

Notice of Meeting



Scan here to access the public documents for this meeting

Executive

Thursday 13 June 2019 at 5.00pm

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

Note: The Council broadcasts some of its meetings on the internet, known as webcasting. If this meeting is webcast, please note that any speakers addressing this meeting could be filmed. If you are speaking at a meeting and do not wish to be filmed, please notify the Chairman before the meeting takes place. Please note however that you will be audio-recorded.

Date of despatch of Agenda: Wednesday 5 June 2019

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Democratic Services Team on (01635) 519462

e-mail: executivecycle@westberks.gov.uk

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



Agenda - Executive to be held on Thursday, 13 June 2019 (continued)

To:	Councillors Steve Ardagh-Walter, Dominic Boeck, Graham Bridgman, Jeff Cant, Hilary Cole, Lynne Doherty, Rick Jones, Richard Somner and Howard Woollaston
-----	--

Agenda

Part I

Pages

- 1. Apologies for Absence**
To receive apologies for inability to attend the meeting (if any).
- 2. Minutes** 5 - 10
To approve as a correct record the Minutes of the meeting of the Executive held on 30 May 2019.
- 3. Declarations of Interest**
To remind Members of the need to record the existence and nature of any personal, disclosable pecuniary or other registrable interests in items on the agenda, in accordance with the Members' [Code of Conduct](#).
- 4. Public Questions**
Members of the Executive to answer questions submitted by members of the public in accordance with the Executive Procedure Rules contained in the Council's Constitution. *(Note: There were no questions submitted relating to items not included on this Agenda.)*
- 5. Petitions**
Councillors or Members of the public may present any petition which they have received. These will normally be referred to the appropriate Committee without discussion.

Petition to be presented by Mrs Lesley McEwen in relation to the junction of Beenham Lane with the A4.

Items as timetabled in the Forward Plan

Pages

- 6. Response to OSMC Recommendations on ASC Overspend (EX3708)** 11 - 16
Purpose: To set out a response to the recommendations from the Overview and Scrutiny Management Commission (OSMC) following their review of the report into the 2018/19 overspend in Adult Social Care (ASC).



West Berkshire
C O U N C I L

Agenda - Executive to be held on Thursday, 13 June 2019 (continued)

7. **2018/19 Revenue Financial Performance: Provisional Outturn (EX3564)** 17 - 54
Purpose: To inform Members of the provisional revenue outturn for 2018/19.
-
8. **Capital Programme Financial Performance Report: Provisional Outturn 2018/19 (EX3594)** 55 - 72
Purpose: To present the provisional capital outturn for the Council in respect of financial year 2018/19.
-
9. **Formal response to the Thames Valley Local Enterprise Partnership's Berkshire Local Industrial Strategy Framework (EX3747)** 73 - 122
Purpose: To introduce West Berkshire District Council's response to the draft Berkshire Local Industrial Strategy Framework.
-
10. **Members' Questions**
Members of the Executive to answer questions submitted by Councillors in accordance with the Executive Procedure Rules contained in the Council's Constitution.
- (a) **Question submitted by Councillor Martha Vickers to the Portfolio Holder for Transport and Countryside**
"What percentage of the Council's non- essential car users travel to work by car?"
-
- (b) **Question submitted by Councillor Adrian Abbs to the Portfolio Holder for Economic Development and Planning**
"How many times this year has the air pollution limit on the Burger King roundabout been exceeded?"
-

Sarah Clarke
Head of Legal and Strategic Support

If you require this information in a different format or translation, please contact Moira Fraser on telephone (01635) 519045.



This page is intentionally left blank

Agenda Item 2.

DRAFT

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

EXECUTIVE

MINUTES OF THE MEETING HELD ON THURSDAY, 30 MAY 2019

Councillors Present: Graham Bridgman, Jeff Cant, Hilary Cole, Lynne Doherty, Rick Jones, Richard Somner and Howard Woollaston

Also Present: John Ashworth (Corporate Director - Environment), Nick Carter (Chief Executive), Sarah Clarke (Head of Legal and Strategic Support), Tess Ethelston (Group Executive (Cons)), Olivia Lewis (Group Executive (Lib Dem)), Bryan Lyttle (Planning & Transport Policy Manager), Andy Sharp (Executive Director (People)), Shiraz Sheikh (Acting Legal Services Manager), Peta Stoddart-Crompton (Public Relations Officer), Councillor Adrian Abbs, Councillor Phil Barnett, Stephen Chard (Principal Policy Officer), Councillor Carolyne Culver, Councillor Lee Dillon, Councillor Owen Jeffery, Councillor Tony Linden, Councillor Alan Macro, Councillor David Marsh, Councillor Steve Masters, Councillor Erik Pattenden, Councillor Garth Simpson, Councillor Andrew Williamson and Councillor Keith Woodhams

Apologies for inability to attend the meeting: Councillor Steve Ardagh-Walter, Councillor Dominic Boeck and Councillor Jeff Brooks

PART I

1. Minutes

The Minutes of the meetings held on 28 March 2019 and 25 April 2019 were approved as true and correct records and signed by the Leader.

2. Declarations of Interest

There were no declarations of interest received.

3. Public Questions

Councillor Lynne Doherty welcomed members of the public in attendance at the meeting and explained the process for the question and answer session.

In accordance with paragraph 5.12.9 of the Constitution, where questioners had more than one question only their first question would be asked and answered. If after all other first questions had been asked and answered, and there was sufficient time, answers would be given to subsequent questions.

In addition, in accordance with paragraph 5.12.6, where public questioners were unable to attend the meeting they would be provided with a written response only.

Councillor Doherty gave a reminder that thirty minutes were set aside for public questions (in accordance with paragraph 5.12.8 of the Constitution). If there was not sufficient time to respond to all questions then a written response would be provided.

A full transcription of the public and Member question and answer sessions would be available from the following link: [Transcription of Q&As](#).

(a) Question submitted by Mr Thomas Tunney to the Portfolio Holder for Economic Development and Planning

A question standing in the name of Mr Thomas Tunney on the subject of the Council's rough sleeping plan for 2019/20 was answered by the Portfolio Holder for Economic Development and Planning.

EXECUTIVE - 30 MAY 2019 - MINUTES

(b) **Question submitted by Mr Thomas Tunney to the Portfolio Holder for Transport and Countryside**

A question standing in the name of Mr Thomas Tunney on the subject of the compulsory acquisition of the memorial field in Thatcham for flood water retention was answered by the Portfolio Holder for Transport and Countryside.

(c) **Question submitted by Mr Thomas Tunney to the Portfolio Holder for Transport and Countryside**

A question standing in the name of Mr Thomas Tunney on the subject of whether the new flood defences focussed water to the memorial field in Thatcham was answered by the Portfolio Holder for Transport and Countryside.

(d) **Question submitted by Mr Thomas Tunney to the Portfolio Holder for Transport and Countryside**

A question standing in the name of Mr Thomas Tunney on the subject of what would happen to the location of the dog enclosure as part of the plans for the memorial field in Thatcham was answered by the Portfolio Holder for Transport and Countryside.

(e) **Question submitted by Mr Peter Norman to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Mr Peter Norman asking when the Council would undertake a review of the current Core Strategy was answered by the Portfolio Holder for Economic Development and Planning.

(f) **Question submitted by Mr Peter Norman to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Mr Peter Norman on the subject of the Council's land allocations for new housing was answered by the Portfolio Holder for Economic Development and Planning.

(g) **Question submitted by Mrs Pamela Sergent to the Portfolio Holder for Transport and Countryside**

A question standing in the name of Mrs Pamela Sergent on the subject of the installation of the hedge netting in Theale was answered by the Portfolio Holder for Transport and Countryside.

(h) **Question submitted by Mr Thomas Ward to the Portfolio Holder for Transport and Countryside**

A question standing in the name of Mr Thomas Ward on the subject of when the investigation required on the drainage layout on Englefield Road would resume would receive a written answer from the Portfolio Holder for Transport and Countryside.

(i) **Question submitted by Mr Paul Morgan to the Portfolio Holder for Public Health and Community Wellbeing**

A question standing in the name of Mr Paul Morgan on the subject of the business case and the costs associated with the Council's proposal for the Community Football Ground in Faraday Road was answered by the Portfolio Holder for Public Health and Community Wellbeing.

EXECUTIVE - 30 MAY 2019 - MINUTES

(j) **Question submitted by Mr Paul Morgan to the Portfolio Holder for Public Health and Community Wellbeing**

A question standing in the name of Mr Paul Morgan on the subject of the Playing Pitch Strategy was answered by the Portfolio Holder for Public Health and Community Wellbeing.

(k) **Question submitted by Mr Jason Braidwood to the Portfolio Holder for Transport and Countryside**

A question standing in the name of Mr Jason Braidwood on the subject of what quality controls the Council would put in its own planning application submission process was answered by the Portfolio Holder for Transport and Countryside.

(l) **Question submitted by Mr Jack Harkness to the Portfolio Holder for Public Health and Community Wellbeing**

A question standing in the name of Mr Jack Harkness asking what consultation took place and what evidence of need did the Council have to justify the plans for a MUGA at the community football ground in Faraday Road was answered by the Portfolio Holder for Public Health and Community Wellbeing.

(m) **Question submitted by Mr Lee McDougall to the Portfolio Holder for Public Health and Community Wellbeing**

A question standing in the name of Mr Lee McDougall on the subject of identifying a permanent solution for the Community Football Ground at Faraday Road would receive a written answer from the Portfolio Holder for Public Health and Community Wellbeing.

(n) **Question submitted by Ms Alison May to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Ms Alison May asking if the Council would instigate an Ancient Woodland Inventory review was answered by the Portfolio Holder for Economic Development and Planning.

(o) **Question submitted by Mr John Stewart to the Portfolio Holder for Public Health and Community Wellbeing**

A question standing in the name of Mr John Stewart asking for confirmation of the costs the Council incurred from the removal of the spectator stand, fencing, gates and floodlighting from the Faraday Road football ground was answered by the Portfolio Holder for Public Health and Community Wellbeing.

(p) **Question submitted by Dr Julie Wintrup to the Portfolio Holder for Internal Governance**

A question standing in the name of Dr Julie Wintrup asking if the deal with St Modwen's would be subject to a public and independent review would receive a written answer from the Portfolio Holder for Internal Governance.

4. **Petitions**

There were no petitions presented to the Executive.

5. **Members' Questions**

A full transcription of the public and Member question and answer sessions would be available from the following link: [Transcription of Q&As](#).

EXECUTIVE - 30 MAY 2019 - MINUTES

(a) **Question submitted by Councillor Steve Masters to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Councillor Steve Masters on the subject of the success of the night shelter managed by West Berkshire Homeless was answered by the Portfolio Holder for Economic Development and Planning.

(b) **Question submitted by Councillor Steve Masters to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Councillor Steve Masters querying the number of people and/or families who were currently on the waiting list for social housing was answered by the Portfolio Holder for Economic Development and Planning.

(c) **Question submitted by Councillor Steve Masters to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Councillor Steve Masters on the subject of the number of social housing units which had been brought into the local housing stock since May 2015 was answered by the Portfolio Holder for Economic Development and Planning.

(d) **Question submitted by Councillor Steve Masters to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Councillor Steve Masters asking if the Portfolio Holder noted any connection between the levels of homelessness and the lack of adequate social housing stock was answered by the Portfolio Holder for Economic Development and Planning.

(e) **Question submitted by Councillor Steve Masters to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Councillor Steve Masters querying how many social housing units could have been built on existing Council land if the money invested in commercial property had instead been used for this purpose was answered by the Portfolio Holder for Economic Development and Planning.

(f) **Question submitted by Councillor Adrian Abbs to the Portfolio Holder for Economic Development and Planning**

A question standing in the name of Councillor Adrian Abbs on the subject of the decoupling of the two Sandford planning applications was answered by the Portfolio Holder for Economic Development and Planning.

(g) **Question submitted by Councillor Alan Macro to the Portfolio Holder for Environment**

A question standing in the name of Councillor Alan Macro on the subject of Clean Air Day was answered by the Portfolio Holder for Transport and Countryside.

(h) **Question submitted by Councillor Alan Macro to the Portfolio Holder for Transport and Countryside**

A question standing in the name of Councillor Alan Macro on the subject of the timing chosen for the removal of hedges near the construction site of the new Theale Church of England Primary School was answered by the Portfolio Holder for Transport and Countryside.

EXECUTIVE - 30 MAY 2019 - MINUTES

(i) **Question submitted by Councillor David Marsh to the Portfolio Holder for Public Health and Community Wellbeing**

A question standing in the name of Councillor David Marsh asking if the Council would implement a ban on all vehicles near schools at drop-off and collection times to protect children from poisonous exhaust fumes was answered by the Portfolio Holder for Public Health and Community Wellbeing.

6. Exclusion of Press and Public

RESOLVED that members of the press and public be excluded from the meeting for the under-mentioned item of business on the grounds that it involves the likely disclosure of exempt information as contained in Paragraphs 1 and 2 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006. Rule 8.10.4 of the Constitution also refers.

7. Staffing Restructure at Birchwood Care Home (EX3726)

(Paragraph 1 – information relating to an individual)

(Paragraph 2 – information identifying an individual)

The Executive considered an exempt report (Agenda Item 8) concerning the changes made to the staffing structure at Birchwood Care Home following the 2019/20 investment and which sought approval to delete posts and make redundancy payments.

