for a Change of Use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to Restaurants and Cafés (Class A3), and Associated Building Operations	£172	£206
Notification for Prior Approval for a Change of Use from Shops (Class A1) and Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops (Sui Generis Uses) to Assembly and Leisure Uses (Class D2)	£80	£96

**Reserved Matters**

Application for approval of reserved matters following outline approval	Full fee due or if full fee already paid then £385 due	Full fee due or if full fee already paid then £462 due
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<b>Approval/Variation/discharge of condition</b>			
Application for removal or variation of a condition following grant of planning permission	£195	£234	
Request for confirmation that one or more planning conditions have been complied with	£28 per request for Householder otherwise £97 per request	£34 per request for Householder otherwise £116 per request	
<b>Change of Use of a building to use as one or more separate dwellinghouses, or other cases</b>			
Number of dwellinghouses	Not more than 50 dwellinghouses	£385 for each	£462 for each
Number of dwellinghouses	More than 50 dwellinghouses	£19,049 + £115 for each in excess of 50 up to a maximum of £250,000	£22,859 + £138 for for each in excess of 50 up to a maximum of £300,000
<b>Other Changes of Use of a building or land</b>		£385	£462
<b>Advertising</b>			
Relating to the business on the premises	£110	£132	
Advance signs which are not situated on or visible from the site, directing the public to a business	£110	£132	
Other advertisements	£385	£462	
<b>Application for a Non-material Amendment Following a Grant of Planning Permission</b>			
Applications in respect of householder developments	£28	£34	
Applications in respect of other developments	£195	£234	



Our Ref:  
Your Ref: \*

E-mail: [Rachel.musson@reading.gov.uk](mailto:Rachel.musson@reading.gov.uk)

Date: 13<sup>th</sup> March 2017

Your contact is: Rachel Musson - Interim Director of Finance

Dear Simon Gallagher

In reply to your letter of 21<sup>st</sup> February 2017 I am writing to certify that Reading Borough Council has determined to accept the proposed 20% increase in planning application fees.

I confirm that the amount raised through these higher fees will be spent entirely on planning functions.

I can also confirm that the full legal name for this authority to be used in regulations is Reading Borough Council.

I submit the following information, as requested

	2016/17	2017/18
Estimated expenditure on development management	£1,645,400 Forecast	£1,464,900 Budget
Estimated income generated from planning application fees	£1,155,700 Forecast Forecast £690k from 23 major applications at £10k+	£760,700 Budget
Estimated additional income generated from higher planning fees	N/A	£114,100 9 months of 20% x £760.7k

Please note, expenditure estimates do not include Support Services and Recharges, and the number of 2016/17 major applications are not expected to be repeated in 2017/18.

Yours sincerely

Rachel Musson  
Interim Director of Finance

READING BOROUGH COUNCIL

REPORT BY INTERIM MANAGING DIRECTOR

TO:	POLICY COMMITTEE		
DATE:	13 MARCH 2017	AGENDA ITEM:	13
TITLE:	BUILDING BETTER OPPORTUNITIES - STRONGER TOGETHER PARTNERSHIP (WEST OF BERKSHIRE UNITARY AUTHORITIES)		
LEAD COUNCILLOR:	COUNCILLOR LOVELOCK	PORTFOLIO:	LEADERSHIP
SERVICE:	CORPORATE SERVICES	WARDS:	BOROUGHWIDE
LEAD OFFICER:	PAUL GRESTY	TEL:	07912068916
JOB TITLE:	PROGRAMME MANAGER - CITY DEAL BERKSHIRE	EMAIL:	<a href="mailto:paul.gresty@reading.gov.uk">paul.gresty@reading.gov.uk</a>