RESOLVED that the recommendations in the exempt report be agreed.

Other options considered: as outlined in the exempt report.

(The meeting commenced at 5.00pm and closed at 5.47pm)

CHAIRMAN

Date of Signature

This page is intentionally left blank

Response to OSMC Recommendations on ASC Overspend

Committee considering report:	Executive on 13 June 2019
Portfolio Member:	Councillor Jeff Cant
Date Portfolio Member agreed report:	30 May 2019
Report Author:	Steve Duffin
Forward Plan Ref:	EX3708

1. Purpose of the Report

- 1.1 To set out a response to the recommendations from the Overview and Scrutiny Management Commission (OSMC) following their review of the report into the 2018/19 overspend in Adult Social Care (ASC).

2. Recommendation

- 2.1 That the suggested responses to each of the 3 recommendations of the OSMC, as shown at paragraphs 5.2, 5.3 and 5.4, be approved.

3. Implications

- 3.1 **Financial:** The recommendations of the OSMC build on those already contained in the report into the 2018/19 overspend in ASC and will help strengthen the financial management arrangements for this important service area and across the Council.
- 3.2 **Policy:** None
- 3.3 **Personnel:** None
- 3.4 **Legal:** None.
- 3.5 **Risk Management:** None
- 3.6 **Property:** None
- 3.7 **Other:** None

4. Other options considered

- 4.1 None

Executive Summary

5. Introduction / Background

- 5.1 On the 26th February 2019 the OSMC considered the Chief Executive's report into the causes of the in-year overspend in Adult Social Care. OSMC subsequently produced a report on its findings and made 3 recommendations.
- 5.2 Recommendation 1 - That a clear and unambiguous understanding of responsibilities and divisions of labour in the budget build and subsequent budget management process be introduced. This should be on the basis of the service owning the budget and Finance owning the process.

Response – The report produced by the Chief Executive has resulted in the creation of a joint Action Plan agreed between the Head of ASC and the Head of Finance & Property. This plan includes looking at what tasks are being undertaken by each team, exploring opportunities for automating more of them and seeing if they are owned by the correct service. Progress against this Action Plan is monitored monthly at the new Financial Planning Meetings with a report to Corporate Board every 6 months.

- 5.3 Recommendation 2 - That a similar remodelling (or rebasing) be applied to the Short Term Services and all other ASC areas to avoid any further under or over budgeting.

Response – Work is underway on the creation of a model that covers Short Term Services with the aim of having this in place to inform the 2020/21 revenue budget build. Once in place this will mean that around 72% of the ASC Gross Expenditure Budget will be covered by the two models. The salaries budget covers 25% of the remaining gross expenditure and this budget is built each year in accordance with a very detailed corporate process.

- 5.4 Recommendation 3- That the Executive and Portfolio Holder for Finance give priority to re-basing/ remodelling the whole corporate budget build every four years to ensure that a similar in-year situation does not occur again.

Response - The resources required to rebase/ remodel the whole corporate budget every 4 years would be a concern. The priority at the moment is on the demand led services so, as well as refining the ASC LTS model and the creation of an ASC STS model, we will focus on ensuring appropriate budget build models are in place for Children's Services. Consideration will then be given to the benefits of remodelling other areas, possibly on a rolling programme.

6. Conclusion

- 6.1 The review of the report into the ASC overspend undertaken by OSMC on the 26th February 2019 provided a very useful opportunity to further explore a number of issues, some specific to ASC but others that impact across the council.

7. Appendices

Appendix A – Equalities Impact Assessment

Appendix A

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; this includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	None
Summary of relevant legislation:	Not applicable
Does the proposed decision conflict with any of the Council's key strategy priorities?	No
Name of assessor:	Steve Duffin
Date of assessment:	1 st May 2019

Is this a:		Is this:	
Policy	No	New or proposed	No
Strategy	No	Already exists and is being reviewed	No
Function	No	Is changing	No
Service	No		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	Improved internal processes
Objectives:	Improved internal processes
Outcomes:	Improved internal processes
Benefits:	Improved internal processes

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Age	None	
Disability	None	
Gender Reassignment	None	
Marriage and Civil	None	

Partnership		
Pregnancy and Maternity	None	
Race	None	
Religion or Belief	None	
Sex	None	
Sexual Orientation	None	
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	No
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	No
Please provide an explanation for your answer:	

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

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	No
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name:

Date:

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.

This page is intentionally left blank

2018/19 Revenue Financial Performance: Provisional Outturn

Committee considering report:	Executive on 13 June 2019
Portfolio Member:	Councillor Jeff Cant
Date Portfolio Member agreed report:	5 June 2019
Report Author:	Melanie Ellis
Forward Plan Ref:	EX3564

1. Purpose of the Report

- 1.1 To inform Members of the provisional revenue outturn for 2018/19.

2. Recommendation

- 2.1 To note the report, and in particular the continued challenge of managing pressures in adult social care, which are shared nationally.

3. Implications

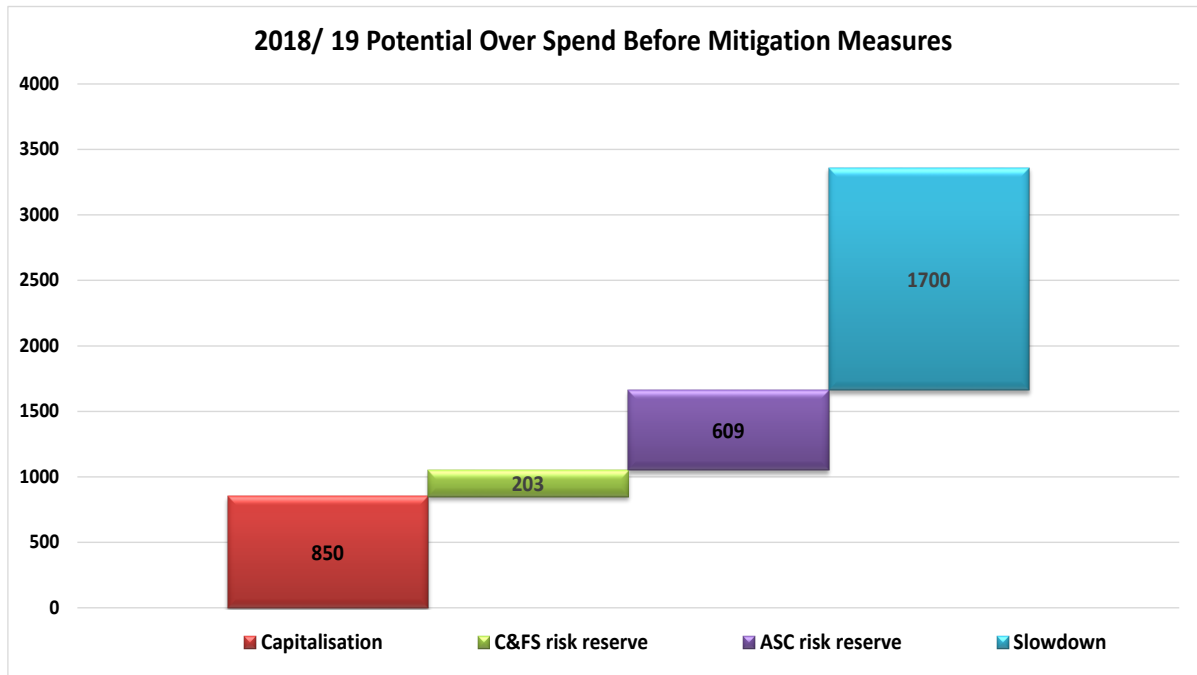
- 3.1 **Financial:** The Council faced a potential overspend of £3.3m in 2018/19 and has responded to this with a Council wide mitigation programme, including the use of service specific risk reserves, to arrive at a balanced outturn. Areas of ongoing overspend and unmet savings have been addressed as part of the 2019/20 budget build.
- 3.2 **Policy:** n/a
- 3.3 **Personnel:** n/a
- 3.4 **Legal:** n/a
- 3.5 **Risk Management:** n/a
- 3.6 **Property:** n/a
- 3.7 **Other:** n/a

4. Other options considered

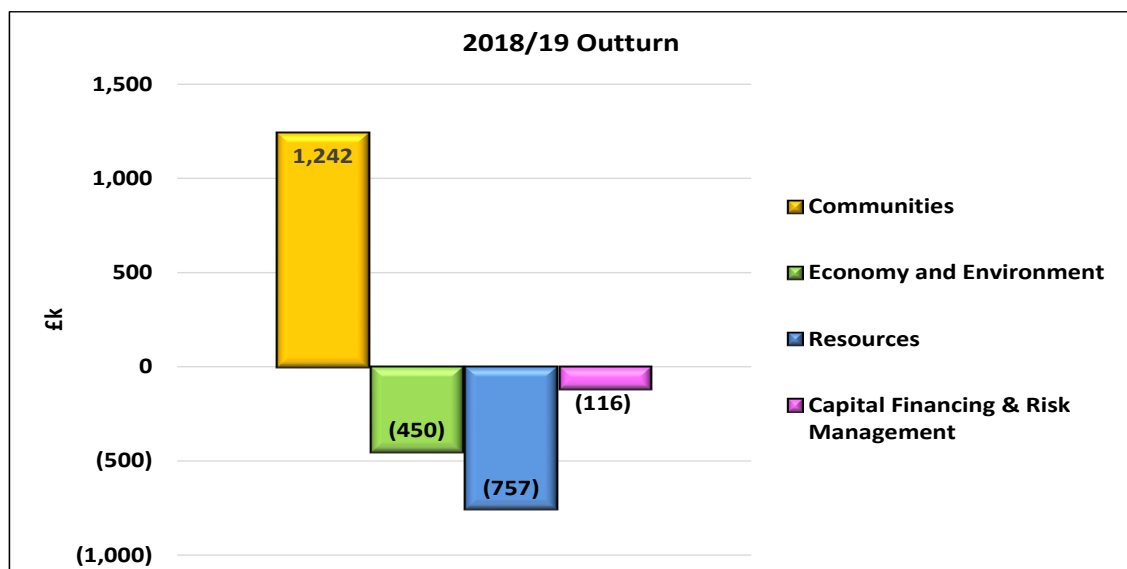
- 4.1 N/a – factual report for information.

Executive Summary

- 4.2 At Quarter One it became evident that a significant overspend was emerging in the Communities Directorate, most notably in Adult Social Care. The whole Council was tasked with putting mitigation strategies in place in order to address the forecast overspend. Without this action the Council could have faced an overspend of £3.3million.
- 4.3 Cost reduction measures achieved £1.7m of savings, a further £850k was capitalised, and £812k was released from risk reserves at Quarter Three. The impact of the mitigation measures is shown in the chart below.



- 4.4 £81k was returned to reserves at the end of the year, resulting in a net use of £731k reserves.
- 4.5 Directorate over and under spends (after all mitigation measures) are shown in the following chart (the net position being the £81k returned to reserves):



- 4.6 At Quarter One Adult Social Care was showing a significant overspend. An in depth review was undertaken of the modelling used to set the budget concluding that the modelled budget should have been £1.4m higher, with the remainder of the overspend arising from demand, unmet savings, transfers of care and the embargo of Birchwood care home.
- 4.7 The Adult Social Care outturn position is overspent by £838k. There were overspends of £2m in commissioning and £1.1m in Birchwood care home offset by underspends of £800k in the rest of the service. The overspend was reduced using £600k risk reserves, £500k Winter funding and £290k Transformation funding. The underlying overspend has been addressed in the 2019/20 budget build with improved modelling used to forecast future budget requirements in commissioning. Birchwood care home has received additional funding to address staffing levels for 2019/20, but our care home provision will remain an area of focus.
- 4.8 Children & Family Services outturn position is £632k overspent. Childcare lawyers overspent by £565k. This is in part attributable to a £200k unmet savings target and in part to four complex high court cases. The demand led placement budgets are overspent by £396k mainly in Independent Fostering Agencies' and Special Guardianship. The 2018/19 savings programme has only delivered £26k against a target of £426k, and £400k of savings have not been met, however, in-year savings of £200k were delivered.
- 4.9 The remainder of the Communities Directorate is underspent. The Economy and Environment Directorate was underspent by £450k, reflecting in-year savings and capitalisation of relevant costs. Resources was £757k underspent, reflecting in-year savings and additional income from commercial property investment.
- 4.10 The 2018/19 budget was set with a £5.2m savings and income generation programme. Progress is monitored using the RAG system. At outturn, £881k of risks are Red (17%) and £4.4 Green (83%). Whilst some savings have over achieved, the savings programme as a whole has significantly under achieved in 2018/19. The Communities Directorate has only achieved 56% of savings targets. (ASC 76% achieved, CFS 6% achieved, Education 84% achieved). This will be addressed in 2019/20 as part of the ongoing savings and income generation programme.
- 4.11 The Transformation Reserve was established in order to ensure that the Council has the resources to pursue transformation plans outlined in the MTFs and to invest in strategies that will bring future benefits to the organisation. £566k was allocated in 2017/18 and £864k in 2018/19. Budget Board allocated a further £869k in April 2019 from existing reserves to increase the Transformation Reserve back to £1m.

5. Proposal

- 5.1 To note the outturn position.

6. Conclusion

- 6.1 The Council faced a potential overspend of £3.3m in 2018/19 and has responded to this with a Council wide mitigation programme, and has had to make use of service specific risk reserves. After these actions the final position will result in £81k being

returned to reserves. Areas of ongoing overspend and unmet savings have been addressed as part of the 2019/20 budget build.

7. Appendices

- 7.1 Appendix A – Data Protection Impact Assessment
- 7.2 Appendix B – Equalities Impact Assessment
- 7.3 Appendix C – Supporting Information
- 7.4 Appendix D – Communities Directorate Report
- 7.5 Appendix E – Economy & Environment Directorate Report
- 7.6 Appendix F – Resources Directorate Report
- 7.7 Appendix G – Summary Revenue Forecast 2018/19
- 7.8 Appendix H – Summary of Budget Changes

Appendix A

Data Protection Impact Assessment – Stage One

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

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

Directorate:	Resources
Service:	Finance and Property
Team:	Accountancy
Lead Officer:	Melanie Ellis
Title of Project/System:	Q4 Financial Performance
Date of Assessment:	23/8/18

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

	Yes	No
<p>Will you be processing SENSITIVE or “special category” personal data?</p> <p><small>Note – sensitive personal data is described as “data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person’s sex life or sexual orientation”</small></p>	<input type="checkbox"/>	x
<p>Will you be processing data on a large scale?</p> <p><small>Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both</small></p>	<input type="checkbox"/>	x
<p>Will your project or system have a “social media” dimension?</p> <p><small>Note – will it have an interactive element which allows users to communicate directly with one another?</small></p>	<input type="checkbox"/>	x
<p>Will any decisions be automated?</p> <p><small>Note – does your system or process involve circumstances where an individual’s input is “scored” or assessed without intervention/review/checking by a human being? Will there be any “profiling” of data subjects?</small></p>	<input type="checkbox"/>	x
<p>Will your project/system involve CCTV or monitoring of an area accessible to the public?</p>	<input type="checkbox"/>	x
<p>Will you be using the data you collect to match or cross-reference against another existing set of data?</p>	<input type="checkbox"/>	x
<p>Will you be using any novel, or technologically advanced systems or processes?</p> <p><small>Note – this could include biometrics, “internet of things” connectivity or anything that is currently not widely utilised</small></p>	<input type="checkbox"/>	x

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

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; this includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	No decision.
Summary of relevant legislation:	
Does the proposed decision conflict with any of the Council's key strategy priorities?	
Name of assessor:	Melanie Ellis
Date of assessment:	23/8/18

Is this a:		Is this:	
Policy	No	New or proposed	No
Strategy	No	Already exists and is being reviewed	No
Function	No	Is changing	No
Service	No		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	
Objectives:	
Outcomes:	
Benefits:	

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Age		
Disability		
Gender Reassignment		
Marriage and Civil		

Partnership		
Pregnancy and Maternity		
Race		
Religion or Belief		
Sex		
Sexual Orientation		
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	Yes/No
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	Yes/No
Please provide an explanation for your answer:	

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

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name:

Date:

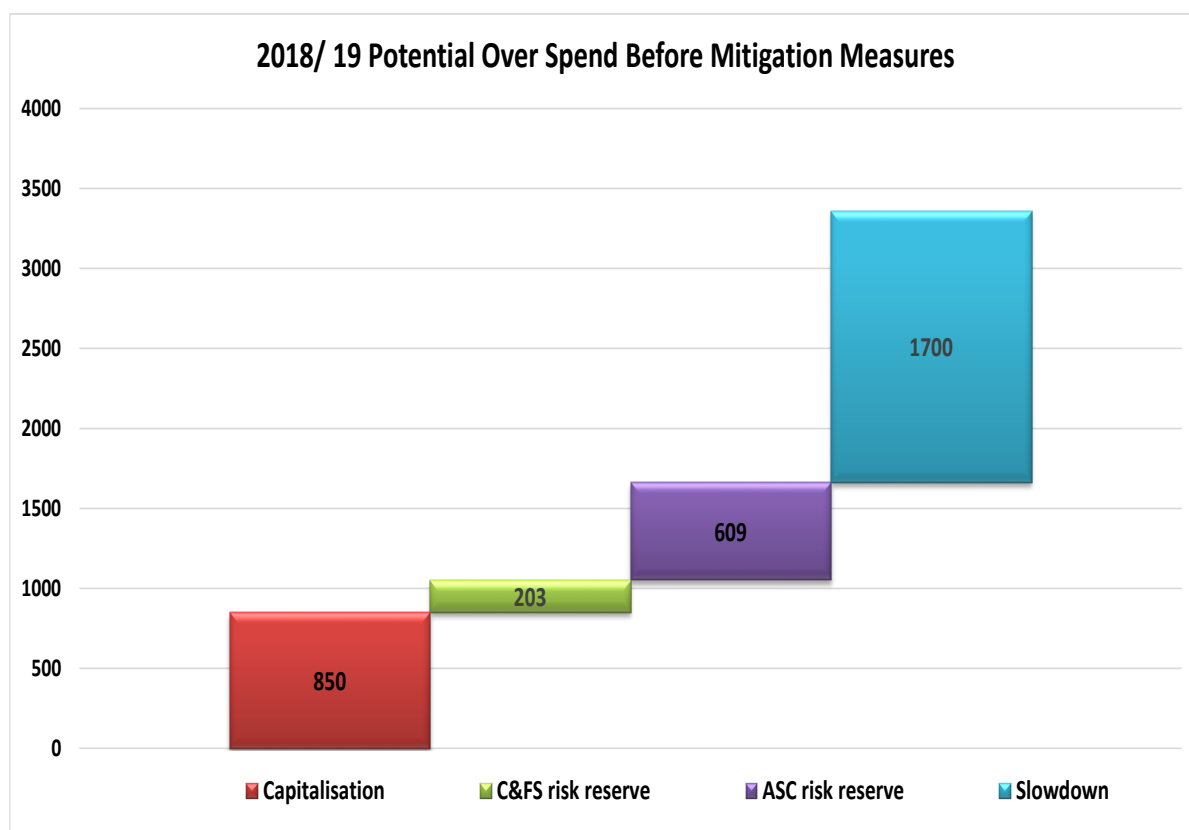
Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.

This page is intentionally left blank

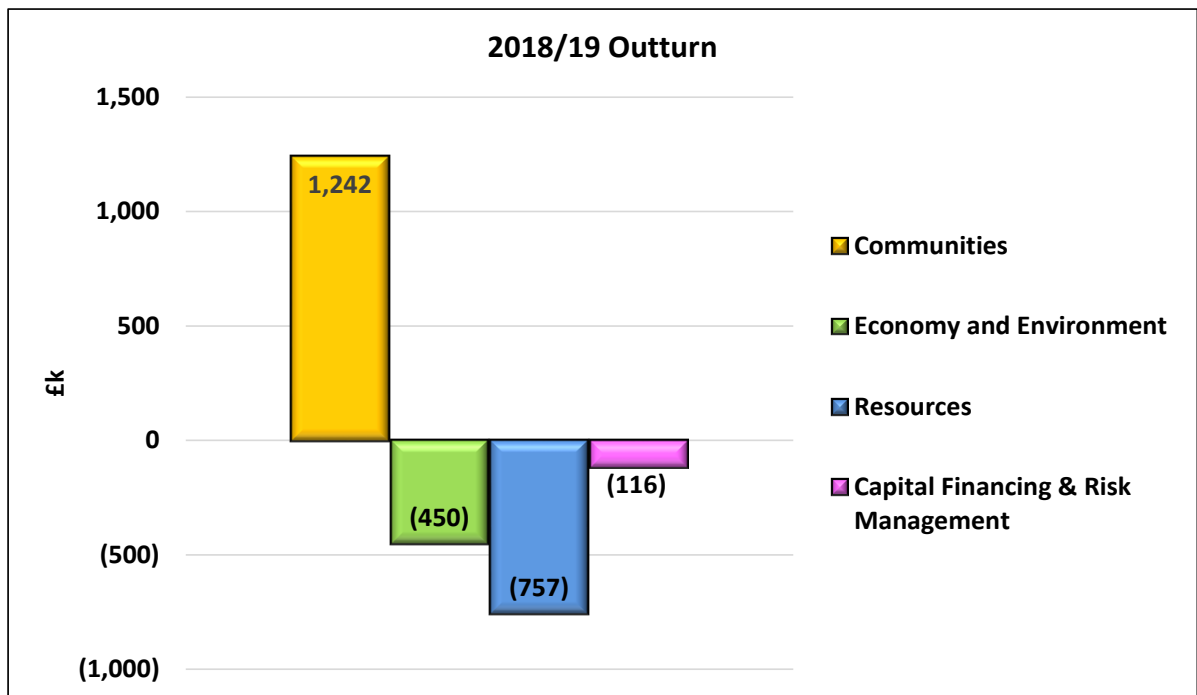
2018/19 Revenue Financial Performance: Provisional Outturn – Supporting Information

1. Introduction

- 1.1 At Quarter One it became evident that a significant overspend was emerging in the Communities Directorate and most notably in Adult Social Care. The whole Council was tasked with putting mitigation strategies in place in order to bring the forecast overspend down. Without this action the Council could have faced an overspend of £3.3million.
- 1.2 Cost reduction measures achieved £1.7m of savings, a further £850k was capitalised, and £812k was released from risk reserves at Quarter Three. The impact of the mitigation measures is shown in the chart below.

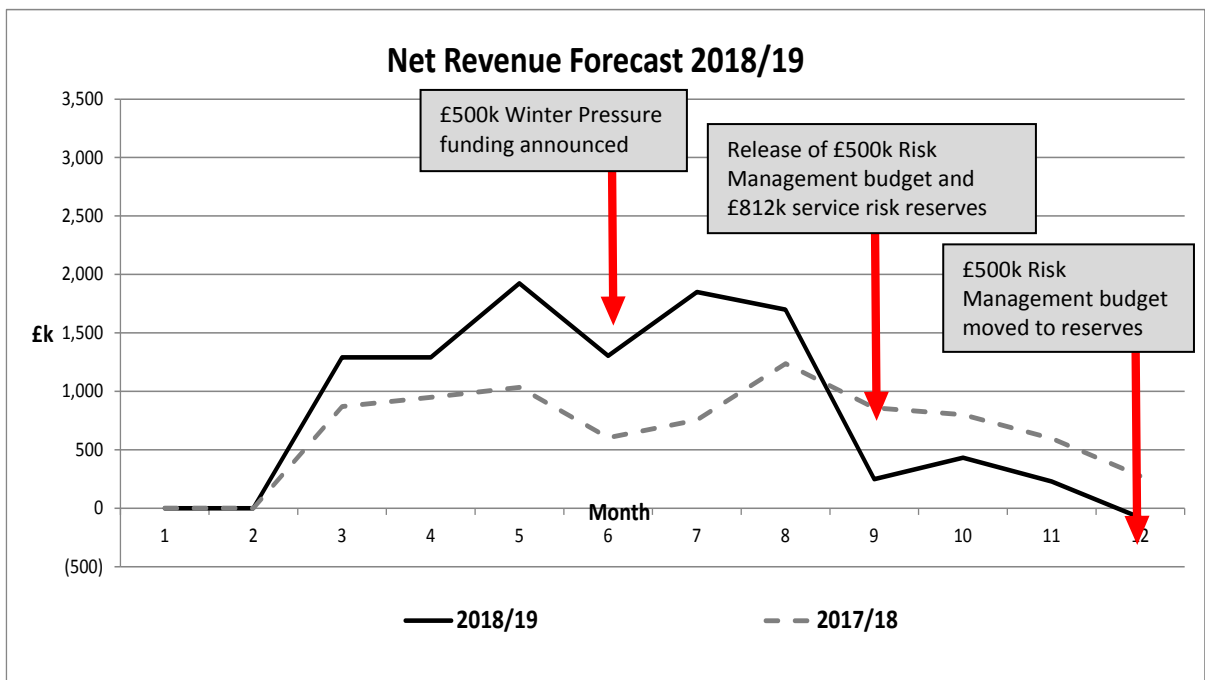


- 1.3 £81k was returned to reserves at the end of the year, resulting in a net use of £731k reserves.
- 1.4 Directorate over and under spends (after all mitigation measures) are shown in the following chart (the net position being the £81k returned to reserves):