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To update Members on the work undertaken to date on an application to the Big Lottery funded Building Better Opportunities project across the West of Berkshire.
- 1.2 The Council submitted an Expression of Interest (EOI) in late 2015 to deliver a £1.3 million Building Better Opportunities (BBO) project across the West of Berkshire - for a programme called "The Stronger Together Partnership." The project is European Social Fund (ESF) funded, with the match being provided by Big Lottery which is for projects across England that tackle poverty and promote social inclusion. There is no requirement for the Council to provide any match for this project.
- 1.3 The BBO project, which is aimed at unemployed people 25+, will align with the Elevate Berkshire programme (supporting unemployed young people 16 to 24) to deliver the aspiration to have an ageless skills and employment offer to socially and economically inactive residents of West of Berkshire unitary authorities, Reading Borough Council, Wokingham Borough Council and West Berkshire Council. The majority of the activity funded by the £1.3 million will be delivered for the benefit of Reading residents; notably in wards with high levels of social and economic inactivity.
- 1.4 The expression of interest was successful and a full application is due to be submitted by the end of March 2017. If the full application is successful this project will run from September 2017 for a period of three years. It is proposed that Reading Borough Council will act as the accountable body for this project.

## 2. RECOMMENDED ACTION

- 2.1 That members agree to Reading Borough Council (RBC) being the accountable body for the Stronger Together Partnership.

## 3. POLICY CONTEXT

- 3.1 This project is in-line with the Council's Narrowing the Gap agenda and commitment to support socially and economically inactive residents to be in Education, Employment or Training; supporting them to be less dependent on local and central Government - in turn leading to future cost avoidance for the Local Authority by people being economically active.
- 3.2 This project also aligns with the Berkshire wide City Deal (Elevate Berkshire) initiative for which Reading Borough Council is the accountable body. This initiative is aimed at supporting young people aged 16 to 24 years to get into education, employment or training. The Council endorsed the City Deal at the Policy Committee of 20 January 2014 and Council on 28 January 2014. This initiative was funded via Cabinet Office and EU funding to run from 1 April 2014 to March 2017 initially. This was extended to 31 October 2018 due to a delay in the receipt of the EU funding element.

## 4. THE PROPOSAL

- 4.1 In late 2015, the Council submitted an Expression of Interest (EOI) to deliver the £1.3 million Building Better Opportunities (BBO) project across the West of Berkshire - for a project called "The Stronger Together Partnership." The project is European Social Fund (ESF) funded, with the match being provided by Big Lottery which is for projects across England that tackle poverty and promote social inclusion. There is no requirement for the Council to provide any match for this project.
- 4.2 The BBO project, which is aimed at unemployed people 25+, will be aligned with the Elevate Berkshire programme (supporting unemployed young people 16 to 24) to deliver the aspiration to have an ageless skills and employment offer to socially and economically inactive residents of West of Berkshire unitary authorities, Reading Borough Council, Wokingham Borough Council and West Berkshire Council. The majority of the activity funded by the £1.3 million will be delivered for the benefit of Reading residents; notably in wards with high levels of social and economic inactivity.
- 4.3 The project will specifically target people 25+ in the South Reading area; supporting them to move closer to the labour market and into employment. The partnership is made up of 15 Voluntary and Community Sector partners, who will deliver a holistic model of support to those cohorts and characteristics of people over represented on unemployment data. Work will also be undertaken by Reading UKCIC to engage local employers to support them to implement new recruitment methods and approaches to diversify their workforce.

4.4 The EOI submitted by the Council was successful and we have been asked to submit a final application by the end of March 2017. The Programme Manager for Elevate Berkshire, on behalf of the Council and the Stronger Together Partnership made up of 15 local Voluntary and Community Sector organisations, is currently drafting the full application with the support of Reading Voluntary Action (RVA).

4.5 More information on the Building Better Opportunities programme can be found here - <https://www.biglotteryfund.org.uk/esf>.

4.6 If successful it is proposed that Reading Borough Council will act as the accountable body for this programme.

## 5. CONTRIBUTION TO STRATEGIC AIMS

5.1 This project links to the Council's 'Narrowing the Gap' and cost saving agenda.

5.2 This project also links to the Council's strategic aims:

- To promote equality, social inclusion and a safe and healthy environment for all

## 6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 The partnership is underpinned by 15 Voluntary and Community Sector (VCS) organisations across the West of Berkshire.

6.2 VCS partners have shaped the project and prospective participants have fed into the stage 2 application.

## 7. EQUALITY IMPACT ASSESSMENT

7.1 The project has demonstrated 'due regard', in line with the Equality Act 2010, in its development and will so in its implementation. The project is justified in targeting specific cohorts and characteristics of people - as evidence shows that certain characteristics are overrepresented in unemployment data. On the premise that the focus of this project is to move unemployed people nearer to the labour market - the project is justified in targeting certain cohorts of people over others. Moreover, the project has been assigned particular characteristics of people to target.

## 8. LEGAL IMPLICATIONS

8.1 The Council as the accountable body for this programme will produce a Partnership Agreement (PA) that underpins the activity of the partnership. This PA will mitigate the risk to the Council around any potential future claw back or de-commitment of funding. This is an ESF funded project.

## 9. FINANCIAL IMPLICATIONS

9.1 12% of the £1.3 million will be retained by this Council to manage the project over the three years from September 17. The Council's own internal service,

New Directions, will receive £200k. The remainder will go directly to the VCS partners delivering the activity (in the main across Reading).

- 9.2 The key outcome of the project is to support inactive people to move closer to the labour market and into employment. This will remove the need for these people to be dependent on local and central Government - leading to cashable savings / future cost avoidance for the Local Authority.
- 9.3 This project is funded by Big Lottery (providing the match 50%) and ESF (providing the other 50%). The match provided by the Big Lottery is subject to the same ESF requirements - meaning the total project is ESF.
- 9.4 ESF projects are subject to a number of compliance considerations - with non-compliance or a failure to deliver outcomes leading to money being 'withheld' or 'clawed back' from the lead body (RBC)
- 9.5 As Reading Borough Council is not delivering all of the activity being fund by the Big Lottery project - and is in-effect the vehicle to administer money to the VCS - the responsibility for compliance and non-delivery must rest with the partners.
- 9.6 To mitigate the risk on RBC - each partner will sign a PA setting out that all partners within the Stronger Together Partnership are equal partners, with RBC reserving the right to withhold money if it feels a partner is not delivering in-line with ESF regulations. Moreover, each partner will indemnify RBC should money be clawed back in the future.
- 9.7 A great deal of work will be undertaken with partners, via the Programme Manager for Elevate Berkshire, to mitigate the risk of non-compliance.

## 10. BACKGROUND PAPERS

- 10.1 Agenda and minutes of the Policy Committee meeting 20 January 2014
- 10.2 Agenda and minutes of the Council meeting 28 January 2014.

## READING BOROUGH COUNCIL

### REPORT BY DIRECTOR OF ENVIRONMENT & NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	13 MARCH 2017	AGENDA ITEM:	14
TITLE:	CONTRACT AWARD - MEASURED TERM CONTRACTS FOR WORKS TO COUNCIL HOUSING STOCK		
LEAD COUNCILLOR:	COUNCILLOR DAVIES	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	BOROUGHWIDE
LEAD OFFICER:	IAN NICHOLLS	TEL:	0118 9373965 / 73965
JOB TITLE:	PRINCIPAL BUILDING SURVEYOR	E-MAIL:	ian.nicholls@reading.gov.uk

#### 1. PURPOSE OF THE REPORT AND EXECUTIVE SUMMARY

- 1.1 The report seeks approval for the award of 'measured term' contracts (MTCs) for the provision of general builders work, small builders work, insulation, scaffolding, replacement windows and doors, jet washing of buildings, timber preservation and composite doors following competitive tendering exercises. These contracts relate to the repair and maintenance of the Council's Housing Stock.
- 1.2 No volume of expenditure is guaranteed under these contracts as annual expenditure will depend on the actual level of work that is required to be sub-contracted during the course of the year. However, based on expenditure records, typically the total expenditure on each contract varies from circa £50k p.a. to £800k p.a..

#### 2. RECOMMENDED ACTION

- 2.1 That Policy Committee provide delegated authority to the Director of Environment and Neighbourhood Services in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal Services, to award 8 Measured Term Contracts for General Builders Works, Small Builders Works, Insulation, Scaffolding, Replacement Windows & Doors, Jet Washing, Composite Doors and Timber Preservation for a period of 4 years.