2. Revenue Outturn 2018/19

2.1 The Council forecast through the year is shown in the following chart:



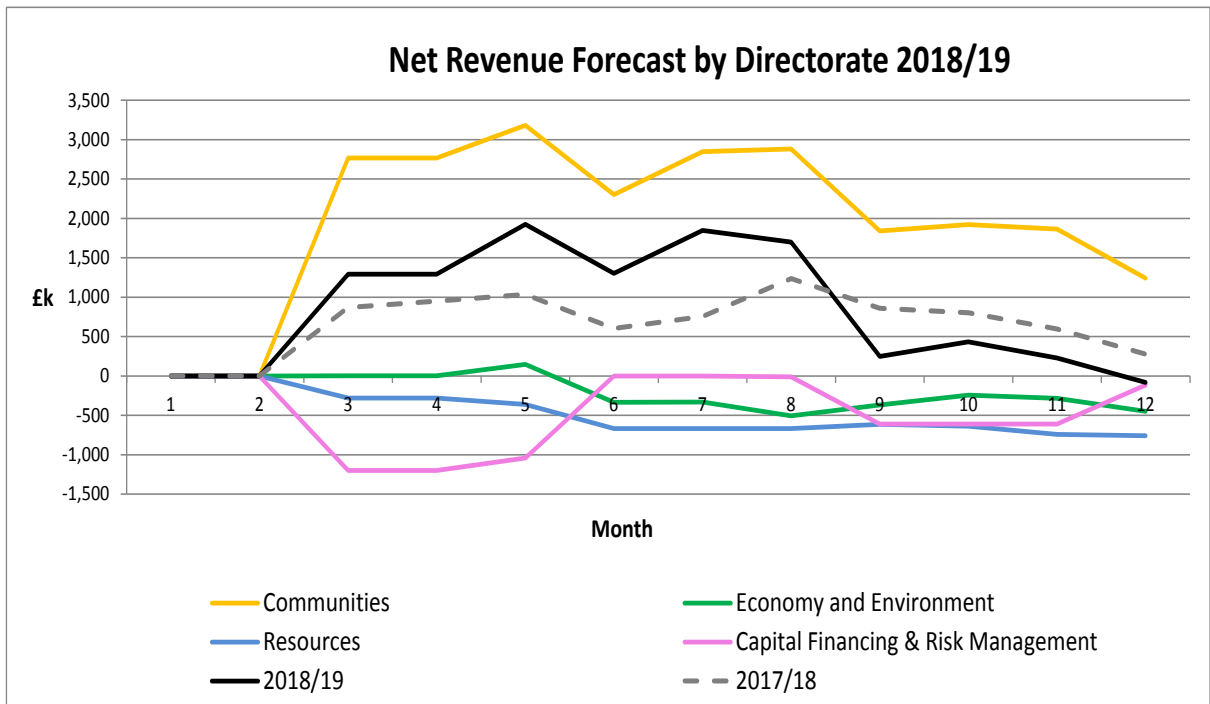
2.2 At Quarter One it became evident that a significant overspend was emerging in the Communities Directorate and most notably in Adult Social Care. An in depth review was undertaken of the modelling used to set the budget and concluded that the modelled budget should have been £1.4m higher, with the remainder of the overspend arising from increased demand, unmet savings, transfers of care and the embargo of Birchwood care home.

2.3 The whole Council was tasked with putting mitigation strategies in place in order to bring the forecast overspend down by year end and a decision was taken to slow expenditure in the remainder of the current financial year.

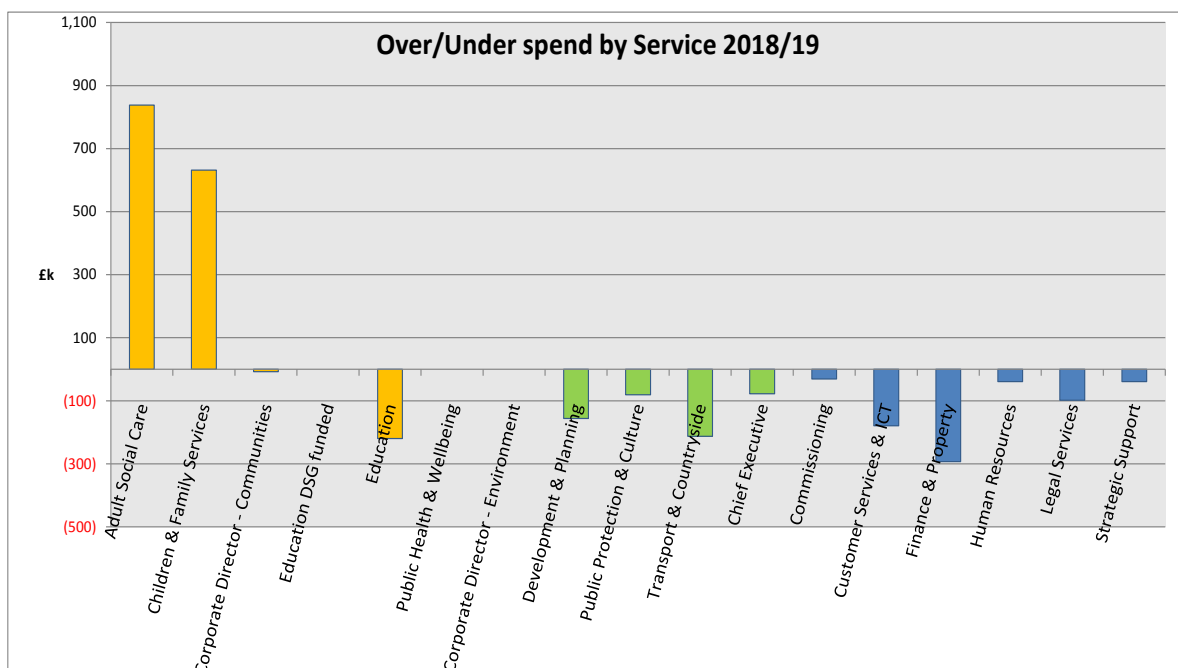
2.4 At Quarter Three, £812k was released from service specific risk reserves to support overspends that had been provided against, and £500k of the risk management budget was earmarked to set against the overspend, reducing the forecast overspend to £250k.

2.5 By year end, further mitigation savings and underspends were achieved, bringing the Council in just under budget. As a result, the £500k remaining risk management budget that was unspent but planned to be used to support the corporate overspend, will be moved to reserves.

2.6 The Directorate forecasts are shown in the following chart:



2.7 There were two services with overspends at year end: Adult Social Care £838k and Children & Family Services £632k.



Provisional Outturn – Supporting Information

	Current Net Budget	Actual spend	Forecast (under)/over spend					Change from Last Quarter	Change from Last Month	Outturn as % of Net Budget
			Quarter One	Quarter Two	Quarter Three	Month Eleven	Year End			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
Adult Social Care	43,181	44,019	2,388	1,640	1,136	1,153	838	(298)	(315)	1.9%
Children & Family Services	15,047	15,679	220	657	755	812	632	(123)	(180)	4%
Corporate Director	152	144	8	8	(1)	(5)	(8)	(7)	(3)	-5%
Education DSG funded	(444)	(444)	0	0	0	0	0	0	0	0%
Education	8,636	8,416	152	(1)	(51)	(95)	(220)	(169)	(125)	-3%
Public Health & Wellbeing	86	86	0	0	0	0	0	0	0	0%
Communities	66,658	67,900	2,768	2,303	1,840	1,864	1,242	(598)	(622)	2%
Corporate Director	170	170	0	0	0	0	0	0	0	0%
Development & Planning	2,701	2,545	(114)	(232)	(236)	(116)	(156)	80	(40)	-6%
Public Protection & Culture	4,086	4,005	47	70	(11)	(47)	(81)	(70)	(34)	-2%
Transport & Countryside	23,138	22,925	70	(171)	(120)	(122)	(213)	(93)	(91)	-1%
Economy and Environment	30,095	29,645	3	(333)	(367)	(285)	(450)	(83)	(165)	-1%
Chief Executive	787	709	0	(75)	(77)	(77)	(78)	(1)	(1)	-10%
Commissioning	1,016	985	0	(46)	(46)	(46)	(31)	15	15	-3%
Customer Services & ICT	3,027	2,848	(3)	(104)	(98)	(109)	(179)	(81)	(70)	-6%
Finance & Property	1,070	777	(260)	(314)	(303)	(349)	(293)	10	56	-27%
Human Resources	1,478	1,439	0	(52)	(33)	(24)	(39)	(6)	(15)	-3%
Legal Services	1,047	949	0	(36)	(16)	(90)	(98)	(82)	(8)	-9%
Strategic Support	2,317	2,278	(17)	(40)	(40)	(45)	(39)	1	6	-2%
Resources	10,742	9,985	(280)	(667)	(613)	(740)	(757)	(144)	(17)	-7%
Capital Financing	10,015	9,899	0	0	(110)	(110)	(116)	(6)	(6)	-1%
Movement through Reserves	1,917	1,917	0	0	0	0	0	0	0	0%
Risk Management	0	0	(1,200)	0	(500)	(500)	0	500	500	0%
Capital Financing & Risk Management	11,932	11,816	(1,200)	0	(610)	(610)	(116)	494	494	-1%
Total	119,427	119,346	1,291	1,303	250	229	(81)	(330)	(310)	-0.1%

NB. Rounding differences may apply to nearest £k.

3. Communities Directorate

3.1 The Directorate outturn position is £1.2m overspent which is 2% against a net budget of £67m. The final overspend reduced by £600k from Month Eleven and Quarter Three.

3.2 The Adult Social Care (ASC) outturn position is £838k overspent which is 2% of the net budget of £43m. The final ASC overspend reduced by £300k from Month Eleven and Quarter Three. These changes can be summarised as follows:

- Commissioning (£0.2m) BCF funding/reduced package costs
- Non Commissioning (£0.2m) Respite Care Usage & additional income
- Own Homes £0.1m Birchwood Maintenance & Agency usage

3.3 The ASC overspend is summarised below:

2018/19 ASC overspend	£m
Long Term Commissioning	1.58
Short Term Commissioning	0.38
Birchwood Care Home	1.10
Non Commissioning	-0.82
Underlying overspend	2.24
Use of risk reserve	-0.60
Winter funding	-0.50
Transformation funding	-0.29
Final overspend	0.84

*£10k roundings may apply

- 3.4 The underlying overspend has been addressed in the 2019/20 budget build with improved modelling used to forecast future budget requirements in commissioning. Birchwood care home has received additional funding to address staffing levels for 2019/20, but our care home provision will remain an area of focus as the total overspend for 2018/19 was £1.2m.
- 3.5 Local Authorities nationally are facing significant financial challenges relating to the funding of Adult Social Care budgets, increasing demand on services and rising costs of commissioning care. Our position, as with other Local Authorities across the country highlights the urgent need for a national review of funding for Adult Social Care. The service has faced increasing financial pressures on demand led, externally commissioned placement budgets, over and above the modelled assumptions that formed the basis of budget setting. In addition, a number of risks, which are provided for in the service specific risk reserve, have materialised.
- 3.6 Children & Family Services (CFS) outturn position is £632k overspent which is 4% of the net budget of £15m. Childcare lawyers overspent by £565k. This is in part attributable to a £200k unmet savings target and in part to four complex high court cases. The demand led placement budgets are reporting overspent by £396k mainly in Independent Fostering Agencies' and Special Guardianship. The 2018/19 savings programme has only delivered £26k against a target of £426k, and £400k of savings have not been met, however, in-year savings of £200k were delivered.
- 3.7 The Education Service outturn position is £220k underspent. Home school transport is underspent by £265k due to savings achieved on contract changes and taxis usage. The underspend has been to some extent offset by overspends in Disabled Children budgets specifically in residential placements, although the overspend did reduce in the last month due to packages of care not starting when expected. In-year savings of £200k were delivered.
- 3.8 Public Health outturn position was on line after the expected underspend of £115k has been carried forward as per the grant conditions to be spent on Public Health activities in 2019/20.

4. Economy and Environment Directorate

- 4.1 The Directorate outturn position is £450k underspent which is 1.5% of the net budget of £30m and is a variance of £83k to the Quarter Three forecast position.

The outturn reflects in-year savings of £246k identified in response to the corporate slow-down and capitalisation of £443k of in-year costs.

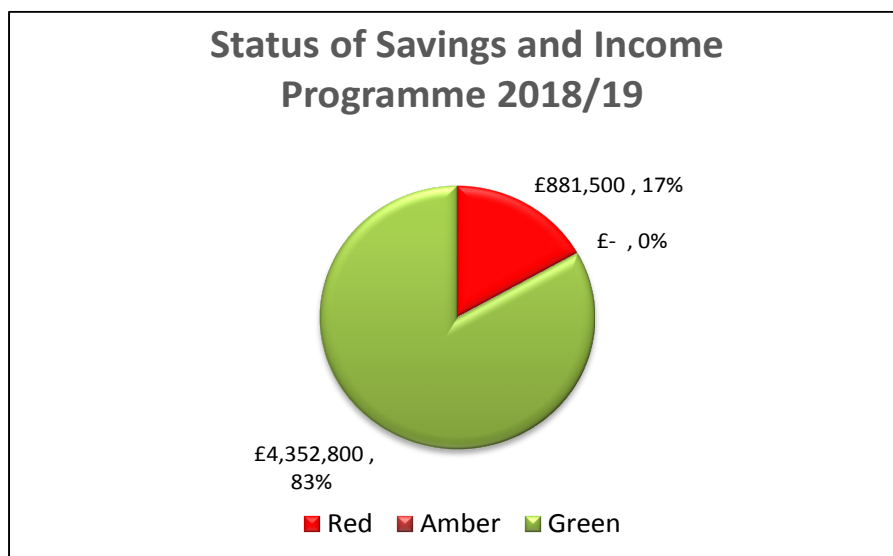
- 4.2 Development and Planning were £156k underspent. Budget underspends were requested to be carried forward but were unsuccessful resulting in a change from the Month Eleven forecast.
- 4.3 Public Protection and Culture were £81k underspent mostly from capitalisation of expenditure.
- 4.4 Transport and Countryside were underspent by £213k mostly from capitalisation of relevant highways expenditure, without which the service would have been overspent by £90k. Car parking income has been below budget this year and winter maintenance budgets overspent as a result of the February snowfall.

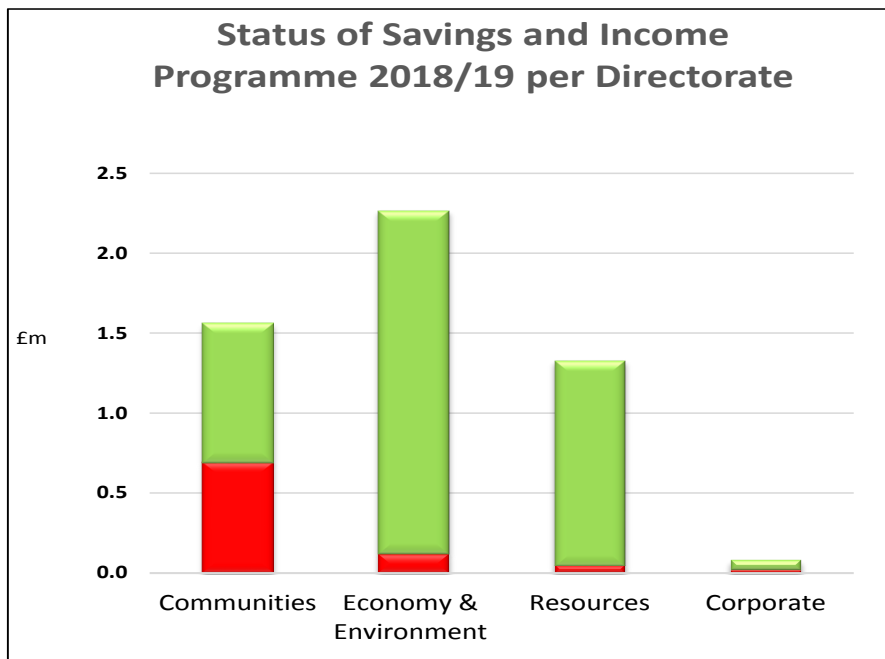
5. Resources Directorate

- 5.1 The Directorate outturn position is £757k underspent which is 6.9% of the net budget of £11m and is a favourable variance of £144k compared to Quarter Three. The variance was largely in Customer Services & ICT in staffing, printing and infrastructure. The outturn reflects in-year savings of £600k achieved in response to the corporate slowdown, and additional income received on commercial property investment of £312k.
- 5.2 Legal disbursements proved to be the main significant pressure on the resources directorate budget in 2018/19, being £100k overspent against budget at year-end. The disbursements overspend is largely due to the adverse decision in the LRIE Court of Appeal case and the cost of a number of planning inquiries.

6. 2018/19 Savings and Income Generation Programme

- 6.1 In order to meet the funding available, the 2018/19 revenue budget was built with a £5.2m savings and income generation programme. The programme is monitored on a monthly basis using the RAG traffic light system. The status of the programme is shown in the following charts:





6.2 The status at outturn shows 17% of savings not achieved. Whilst some of the savings have over achieved, the savings programme as a whole has significantly under achieved in 2018/19. The Communities Directorate has only achieved 56% of savings targets. (ASC 76% achieved, CFS 6% achieved, Education 84% achieved). This will be addressed in 2019/20 as part of the ongoing savings and income generation programme. Detailed explanations for unmet savings are given in the Directorate Appendix.

6.3 The corporate savings and income generation programme is summarised below:

	2018/19			Achieved
	Target	Green	Red	
	£k	£k	£k	
Corporate	80	60	20	75%

£60k has been achieved but £20k is red for corporate digitisation enablers. There have been delays in completing the digitisation work due to lack of resource in the digital services team and prioritisation of other work.

7. Risk and Transformation Reserves

7.1 In response to the volatility of some of the Council’s demand led budgets, a number of service specific risk reserves have been established. The risk reserves are based on service risk registers. The reserves can be released if the named risks arise, subject to member approval. At Quarter Three, £812k was released. Risks did arise in other service areas, but as those services were underspent, no funding was released.

Provisional Outturn – Supporting Information

Risk Reserve Summary	Reserve Balance 1.4.2018	Change to level of Reserve	Current Reserve Balance	Risks funded at Q3	Risk Reserve balance 31.03.2019
Service	£000	£000	£000	£000	£000
Adult Social Care	881	719	1,600	-609	991
Children & Family Services	38	377	415	-203	212
Education	0	279	279	0	279
Leisure	0	50	50	0	50
Libraries	0	90	90	0	90
Transport & Countryside	0	75	75	0	75
Legal Services	50	0	50	0	50
Total	969	1,590	2,559	-812	1,747

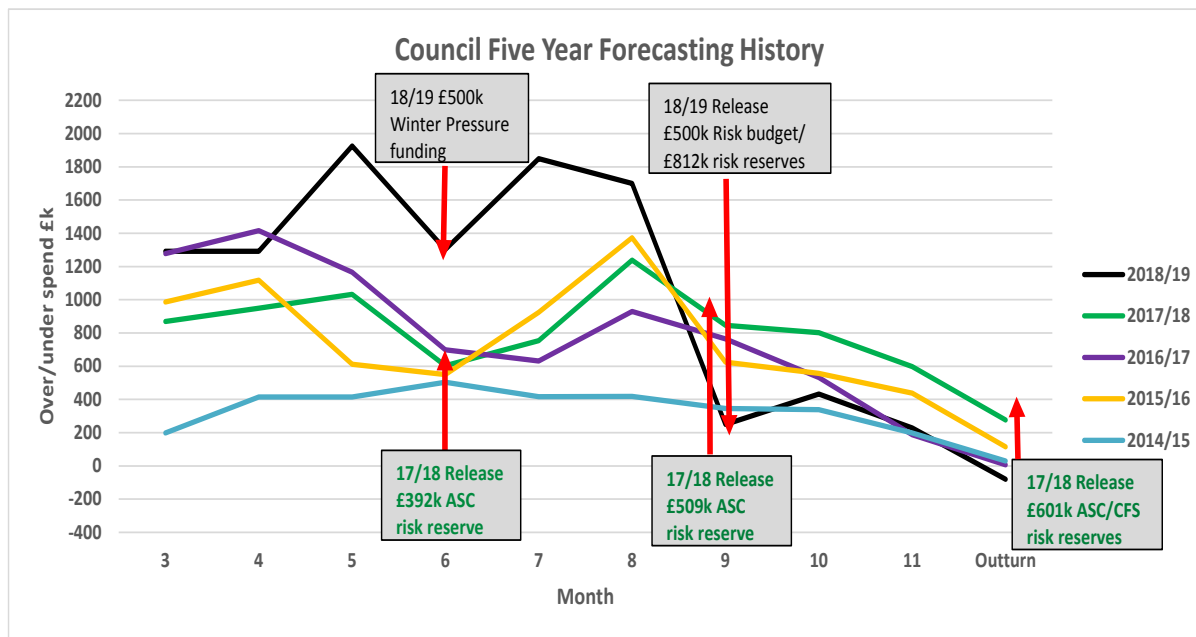
7.2 The Transformation Reserve was established in order to ensure that the Council has the resources to pursue transformation plans outlined in the MTFs and to invest in strategies that will bring future benefits to the organisation. Funds have so far been allocated as shown in the table:

Directorate	Service	Ref	Transformation Project	Funding Agreed
				£
			Opening Balance	1,000,000
Communities	Education	1	Emotional Health Academy	-5,570
Resources	Commissioning	2	Invest to save posts in commissioning	-225,000
Resources	HR	3	Invest to save post - Apprenticeship Coordinator	-74,000
Resources	Legal	4	Shared service advice	-12,000
Communities	Education	5	Invest to save - Family Hub transformation	-28,000
Resources	F&P, HR, SSU	6	Invest to save - New Ways of Working project	-216,000
Communities	ASC	7	Transport ASC	-5,300
			Total agreed 2017/18	-565,870
			Funds available 31.3.18	434,130
			Capital Receipts allocated to transformation	561,000
			Opening Balance 1.4.2018	995,130
Resources/Env	SSU/PPC	8	Commercial Group 2 sales & marketing officers(2yrs)	-169,000
Communities	ASC	9	Transport data reviewing officer extension	-2,700
Resources	Commissioning	10	Extend fixed term post 1 yr re ASC	-40,700
Resources	F&P	11	Digital transformation Revs and Bens	-147,000
Resources	Legal	12	Shared service advice	-16,000
Resources	Commissioning	13	Invest to save posts in commissioning	-42,000
Communities	ASC	14	Review of care packages	-150,000
Communities	ASC	15	Assistive Technology	-142,000
Communities	Education	16	Emotional Health Academy	-11,000
Resources	Commissioning	17	Lottery start up	-13,000
Communities	CFS	18	Family Safeguarding - dependent	-131,000
			Total agreed 2018/19	-864,400
			Funds available 31.3.19	130,730
			Reserves allocated to transformation	869,270
			Opening Balance 1.4.2019	1,000,000

7.3 Budget Board allocated a further £869k in April 2019 from existing reserves in order to increase the Transformation Reserve back to £1m.

8. Implications for 2019/20 Budget

8.1 Over the past five financial years revenue overspends have been forecast at Quarter One mainly in social care areas. This has required the organisation to respond with in-year mitigation measures. The graph below illustrates the forecasting and outturn trends, inclusive of in year mitigation.



8.2 A paper has been written on the Approach to Budget Monitoring 2019/20 outlining proposals for a change of focus from full year forecasting to a greater focus on actual expenditure.

9. Proposals

9.1 To note the outturn position.

10. Conclusion

10.1 The Council faced a potential overspend of £3.3m in 2018/19 and has responded to this with a Council wide mitigation programme, and has had to make use of service specific risk reserves. After these actions the final position will result in £81k being returned to reserves. Areas of ongoing overspend and unmet savings have been addressed as part of the 2019/20 budget build.

Subject to Call-In:

Yes: No:

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

Officer details:

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

This page is intentionally left blank

2018/19 Revenue Financial Performance: Communities Directorate Outturn Report

1. Outturn Review

Communities	Current Net Budget	Forecast (Under)/Over spend					Change from Last Quarter	Change from Last Month
		Quarter One	Quarter Two	Quarter Three	Month Eleven	Year End		
	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	43,181	2,388	1,640	1,136	1,153	838	(298)	(315)
Children & Family Services	15,047	220	657	755	812	632	(123)	(180)
Corporate Director - Communities	152	8	8	(1)	(5)	(8)	(7)	(3)
Education DSG funded	(444)	0	0	0	0	0	0	0
Education	8,636	152	(1)	(51)	(95)	(220)	(169)	(125)
Public Health & Wellbeing	86	0	0	0	0	0	0	0
Communities	66,658	2,768	2,303	1,840	1,864	1,242	(598)	(622)

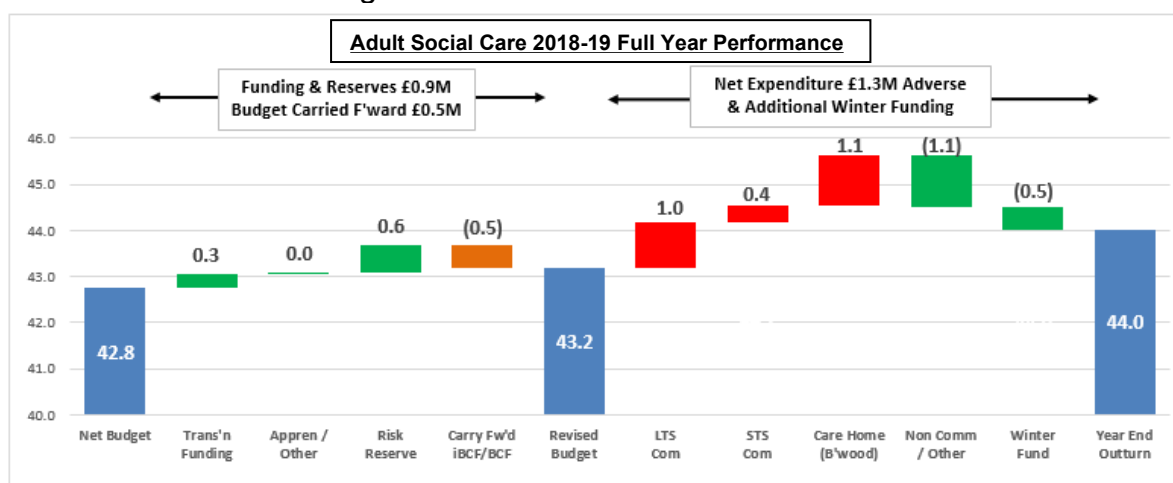
1.1 The Directorate outturn position is £1.2m overspent, which is 1.9% against a net budget of £67million, and a favourable variance of £600k from Month Eleven and Quarter Three. This position includes the deployment of the Risk Reserve in Quarter Three of £609k in Adult Social Care and a further £203k in Children and Family Services.

1.2 Two services were overspent at the Year End Outturn: Adult Social Care £0.8m and Children and Family Services £0.6m. Across both these services, financial pressures from demand driven externally commissioned placements create these overspends. Agency pressures have been identified across the Child Protection Teams within Children & Family Services and a further financial pressure has been identified relating to the Children and Family Service's Childcare Lawyers budget.

(1) Adult Social Care

2018/19 Outturn Summary:

ASC ended the year with an overspend of £0.8m, net of budget changes and additional funding. The Net Expenditure Bridge below shows the Full Year Change by Service Area and Funding Stream.



During the year the overall budget increase was £0.4m, after £500k of iBCF / BCF funding was carried forward into next year. It also includes the deployment of part of the Risk Reserve which occurred at the end of Quarter Three.