#### 3. MEASURED TERM CONTRACTS FOR WORKS TO COUNCIL HOUSING STOCK

- 3.1 Housing Property Services proposes to invite tenders for 8 'measured term' contracts (MTCs) covering General Builders Works, Small Builders Works,

Insulation, Scaffolding, Replacement Windows and Doors, Jet Washing, Composite Door and Timber Preservation.

- 3.2 These MTCs are to be tendered against Housing Property Services Schedules of Rates. Tenderers will be invited to submit their price in the form of a percentage increase or decrease against the published rates for work items. 2-3 contractors for each MTC will be awarded the contract except with Small Building Works MTC and General Building Works MTC where there will be up to 5.
- 3.3 Reading Borough Council's Housing Property Services manage the day to day repairs, planned maintenance and voids repair works to approximately 5,600 Council properties which are let throughout the Borough. Elements of this work are sometimes sub-contracted out through the use of MTCs to manage peaks in workload at times when there is not enough capacity within the in-house teams or to provide specialist services.
- 3.4 In each case, the ability to carry out the work covered in the MTC using existing resources or direct employment of operatives to carry out the work has been examined and found to be either uneconomic due to the level of spend (Insulation) or the capacity/specialist skills are not available internally (Scaffolding, Jet Washing, Small and General Builders). Therefore, it is more efficient and cost effective for the service to sub-contract work in this way rather than employing additional staff who would be surplus to requirements outside of peak times. For instance, Scaffolding is a specialist supply and labour contract that is not feasible to carry out in-house due to the cost of stock, training and insurance liability associated with that type of work. Jet washing is part of the cyclical repairs programme and includes specialist washing of render facades on some of the Council's tallest buildings.
- 3.5 Where it is feasible to do so, work is allocated to other RBC internal teams. Currently, the Housing Voids Team is utilising the Parks Team to carry out garden clearance works where required and this process will continue. Internal teams will always be offered relevant work before approaching specialist framework contractors.
- 3.6 MTCs are normally put in place for a 4-year period. The current arrangements with contractors have now expired or about to expire shortly.

#### **4. CONTRIBUTION TO STRATEGIC AIMS**

- 4.1 The contract will support the achievement of the Council's strategic aims of 'providing homes for those in most need' and 'remaining financially sustainable to deliver service priorities' by using a cost effective means of delivering improvements to the Council's Housing Stock.

#### **5. COMMUNITY ENGAGEMENT AND INFORMATION**

5.1 It is intended, as far as possible, to ensure that the successful tenderers pay the Living Wage to all employees working on Reading Borough Council properties. Tenderers are advised that the Council's current Low Wage policy expects the payment of the Living Wage rate set independently by the Living Wage Foundation and updated annually in the first week of November each year. All providers appointed are expected to pay a Living Wage in accordance with this policy to all staff working on Reading Borough Council contracts. The UK Living Wage for employees outside of London is currently (November 2016) £8.45 per hour.

## **6. EQUALITY IMPACT ASSESSMENT**

6.1 There is no Equalities Impact Assessment required for these contracts.

## **7. LEGAL IMPLICATIONS**

7.1 The Measured Term Contracts will be awarded using the Joint Contracts Tribunal "Measured Term Contract - 2011".

## **8 FINANCIAL IMPLICATIONS**

8.1 No volume of expenditure is guaranteed under these contracts as annual expenditure will depend on the actual level of work that is required to be sub-contracted during the course of the year. However, based on expenditure records, typically the total expenditure on each contract across its 4-year lifespan is expected to be as follows:

- Small Builders MTC - £1,000,000 (£250K per annum)
- General Builders MTC - £3,200,000 (£800K per annum)
- Insulation MTC - £200,000 (£50K per annum)
- PVCu Windows and Doors MTC - £600,000 (£150K per annum)
- Scaffolding MTC - £800,000 (£200K per annum)
- Jet Washing MTC - £200,000 (£50K per annum)
- Composite Door Replacement MTC - £520,000 (£125K per annum)
- Timber Preservation and Chemical Injection MTC - £200,000 (£50K per annum)

8.2 The budget for these contracts is included within the existing Housing Revenue Account Repairs and Maintenance budgets as agreed in the Council's annual budget setting process.

## **9.0 BACKGROUND PAPERS**

9.1 None applicable.



**READING BOROUGH COUNCIL**  
**REPORT BY DIRECTOR OF FINANCE**

<b>TO:</b>	<b>POLICY COMMITTEE</b>		
<b>DATE:</b>	<b>13 MARCH 2017</b>	<b>AGENDA ITEM:</b>	<b>15</b>
<b>TITLE:</b>	<b>BUDGET MONITORING 2016/17</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLORS</b>	<b>PORTFOLIO:</b>	<b>FINANCE</b>
<b>SERVICE:</b>	<b>LOVELOCK/ PAGE</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
<b>LEAD OFFICER:</b>	<b>RACHEL MUSSON &amp; ALAN CROSS</b>	<b>TEL:</b>	<b>01189372058 (x72058)</b>
<b>JOB TITLE:</b>	<b>INTERIM DIRECTOR OF FINANCE &amp; HEAD OF FINANCE</b>	<b>E-MAIL:</b>	<b>Rachel.Musson@reading.gov.uk Alan.Cross@reading.gov.uk</b>

**1. EXECUTIVE SUMMARY**

- 1.1 This report set out the budget monitoring position for the Council to the end of January 2017.

**2. RECOMMENDED ACTION**

- 2.1 To note that based on the position at the end of January 2017 budget monitoring forecasts an overspend of around £7.7m.

**3. BUDGET MONITORING**

- 3.1 The results of the Directorate budget monitoring exercises are summarised below. The overall overspend has increased by £52k since the previous report.

	<b>Emerging Variances £000</b>	<b>Remedial Action £000</b>	<b>Net Variation £000</b>	<b>% variance budget</b>
Environment & Neighbourhood Services	3,890	(4,876)	(986)	-3.1%
Children's, Education & Early Help Services/	11,090	(4,064)	7,026	20.7%
Adults Care and Health Services Inc. Public Health	2,856	(1,539)	1,317	3.3%
Corporate Support Services	1,411	(793)	618	5.0%
<b>Directorate Sub total</b>	<b>19,247</b>	<b>(11,272)</b>	<b>7,975</b>	<b>6.6%</b>
Treasury	(324)	0	(324)	
<b>Total</b>	<b>18,923</b>	<b>(11,272)</b>	<b>7,651</b>	<b>6.4%</b>

### 3.2 Environment & Neighbourhood Services

As at the end of January, the Directorate is forecasting a positive year-end variance of £986k. This amounts to 1.45% of the Directorate's gross General Fund budget of circa £68m. Despite a range of known pressures, the current projected year-end position represents an improving picture for the Directorate's budget overall, and in summary is a result of:

- a) an over-achievement of income across various services;
- b) some one-off savings achieved in year;
- c) a deliberate decision taken in the autumn to try and reduce revenue spend in year, as a one-off measure, to help mitigate the wider Council overspend.

However, the savings arising from this latter category are not considered sustainable going forward.

Some savings targets have been delayed and therefore not achieved in-year within the Transport and Streetcare Service. However, these have been more than compensated for by prudent in-year cost controls, an over-achievement of income from parking and bus contracts, and savings from in the associated costs of street lighting and fleet management. At the end of January, this service is predicting a net year-end positive variance of £215k, but this can often change as a result of particular weather events during the last part of the financial year.

Planning, Development & Regulatory Services are predicting a positive variance of over £500k, as at the end of January. The service has experienced a range of in-year pressures, including changes to licensing fees and a delay in the delivery of a significant savings target in Corporate Facilities Management. However, overall, these pressures have been more than offset by an over-achievement of planning fees and the additional rental income from the recently acquired property investments, alongside one-off in-year spend controls on salaries and building maintenance. It should be noted that planning fees in particular can sometimes experience a significant last quarter uplift, but is difficult to predict.