ASC Net overspend of £0.8m was mitigated by additional, one off Winter Funding of £0.5m which was not budgeted for. This ring-fenced grant assisted with the cost of managing transfers of care. An in year mitigation savings target of £500k was allocated to ASC and any savings realised in year are included in the above outturn. There are two main areas where savings have been achieved this year, these are discussed in detail later in this report.

- 1) NWoW: Cost Avoidance of Clients entering Long Term Care
- 2) Client Contribution & Income: direct payments repayments and charging policy

In addition ASC successfully capitalised a portion of Occupational Therapist salaries in line with other areas of the council, reducing the expense by a further £350k in year. All the above savings are fully reflected in the Net Expense Bridge above.

Commissioning Pressures (Long & Short Term)

The Full Year Overspend is £2m. The causes of both Long Term and Short Term overspends is due to client packages sourced from external providers costing significantly more than expected. This is primarily due to rate increases. In addition the Birchwood Embargo resulted in increased demand to source care externally during this time.

The Year End Net position of £0.8m overspend includes £0.6m release from the Risk Reserve in Quarter Three, (as agreed by the Executive) a further £0.5m Winter Funding and capitalisation of OT salaries £0.4m. Commissioning ended the year broadly as expected with an underlying £2m overspend.

The 2019/20 Budget for includes a £2.3m increase in the Long & Short Term Commissioning budgets to cover the above current year shortfall.

Provider Services Pressures

Birchwood Care Home year end is £1.1m overspent. In February the Nursing floor (Top Floor) reported full occupancy for the first time since the lifting of the self-imposed embargo (25 beds). The Frail Nursing Unit (Silverbirch – formally referred to as step down beds) also reported an increased occupancy and now has 6 out of the 10 beds filled.

A pressure bid was agreed for 2019/20 to ensure there is sufficient staffing budget to provide a safe level of service. Whilst Birchwood Staffing Budget is now at a sustainable level for 2019/20, focus must remain on the other cost associated with our Own Home Care provisions and the remainder of our In House care homes. We have seen cost increases, driven mainly by staffing issues & maintenance, across all of the Homes this year. We are continuing to monitor this area closely and plan to introduce some changes to monitoring and reporting.

The single biggest issue faced by ASC remains the lack of a care workforce. This impacts both the costs of our own in-house services and the prices we pay to our

external providers. We are increasingly seeing providers pull out of the market, others turning down work and others returning existing contract.

(2) Children and Family Services

The Children & Family Services outturn position is an over spend of £632k, which is a £123k decrease on Quarter Three. The outturn position reflects the release of £203k of one off funding from the Children & Families risk reserve at Quarter Three.

The key variance explanations are as follows:

Child care lawyers are overspent by £565k due to four complex high costs cases that were not anticipated to occur in 18/19. The 18/19 budget for Child Care lawyers was set at £425k which included a £200k saving target to reduce child care lawyers' costs which was not achieved.

The placement budgets are overspent by £396k mainly in Independent Fostering Agencies' (£182k) and Special Guardianship (£148k) due to an increase in cost driven by demand which fluctuates during the year. The 18/19 placement budgets included a £200k saving target which was not achieved.

There have been underspends in Youth Offending Service, Targeted Intervention Service and Child Protection teams which has partially offset the overspend.

Due to the significant overspend which was forecast in Quarter Two, mitigation strategies were devised to be implemented to address the pressures identified in Children & Family Services. In year savings of £200k have been identified to mitigate overspends and this has been included in the service forecast.

(3) Education

The Education Service outturn position is an underspend of £220k, which is a £169k increase on Quarter Three forecast.

Home school transport is underspent by £265k which is due to savings achieved on contract changes and taxis usage. The underspend has been to some extent offset by overspends in Disabled Children budgets specifically in residential placements. The Disability Support Team is overspent by £126k due to demand led constraints on resources and the adverse variance on Castlegate, £65k, is due to a shortfall on the income target.

In year savings of £200k have been identified to mitigate overspend in prior months and have been included in the service forecast.

The Education risk reserve is £279k for 2018/19. The residential placement costs are over spent which relates to identified risks therefore the risk reserve could have been utilised to offset the over spend. It has been decided that due to the overall underspend on the Education service it will not be required to draw down funds from reserves.

(4) Public Health & Wellbeing

Public Health Outturn position was on line and as expected the underspend of £115k will be carried forward as per the grant conditions to be spent on Public Health activities in 2019/20. Also, within the underspend £20k was earmarked to be rebadged to ASC as a contribution to Public Health related incurred costs in 2018/19.

2. 2018/19 Savings and Income Generation Programme - RAG

2.1 The Communities Directorate 2018/19 savings and income generation programme is summarised below:

	2018/19			Achieved
	Target	Green	Red	
Communities	£k	£k	£k	
Corporate Director	61	0	61	0%
Adult Social Care	761	580	181	76%
Children & Family Services	426	26	400	6%
Education Services	314	264	50	84%
Total	1,562	870	692	56%

(1) Corporate Director:

£61k of savings relating to income and efficiency targets assigned to the former Prevention & Safeguarding Service are Red. The target was not achieved and a pressure bid was submitted and approved for 2019/20.

(2) Adult Social Care:

Adult Social care 2018/19 budget was built with a £761k savings and income generation programme, these included two major initiatives.

Firstly, Achievement of the **New Ways of Working** saving depend on reducing the percentage of those people who come to our front door and end up with a long term service. Around 70% of people approaching the council for help come via our front door. The ‘conversion rate’ for those coming to our front door (excluding those coming from hospital discharge, capital depleters etc.) in 2017/18 was 10.8%.

The final validated figure for 2018/19 will not be available until after the year end but as at the 24th February 2019 the conversion rate for our ‘front door’ stood at 6.7% This 3.1% improvement means that we avoided around 58 people going onto a long term service. If we use the latest average care package value of £19,900 then the saving equates to £1,154,200 for a full year. However, there would have been staggered start dates so a figure of £577,100 for 2018/19 would be more appropriate. Whilst we do have to wait for the fully validated figure, all the indicators are that this improvement in the ‘conversion rate’ has been achieved and the savings target of £225,000 more than achieved.

Secondly, the **Transforming Lives** - delivering care differently to existing clients with complex needs project started in 2016 but whilst some modest savings were delivered in previous years, no savings were made in the current year. A number of problems were experienced with this project and it has been discontinued. However the opportunity to review complex care packages and identify arrangements that

make better use of resources still exists and a number of better targeted review exercises are in place to meet 2019/20 savings targets. These projects have been started early as part of the overspend mitigation actions and they have already delivered significant savings (£73k in year and £220k full year).

The £6k saving for S12 specialist GPs for Deprivation of Liberty safeguards has not been achieved and remains Red.

The £355k of income generation has been achieved in full.

Whilst modest savings were delivered by Transforming Lives and none in the Deprivation of Liberty area, the overachievement in New Ways of Working and the delivery of the extra incomes means that the overall target was met by ASC.

(3) Children & Family Services:

Children & Family Services 2018/19 budget was built with a £426k savings and income generation programme.

The saving of £200k for Childcare Lawyers is red as it has not delivered. The budget for Childcare lawyers was significantly reduced at the start of the financial year. This was based on a belief that the recently introduced Family Safeguarding Model of working would reduce court based work. However, the court work did not reduce in 2018/19, which exacerbated the eventual overspend (because £200k had been removed from the budget anyway). The saving was not met because we failed to model the true and likely demand of the service. There have been a number of particularly complex West Berkshire cases before the Family Court this year.

Placements management (family safeguarding), £200k, is RAG rated as Red as at Outturn the Placement budget is significantly overspent therefore the savings target have not been achieved in year. Family Safeguarding was expected to make savings by reducing the need for acute level interventions. Whilst this is possible, we expected to do this far too early in the project. The project went fully live in April 2018 and it was too optimistic to expect such an impact early on. Significantly, the number of children in care nationally continues to rise, and also the presentation of increasingly complex needs (which are costly). The saving was not met due to increased demand, more costly placement provision (due to need) and exceptional issues such as higher representation of unaccompanied asylum seekers. However we are able to identify placement cost reductions in the family safeguarding teams. Family Safeguarding is not rolled out across all teams in West Berkshire, but in those where it is, we are seeing encouraging signs.

All other savings has been achieved.

Education:

Education 2018/19 budget was built with a £313k of savings & income generation programme.

The saving of £50k for Castlegate is red. The Castlegate 'saving', which relates to generating additional income, was the subject of a review meeting, involving the portfolio holder and relevant officers. The previous business plan was reassessed in the light of changed circumstances (i.e. increased West Berkshire demand), and

found to be basically sound. If we are to be successful additional capacity will be essential in delivering this saving in 2019/20.

All other savings are expected to be achieved.

(4) Public Health & Wellbeing:

Public Health & Wellbeing services 2018/19 budget was built with a £333k savings and income generation programme.

Income generation, £29k, is Red due to traded services implementation being delayed. Needle Exchange, £5k, and SRCL Waste, £2k, are flagged as Red due to the savings not being feasible to be fulfilled. These savings will be offset by underspends on dual diagnosis nurse.

All other savings are expected to be achieved.

3. Risks

3.1 Adult Social Care:

Adult Social Care has a dedicated risk reserve of £1.6million designed to be utilised in year, should the named risks materialise. A detailed risk register is maintained to support this reserve. At Quarter Three it was agreed to deploy part of this reserve and £609k was released for in year mitigation.

Adult Social Care	Value	Draw Down Month 9	Reserve Balance
	£000	£001	£000
Risk Reserve closing balance 31.3.2018	881		
Adult Social Care Support Grant	313		
Increase in reserve agreed via bid	406		
Risk Reserve balance 01.04.2018	1,600		
Risk Reserve balance 30.06.2018			1,600
Risks arising as at Quarter Three 2018-19:			
2 transition packages higher than expected	-107	-107	
Loss of a Continuing Health Care Award (CHC)	-83	-81	
Additional one off resource due to Birchwood Embargo	-257	-110	
Additional care management resource	-22	-22	
Contracts retendered higher than inflation	-390	-155	
Precarious Clients	-134	-134	
Provider Failure (Carewatch)	-95		
Total remaining risks arising in 2018/19			-1,088
Risk Reserve potential closing balance 31.03.2019	-1,088	-609	512

3.2 Children and Family Services

Children and Family Services has a dedicated risk reserve of £415k designed to be utilised in year, should the named risks materialise. A detailed risk register is maintained to support this reserve. At Quarter Three it was agreed to deploy part of this reserve and £203k was released for in year mitigation.

Children and Family Services	Approved Risk Register	M9 Overspend that relate to named risks	M9 use of risk reserve
Named Risks	£000	£000	£000
Utilisation of agency staff			
Requirement to cover key posts (social workers) above base budget provision. Based on the current service average agency weekly expenditure for two additional workers.	130	47	47
Placement & Allowances Expenditure (current average annual cost)			
Increase in residential placements (based on average annual placement costs). Based on one additional placement.	231	102	102
Increase in Independent Fostering usage (based on average annual placement costs). Based on one additional placement.	54	234	54
	415	382	203

3.3 Education:

The Education risk reserve is £279k for 2018/19. The residential placement costs are over spent by £86k which relates to identified named risks. It has been decided not to utilise the risk reserve as the Education service is underspent.

4. Transformation Funding

The Directorate was awarded transformation funding of £39k in 2017/18 for the Emotional Health Academy, Family Hub Transformation and transport project. £437k has been awarded in 2018/19.

Adult Social Care was awarded £300k in 2018/19, some of this was used for an external resource to continue to interrogate transport expenditure, supported by the Transport Integration Group. Work is now complete. The majority of the funding is being used to implement assistive technology with the aim of improving our prevention focus and reducing the size of care packages. The project has started, governance is through ASC Budget Planning Group and BW7.

Children and Family Services have been provisionally awarded £131k to support the Family Safeguarding Model.

In Education, £11k has been awarded to the Emotional Health Academy.

This page is intentionally left blank

2018/19 Revenue Financial Performance: Economy & Environment Directorate Outturn Report

1. Outturn Review

Economy and Environment	Current Net Budget	Forecast (under)/over spend					Change from Last Quarter	Change from Last Month
		Quarter One	Quarter Two	Quarter Three	Month Eleven	Year End		
	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Director - Environment	170	0	0	0	0	0	0	0
Development & Planning	2,701	(114)	(232)	(236)	(116)	(156)	80	(40)
Public Protection & Culture	4,086	47	70	(11)	(47)	(81)	(70)	(34)
Transport & Countryside	23,138	70	(171)	(120)	(122)	(213)	(93)	(91)
Economy and Environment	30,095	3	(333)	(367)	(285)	(450)	(83)	(165)

- 1.1 The Directorate outturn position is £450k underspent which is 1.5% of the net budget of £30m and is a variance of £83k to the Quarter Three forecast.
- 1.2 The Directorate achieved the following in-year savings in response to the corporate slow down (excluding capitalisation):

Slowing Down Savings 2018/19	Total
Service	£000
Development and Planning	116
Public Protection and Culture	15
Transport and Countryside	115
Total	246

- 1.3 Capitalisation of £443k of costs in-year which were additional to the savings above, are analysed by service below.

Capitalisation In-Year		Total
Service	Description	£000
Development and Planning	Transport policy post	45
Public Protection and Culture	Library books stock an associated costs	95
Transport and Countryside	Hand patching	178
	Sign and Road Markings	50
	Drainage	75
Total		443

(1) Development and Planning

The Service outturn position is £156k underspent. The forecast at Quarter Three of £236k was largely due to

- salary and associated savings in Development Control (£26k),
- a drawdown of CIL funding for the full cost of the service including overheads (£45k) and
- capitalisation within transport policy (£45k).

This underspend was revised at Month Eleven to £116k, taking account of appeals costs of £100k. The outturn position showed

- Planning and transport policy budget underspends were unsuccessfully requested to be carried forward resulting in a previously unreported £94k underspend.
- Credit notes raised for housing income invoiced during the year were greater than expected resulting in the housing service being overspent by £67k.

(2) Public Protection & Culture

The Service outturn position is an underspend of £81k. The main contributor to this is the capitalisation of expenditure in the service. The saving in 2018/19 is £95k and this has mitigated £40k overspends in the Activity team, where there were transition costs associated with two functions that have now ceased - Activity Team and the Duke of Edinburgh scheme.

(3) Transport and Countryside

The Service outturn position is an underspend of £213k, after capitalisation of relevant highways expenditure. Without this, the Service would be overspent by £90k.

The forecast overspend at Quarter Three of £120k was largely due to winter maintenance overspends and pressure on the car parking income budgets. The year-end actuals moved significantly against the forecast at Quarter Three as follows:

- Winter maintenance budgets overspent by £187k at year-end. Snowfall in February 2019 cost an additional £75k over the estimated cost at Quarter Three and at Month Eleven.
- The forecast pressure of £229k in the parking budget at Quarter Three was reduced by £120k at year-end. Income continued to be below expectations in the last quarter and was overall £221k lower than budget of which £120k related to problems in recruiting Civil Enforcement Officers. A slow down of expenditure reduced the net pressure by year-end.

2. 2018/19 Savings and Income Generation Programme - RAG

2.1 The Economy and Environment Directorate savings and income generation programme is summarised below:

	2018/19			Achieved
	Target	Green	Red	
Economy & Environment	£k	£k	£k	
Planning & Development	202	202	0	100%
Public Protection & Culture	18	18	0	100%
Transport & Countryside	2,046	1,925	122	94%
Total	2,266	2,144	122	95%

2.2 Transport and Countryside:

The target net increase in penalty charges income of £46k is Red as considerable difficulty in recruiting Civil Enforcement Officers has resulted in reduced income from penalty charges. There has been no increased income from on street parking charges as this savings proposal was not pursued. Additional car parking fees built into the budget for 2018/19 of £75k is Red as external power supply problems, vandalism of, and theft from parking equipment, fewer enforcement resources than anticipated and a reduction in demand has had an adverse impact on income.

3. Risks

Transport & Countryside:

Although overspent this year the reserve established for the winter gritting costs was not utilised as the Service as a whole was underspent.

Building control:

Building Control has experienced some fluctuations in market share which impacts on the re-charge made by Wokingham BC (as hosts of the shared service).

Libraries and Leisure:

A risk reserve of £90k (Libraries) and £50k (Leisure) available this year to mitigate financial risks was not used as the service overall was underspent.

4. Transformation Funding

The Directorate was awarded £20k transformation funding to meet the costs of overseeing the Council’s Commercialisation agenda and the recruitment of a casual Project Manager. This was managed by the Head of Public Protection and Culture.

This page is intentionally left blank

2018/19 Revenue Financial Performance: Resources Directorate Outturn Report

1. Outturn Review

Resources	Current Net Budget	Forecast (under)/over spend					Change from Last Quarter
		Quarter One	Quarter Two	Quarter Three	Month Eleven	Year End	
	£000	£000	£000	£000	£000	£000	£000
Chief Executive	787	0	(75)	(77)	(77)	(78)	(1)
Commissioning	1,016	0	(46)	(46)	(46)	(31)	15
Customer Services & ICT	3,027	(3)	(104)	(98)	(109)	(179)	(81)
Finance & Property	1,070	(260)	(314)	(303)	(349)	(293)	10
Human Resources	1,478	0	(52)	(33)	(24)	(39)	(6)
Legal Services	1,047	0	(36)	(16)	(90)	(98)	(82)
Strategic Support	2,317	(17)	(40)	(40)	(45)	(39)	1
Resources	10,742	(280)	(667)	(613)	(740)	(757)	(144)

- 1.1 The Directorate outturn position is £757k underspent which is 6.9% of the net budget of £11m and a variance of £144k to the forecast position at Quarter Three.
- 1.2 The Directorate reports on a quarterly basis, although an update of the outturn forecast was produced at Month Eleven to reflect a significant shift in the Legal Service's reported surplus – an additional £74k.
- 1.3 The main item which contributed to the Directorate overall underspend, was the savings of £0.6m achieved in response to the corporate slowdown. This is shown by Service in the table below.

¹ Slowing Down Savings 2018/19	Total
Service	£000
Chief Executive	77
Commissioning	46
Customer Services and ICT	110
Finance and Property	126
Human Resources	40
Legal Services	133
Strategic Support	41
Total	572

- 1.4 Property Investment Income exceeded budget at year end by £312k. This was an increase of £62k on the forecast at Quarter Three. Savings have arisen as the

¹ Note that savings are shown gross and pressures within the services can mean that the service overall underspend is lower than this figure.

estimated provisions for maintenance, voids and the ²Minimum Revenue Provision (MRP) are less than predicted earlier in the year. Also, £199k of in-year voids were covered by contributions from the original property vendors. The council has invested £38m in commercial property out of a total budget of £100m. This investment has primarily been made to generate income to support the provision of council services.

- 1.5 Legal disbursements proved to be the main significant pressure on the Resources Directorate budget in 2018/19, being £100k overspent against budget at year-end. The disbursements overspend is largely due to the adverse decision in the LRIE Court of Appeal case and the cost of a number of planning inquiries. The overspend includes the abortive costs in respect of one planning inquiry which was due to take place last year, but which was adjourned until 1 January 2019 as a result of the late service of evidence by a 3rd party. This budget is primarily used to fund the cost of external lawyers who are instructed to represent the Council in matters that are before the higher courts. This is considered later in the report.

2. 2018/19 Savings and Income Generation Programme – RAG

- 2.1 The Resources Directorate savings and income generation programme is summarised in the following table:

	2018/19			Achieved
	Target £k	Green £k	Red £k	
Resources				
Customer Services & ICT	247	247	0	100%
Commissioning	0	0	0	
Finance & Property	741	741	0	100%
Human Resources	120	120	0	100%
Strategic Support	159	111	48	70%
Legal	60	60	0	100%
Total	1,327	1,279	48	96%

- 2.2 Strategic Support:

Of the £68k income target for the graphics team, £48k remains RED at year end. This was due to reduced internal demand for the services of the imagery and graphics design team realising only £20k of the budgeted income. A successful pressure bid of £48k has been added to the 2019/20 budget. Other in-year savings identified within the service mitigated this pressure during 2018/19.

3. Risks for the future

3.1 Legal Services

The legal disbursements budget was overspent in 2018/19. This remains an ongoing risk area. A risk reserve of £50k was available to support the disbursements budget in 2018/19, this has been increased to £100k for 2019/20.

Other potential and ongoing budget risks in legal services include:

² The MRP is an annual charge to the revenue account which will, over the life time of any borrowing be sufficient to repay the principal of that borrowing as it falls due.

- Ongoing and future legal challenges/ Judicial Reviews
- Increase in the number of planning inquiries

3.2 Strategic Support

Reduced demand for Local Land Charges Services, reflecting reduced volumes of property transactions, had a small adverse impact on the council's income in 2018/19 of £4k. This demand led service is vulnerable to economic conditions that are outside the control of the council and future pressures may still arise

4. Transformation Funding

The Directorate has been awarded transformation funding of £527k in 2017/18 and £210k in 2018/19. The projects funded are as follows:

- £225k has been awarded for invest to save posts in Commissioning. The funding has been used to cover the initial cost of staff needed to take on additional work in line with the expanded remit of the service and was agreed as part of the strategic management review recommendations. The posts are all now recruited to and a savings forward plan is in place for 2019/20 to cover the ongoing revenue costs of the posts. Of this award £103k was spent last year and £122k has been spent in 2018/19.
- An additional £41k has been awarded to Commissioning in July 2018, to extend a fixed term post for one year to support the Care Placement Team to move away from dependency on manual processes through the use of technological solutions. Of this £22k was spent in 2018/19.
- Human Resources has been awarded £74k to co-ordinate the apprenticeship levy work for 18 months to ensure we are in a position to fully utilise the money available in our digital account. Of this award £26k was spent last year.
- Legal Services has been awarded £12k to obtain advice regarding entering a shared service arrangement. This has now been transferred and spent.
- The New Ways of Working Project has been awarded £216k split between Finance & Property, Human Resources and Strategic Support. The funding is for additional resource requirements in order to run the project for the next three years.
- £169k has been awarded to Strategic Support in June 2018 for two sales and marketing officers to be employed for two years. The decision was made to only appoint to one of these posts for a year and to review the situation thereafter.

This page is intentionally left blank

2018/19 Summary Revenue Outturn

Appendix G

	Budget		Net Outturn			Gross Performance						
	Original Budget £	Budget Changes £	Annual Net Budget to 31/03/2019 £	Net Exp/Inc to 31/03/2019 £	Actual Variance to 31/03/2019 £	Expenditure			Income			Net
						Annual Expenditure Budget for 2018/19 £	Actual Expenditure 2018/19 £	Expenditure Variance for 2018/19 £	Annual Income Budget for 2018/19 £	Actual Income for 2018/19 £	Income Variance for 2018/19 £	Net Variance £
Adult Social Care	41,610,640	1,570,670	43,181,310	44,019,757	838,447	60,130,210	61,542,711	1,412,501	-16,948,900	-17,522,954	-574,054	838,447
Childrens and Family Services	14,620,710	426,560	15,047,270	15,678,921	631,651	17,691,940	18,472,190	780,250	-2,644,670	-2,793,269	-148,599	631,651
Executive Director - People	208,190	-56,400	151,790	143,709	-8,081	151,790	143,894	-7,896	0	-185	-185	-8,081
Education (DSG Funded)	-444,000	0	-444,000	-444,004	-4	101,939,190	103,013,026	1,073,836	-102,383,190	-103,457,029	-1,073,839	-4
Education	8,264,500	371,270	8,635,770	8,415,863	-219,907	11,598,120	11,385,460	-212,660	-2,962,350	-2,969,597	-7,247	-219,907
Public Health & Wellbeing	-80,000	165,590	85,590	85,582	-8	6,064,190	6,007,589	-56,601	-5,978,600	-5,922,007	56,593	-8
Communities	64,180,040	2,477,690	66,657,730	67,899,829	1,242,099	197,575,440	200,564,870	2,989,430	-130,917,710	-132,665,041	-1,747,331	1,242,099
Executive Director - Place	171,120	-1,550	169,570	169,285	-285	169,570	169,285	-285	0	0	0	-285
Development and Planning	2,564,890	136,440	2,701,330	2,544,881	-156,449	4,964,680	5,189,258	224,578	-2,263,350	-2,644,377	-381,027	-156,449
Public Protection and Culture	3,719,900	366,210	4,086,110	4,005,521	-80,589	9,344,810	9,224,659	-120,151	-5,258,700	-5,219,137	39,563	-80,589
Transport and Countryside	23,279,940	-142,030	23,137,910	22,924,710	-213,200	33,216,040	33,405,933	189,893	-10,078,130	-10,481,222	-403,092	-213,200
Environment	29,735,850	359,070	30,094,920	29,644,398	-450,522	47,695,100	47,989,134	294,034	-17,600,180	-18,344,736	-744,556	-450,522
Chief Executive	765,640	21,040	786,680	708,218	-78,462	786,680	855,244	68,564	0	-147,026	-147,026	-78,462
Commissioning	752,300	264,020	1,016,320	985,145	-31,175	7,298,400	9,009,285	1,710,885	-6,282,080	-8,024,139	-1,742,059	-31,175
Customer Services and ICT	3,056,630	-29,340	3,027,290	2,848,313	-178,977	3,905,810	3,711,771	-194,039	-878,520	-863,458	15,062	-178,977
Finance and Property	3,166,980	-2,096,920	1,070,060	776,912	-293,148	45,375,650	40,141,288	-5,234,362	-44,305,590	-39,364,376	4,941,214	-293,148
Human Resources	1,349,430	128,280	1,477,710	1,438,920	-38,790	1,990,490	1,893,694	-96,796	-512,780	-454,774	58,006	-38,790
Legal Services	1,006,290	40,370	1,046,660	948,978	-97,682	1,176,920	1,221,421	44,501	-130,260	-272,443	-142,183	-97,682
Strategic Support	2,181,970	135,080	2,317,050	2,277,950	-39,100	2,767,180	2,841,291	74,111	-450,130	-563,340	-113,210	-39,100
Resources	12,279,240	-1,537,470	10,741,770	9,984,436	-757,334	63,301,130	59,673,993	-3,627,137	-52,559,360	-49,689,557	2,869,803	-757,334
Capital Financing & Management	10,359,130	-343,820	10,015,310	9,899,384	-115,926	10,560,060	12,414,931	1,854,871	-544,750	-2,515,546	-1,970,796	-115,926
Movement Through Reserves	-117,000	2,034,420	1,917,420	1,917,420	0	1,917,420	1,917,420	0	0	0	0	0
Risk Management	2,989,890	-2,989,890	0	0	0	0	0	0	0	0	0	0
Capital Financing and Risk Management	13,232,020	-1,299,290	11,932,730	11,816,805	-115,925	12,477,480	14,332,351	1,854,871	-544,750	-2,515,546	-1,970,796	-115,926
Total	119,427,150	0	119,427,150	119,345,467	-81,683	321,049,150	322,560,348	1,511,198	-201,622,000	-203,214,881	-1,592,881	-81,683