The bulk of services delivered within Economic & Cultural Development generate significant levels of income to cover costs. An underachievement of income and other pressures, notably in Parks and due to a delay in the re-opening of 21 South St, but has been partially offset by a corresponding underspend in operational costs.

Managing demand and spend on Homelessness continues to be a key focus for the Housing & Neighbourhood Service and a range of actions and initiatives has helped address the anticipated overspend, predicted in the first half of the financial year. Having reviewed progress and the impact of mitigation both planned and in place, additional measures have been implemented to prioritise moves for larger families and those who have been in placements for longer periods. There were 115 families and 31 singles in B&B (146 in total) at the end of January 2017. It is anticipated that total

numbers could potentially rise to around 160 by the end of the financial year; this is only a projection, but would mean that costs would come in just below (circa £130k) the adjusted budget.

### **3.3 Children, Education & Early Help Services**

Overall the directorate is now reporting a £7m overspend, an increase of £0.1m from the previous month. The main reasons for this movement are due to an increase in SEN transport costs (£80k), the costs of a consultant employed to work to improve SLA arrangements with schools (£30k) and additional interim cover (£30k). These have been offset by minor changes to other variances amounting to £36k.

The main key overspends for the Directorate remain with the use of Agency Social Workers (£3.6m), External Placements (£2.2m), non-achievement of savings (£0.5m), Home to school transport increasing to £0.6m, pressure for Direct Payments and short breaks (£0.2m), Agency staffing costs for Governance and Transformation (£0.2m), and consultancy costs (£0.2m). These overspends are offset by savings within Early Help of £0.4m.

Whilst the above represents the position with regard to the General Fund, the forecast remains as £3.6m pressure on the high needs block as has been reported to the Schools Forum.

### **3.4 Adult Care & Health Services**

The overspend within the directorate has risen by £0.25m since the last budget monitoring last month. The reasons for this increase are:

- a) an Educational placement for an LD client has come to light and this is expected to cost around £75k this year (and possibly £150k next year). This had not been set up on the Mosaic social care system, and the invoices have only recently been received.
- b) the CHC Transformation project has delivered very little reduction in spend to date. At present we believe we have a "worse case view" and that once better information is received the position will improve, but this is uncertain.
- c) Due to loss of permanent staff the Agency usage in the Adult Disability Team has increased and this will cause a £0.1m overspend in this area. Whilst this will be kept under review, workloads within the team remain high, and we will need to ensure that we are appropriately resourced.

### **3.5 Corporate Support Services**

The directorate position has improved by £0.1m since the last report. The monitoring of CSS has identified some additional income for Bereavement Services and Legal Services.

#### **4. TREASURY MANAGEMENT**

- 4.1 A review of the capital financing budget has identified a potential underspend of £0.3m, a minor improvement from last month's position. In terms of treasury activity, we have arranged £203.8m of temporary borrowing during the year (including arranging some borrowing for the early part of 2017/18) for various periods from various other local authorities (or similar) to manage the cash flow). The impact of this has been to reduce the average interest rate we are paying from 3.6% to around 3.2%. The forecast incorporates our latest estimates of the capital programme and its financing for the year.

#### **5. FORECAST GENERAL FUND BALANCE**

- 5.1 The 2015/16 accounts show the General Fund Balance at the end of 2015/16 was £5.6m. As indicated in the table above, assuming remedial action highlighted is carried out, there is now expected to be a net overspend on service revenue budgets of almost £8m.
- 5.2 The pressure on service directorate budgets is slightly offset by a favourable treasury position, so there is an overall £7.7m overspend forecast. Whilst we continue to look for opportunities to reduce the overspend, at this stage in the year it is unlikely it will reduce substantially. The Budget Report for 2017/18 agreed at Council during February set out the financing arrangements for the overspend (using the equal pay provision, mrp arrangements and capital receipts) and provided arrangements for the year end position to be agreed in time for accounts sign off in due course.

#### **6. CAPITAL PROGRAMME 2016/17**

- 6.1 To the end of January £41.5m of the c.£83m programme had been spent. Capital spending is normally weighted to the latter part of the year, although this year significant parts of the schools building programme were needed by the beginning of the present school term in September. Of the Primary School Expansion Programme, so far £14.2m has been spent against budget of £17.9m.

#### **7. HRA**

- 7.1 There are currently projected to be various variances within both revenue repairs and capital works overall the current projection is that expenditure will be close to the budgeted amount for both revenue and capital aspects. A provisional budget of £0.6m was included for Coley Water Main but this project has not yet progressed and this will not be spent this year.
- 7.2 Current projected expenditure for capital financing (debt interest, Minimum Revenue Provision and debt management expenses) is projected to be £0.2m less than budgeted due to the interest rate on borrowing being less than budgeted.
- 7.3 There are various under and overspends within supervision and management including £0.3m underspend on the PFI budget as it is now projected that

there will not be a requirement to add to the PFI reserve in this financial year.

- 7.4 The rent income budget includes budgets of £0.7m for voids loss and £0.7m for addition to the bad debt provision. Due to better than budgeted void loss (projected loss of £0.3m) and continued good collection rates the projected rental income is £0.9m better than budget. Service charge and other income is currently projected to be £0.4m above budgeted levels.

## 8. RISK ASSESSMENT

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

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

## 9. BUDGET SAVINGS RAG STATUS -

- 9.1 The RAG status of savings and income generation proposals included in the 2016/17 budget are subject to a monthly review.

	£000	%
Red	5,295	44%
Amber	4,399	36%
Green	2,437	20%
Total	<u>12,131</u>	<u>100%</u>

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

## 10. COUNCIL TAX & BUSINESS RATE INCOME

10.1 We set targets for tax collection at the beginning of the year, and the end of January 2017 position is:

Council Tax	2016/17 £000	Previous Year's Arrears £000	Total £000
Target	79,463	1,490	80,953
Actual	79,572	1,492	81,064
Variance	109 above	2 above	111 above

10.2 For 2016/17 as a whole the minimum target for Council Tax is 96.5% of the debit for the year, (2015/16 collection rate 96.8%). At the end of January 2017, collection for the year was 92.07% compared to a target of 91.94%, and collection is slightly ahead of 2015/16 (92.02% by end of January 2016). In January we estimated a year end surplus, and the positive position is broadly consistent with that forecast.

### 10.3 Business Rates Income to the end of January 2017

Business Rates	2016/17 £000	2016/17 %
Target	102,905	89.50%
Actual	100,374	87.30%
Variance	2,531 below	2.20% below

The target for 2016/17 as a whole is 98.50%. By comparison, at the end of December 2015, 90.08% of rates had been collected.

## 11. OUTSTANDING GENERAL DEBTS

11.1 Most other money owed to the Council is collected through the General Debtors System. The amounts outstanding can vary significantly from month to month depending upon levels of invoicing, and the extent to which people pay on time, and we allow a month for "normal" payment before recognising the debt as outstanding and overdue. In particular at any point in time we are usually owed large amounts of money by other public sector bodies; notably in the health sector linked to the close working between health and social care.

11.2 As at the end of January, the Council's outstanding debt was £7.606m. £2.954m of the balance as at 31<sup>st</sup> January 2017 is more than 151 days old, the majority of which relates to adult social care, some of which is awaiting the sale of a property before settlement.

## **12. CONTRIBUTION TO STRATEGIC AIMS**

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

## **13. COMMUNITY ENGAGEMENT AND INFORMATION**

13.1 None arising directly from this report.

## **14. LEGAL IMPLICATIONS**

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

14.2 With regard to Budget Monitoring, the Act requires that the Authority must review its Budget "from time to time during the year", and also to take any action it deems necessary to deal with the situation arising from monitoring. Currently Budget Monitoring reports are submitted to Policy Committee regularly throughout the year and therefore we comply with this requirement.

## **15. FINANCIAL IMPLICATIONS**

15.1 The main financial implications are included in the report.

## **16. EQUALITY IMPACT ASSESSMENT**

16.1 None arising directly from the report. An Equality Impact Assessments was undertaken and published for the 2016/17 budget as a whole.

## **17. BACKGROUND PAPERS**

17.1 Budget working & monitoring papers, save confidential/protected items.