2018/19 Summary of Budget Changes

Service	Original Net Budget	Approved Budget B/F from 2017/18	Changes not requiring approval	Approved by S151 & Portfolio Holder	Requiring Executive Approval	Approved Budget C/F to 2019/20	Current Net Budget
	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	41,611	485	1,593			(508)	43,181
Children and Family Services	14,621	887	396			(857)	15,047
Corporate Director -	208		(56)				152
Education DSG funded	(444)						(444)
Education	8,264	446	253			(327)	8,636
Public Health & Wellbeing	(80)	333				(167)	86
Communities	64,180	2,151	2,186	0	0	(1,859)	66,658
Corporate Director - Environment	171		(1)				170
Development & Planning	2,565	94	162			(120)	2,701
Public Protection & Culture	3,720		354			12	4,086
Transport & Countryside	23,280	315	276			(733)	23,138
Economy & Environment	29,736	409	791	0	0	(841)	30,095
Chief Executive	766	27	(2)			(4)	787
Commissioning	752		260			4	1,016
Customer Services & ICT	3,057		(22)			(8)	3,027
Finance & Property	3,167		118			(2,215)	1,070
Human Resources	1,349	4	119			6	1,478
Legal Services	1,006		60			(19)	1,047
Strategic Support	2,182		270			(135)	2,317
Resources	12,279	31	803	0	0	(2,371)	10,742
Capital Financing & Management	10,359		(344)				10,015
Movement through Reserves	(117)	2,792	(758)				1,917
Risk Management	2,990		(2,222)	(768)			0
Capital Financing & Risk Mgt	13,232	2,792	(3,324)	(768)	0	0	11,932
Total	119,427	5,383	456	(768)	0	(5,071)	119,427

Capital Programme Financial Performance Report: Provisional Outturn 2018/19

Committee considering report:	Executive on 13 June 2019
Portfolio Member:	Councillor Jeff Cant
Date Portfolio Member agreed report:	22 May 2019
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	EX3594

1. Purpose of the Report

- 1.1 The financial performance reports provided to Members, throughout the financial year, report the under or over spend against the Council's approved capital budget. This report presents the provisional capital outturn for the Council in respect of financial year 2018/19. It should be noted that these figures are provisional and may change as a result of External Audit.

2. Recommendation

- 2.1 The capital provisional outturn position and the level of budget to be carried forward to 2019/20 should be noted.
- 2.2 Given the political and economic uncertainty at present, it is not prudent to review the property investment strategy until such time as there is more clarity in the investment market.

3. Implications

- 3.1 **Financial:** The provisional outturn is a £8.68 million underspend against the 2018/19 revised capital budget of £89.9 million. £8.57 million primarily consisting of government grants and developers contributions for Education, Highways and Housing schemes, is now proposed to be re-profiled into 2019/20 to enable the continuation of ongoing capital schemes.
- 3.2 **Policy:** N/A
- 3.3 **Personnel:** N/A
- 3.4 **Legal:** N/A
- 3.5 **Risk Management:** N/A
- 3.6 **Property:** N/A

4. Other options considered

- 4.1 None.

Executive Summary

5. Introduction / Background

- 5.1 A capital budget for 2018/19 of £72.8million was set by Council in March 2018 with funding of £25.5million from external grants, £4.5million section 106 contributions and Community Infrastructure Levy and with £42.8million planned to be funded from borrowing.
- 5.2 During the year budget changes have occurred, mainly as a result of additional grants and section 106 allocations received in year and £11.3 million of spend re-profiled into 2018/19 from 2017/18. The revised budget was £89.9million.
- 5.3 Total capital expenditure in 2018/19 was £81.3 million against the £89.9 million budget, an overall underspend of £8.7 million or 9.7 %. Capital Strategy Group on the 9th May has reviewed the outturn in detail and proposes that £8.6 million should be carried forward into 2019/20 to enable the continuation of schemes already underway and to help fund emerging pressures in the capital programme. The table below details outturn against revised budget and proposed re-profiling into 2019/20.

Directorate Summary	Current Budget	Quarter Three		Outturn		Change from Quarter Three Forecast	Amount proposed to be Re-profiled to 2019/20
		Forecast Spend in Year	Forecast (under)/Over Spend	Total Spend in Year	(Under)/Over Spend		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Communities	11,148	10,967	0	10,316	(832)	(832)	896
Economy & Environment	27,542	26,924	0	20,116	(7,426)	(7,426)	7,202
Resources	51,256	49,671	(3,078)	50,828	(428)	2,650	479
Totals	89,946	87,562	(3,078)	81,260	(8,686)	(5,608)	8,577

- 5.4 The main contributing factor for the Communities Directorate underspend position is the development of Highwood Copse School's contractor going into administration temporarily halting spend on the project. The contract for the development of the school will be retendered as part of the 2019/20 programme.
- 5.5 The capital budget of £27.5million for the Economy & Environment Directorate was underspent by £7.4million. The underspend relates primarily to Highways schemes (£6.4million), within the Transport & Countryside Service as a result of £1.9 million of additional funding was received from for highways maintenance in December 2018, which could not be fully utilised by 31st March 2019. Developer delays, inclusive of the Kings Road Link (£1.9million), £897k for Sandleford access and £850k on flood defence schemes in Thatcham, Purley and Lambourn were incurred in the year contributing to the underspend position. The Development & Planning Service underspent by £822k, primarily through funding for the purchase of temporary accommodation, three properties are planned for purchase in 2019/20.
- 5.6 The capital budget of £51.2million for the Resources Directorate was underspent by a net £428k. Underspends were incurred against budgets for Members bids (unclaimed by recipients totalling £180k), Finance & Property schemes due to delays in the completion of the new heating and cooling systems (£147k), and delays in the MyView (£61k) and ICT projects (£83k). The budget for redevelopment of the London Road Industrial Estate was overspent by £51k

because of higher than expected legal costs. It is proposed that the underspends totalling £480k across the directorate are re-profiled into 2019/20 to enable completion of the projects. The overspend against the London Road budget is proposed to be offset against the savings in the Economy & Environment Directorate.

- 5.7 The Resources Directorate budget included £47million for the acquisition of commercial property supporting the Council's Investment Property Strategy. Appendix D provides an update on the Property Investment Portfolio. Council had previously agreed that the Strategy overseeing this area of investment should be reviewed on an annual basis. However, given the political and economic uncertainty at present, it is proposed that it is not prudent to review the full strategy until such time as there is more clarity in the investment market.

6. Proposal

- 6.1 To note the outturn position.

7. Conclusion

- 7.1 Total capital expenditure in 2018/19 was £81.3 million against the £89.9 million budget, an overall underspend of £8.7 million or 9.7 %. Capital Strategy Group on the 9th May has reviewed the outturn in detail and proposed that £8.57 million is carried forward into 2019/20 to enable the continuation of schemes already underway and to help fund any emerging pressures in the capital programme.

8. Appendices

- 8.1 Appendix A – Data Protection Impact Assessment
- 8.2 Appendix B – Equalities Impact Assessment
- 8.3 Appendix C – Supporting Information
- 8.4 Appendix D – Property Investment Performance March 2019

Appendix A

Data Protection Impact Assessment – Stage One

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

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

Directorate:	Resources
Service:	Finance and Property
Team:	Accountancy
Lead Officer:	Andy Walker
Title of Project/System:	
Date of Assessment:	7/5/19

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

	Yes	No
<p>Will you be processing SENSITIVE or “special category” personal data?</p> <p>Note – sensitive personal data is described as “<i>data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person’s sex life or sexual orientation</i>”</p>	<input type="checkbox"/>	X
<p>Will you be processing data on a large scale?</p> <p>Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both</p>	<input type="checkbox"/>	X
<p>Will your project or system have a “social media” dimension?</p> <p>Note – will it have an interactive element which allows users to communicate directly with one another?</p>	<input type="checkbox"/>	X
<p>Will any decisions be automated?</p> <p>Note – does your system or process involve circumstances where an individual’s input is “scored” or assessed without intervention/review/checking by a human being? Will there be any “profiling” of data subjects?</p>	<input type="checkbox"/>	X
<p>Will your project/system involve CCTV or monitoring of an area accessible to the public?</p>	<input type="checkbox"/>	X
<p>Will you be using the data you collect to match or cross-reference against another existing set of data?</p>	<input type="checkbox"/>	X
<p>Will you be using any novel, or technologically advanced systems or processes?</p> <p>Note – this could include biometrics, “internet of things” connectivity or anything that is currently not widely utilised</p>	<input type="checkbox"/>	X

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

Appendix B

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; this includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	To note the Quarter Three capital monitoring position.
Summary of relevant legislation:	Not applicable
Does the proposed decision conflict with any of the Council’s key strategy priorities?	No
Name of assessor:	Shannon Coleman-Slaughter
Date of assessment:	7.5.19

Is this a:		Is this:	
Policy	No	New or proposed	No
Strategy	No	Already exists and is being reviewed	No
Function	No	Is changing	No
Service	No		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	Overview of the position of the 2018/19 capital programme
Objectives:	As above
Outcomes:	As above
Benefits:	As above

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Age	Yes	Capital programme covers delivery of key projects aligned to the Council Strategy.
Disability	Yes	
Gender Reassignment	No	

Marriage and Civil Partnership	No	
Pregnancy and Maternity	No	
Race	No	
Religion or Belief	No	
Sex	No	
Sexual Orientation	No	
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	No
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	No
Please provide an explanation for your answer:	

If your answers to question 2 have identified potential adverse impacts and you have answered ‘yes’ to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	No
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name: Shannon Coleman-Slaughter

Date: 7/5/19

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.

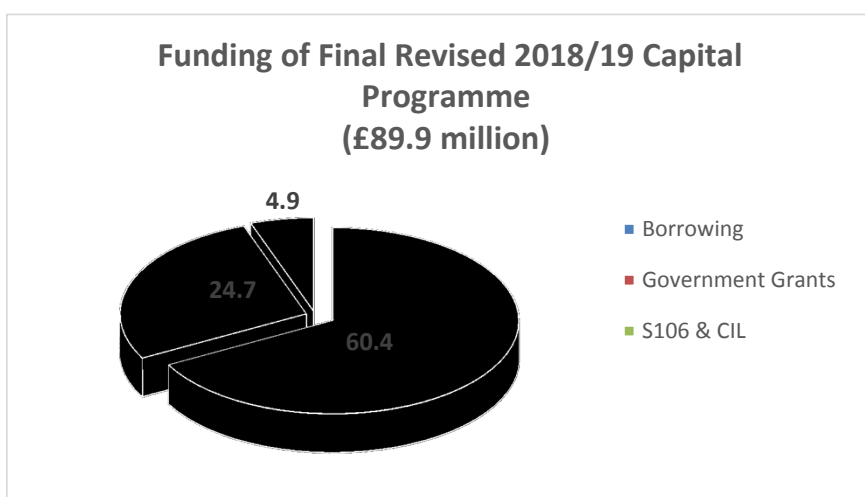
Capital Programme Financial Performance Report: Provisional Outturn 2018/19 - Supporting Information

1. Introduction

- 1.1 The financial performance reports provided to Members throughout the financial year report the under or over spend against the Council's approved capital budget. This report presents the provisional capital outturn for the Council in respect of financial year 2018/19. It should be noted that these figures are provisional and may change as a result of External Audit.
- 1.2 A capital budget for 2018/19 of £72.8million was set by Council in March 2018 with funding of £25.5million from external grants, £4.5million section 106 contributions and Community Infrastructure Levy and with £42.8million planned to be funded from borrowing. During the year budget changes have occurred, mainly as a result of budgets brought forward from the previous financial year, additional grants and section 106 allocations received in year and spend re-profiled into 2019/20.
- 1.3 The repayment of principal and interest on loans which are used to fund capital spending are met from the revenue budget for capital financing and risk management. Actual spend on this budget is reported in the Revenue Outturn Report.

2. Changes to the 2018/19 Capital Budget

- 2.1 During the year budget changes may occur, mainly as a result of budgets brought forward from the previous financial year, additional grants and section 106 allocations received in year and spend re-profiled into 2019/20. Allocations of additional funding of less than £50k can be approved by the Finance Manager and the relevant Head of Service and other budget changes must be approved by Capital Strategy Group (CSG) as set in the Council's Financial Regulations. The revised budget at year end is £89.9 million.



3. Provisional Capital Outturn 2018/19

Directorate Summary	Current Budget	Quarter Three		Outturn		Change from Quarter Three Forecast	Amount proposed to be Re-profiled to 2019/20
		Forecast Spend in Year	Forecast (under)/Over Spend	Total Spend in Year	(Under)/Over Spend		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Communities	11,148	10,967	0	10,316	(832)	(832)	896
Economy & Environment	27,542	26,924	0	20,116	(7,426)	(7,426)	7,202
Resources	51,256	49,671	(3,078)	50,828	(428)	2,650	479
Totals	89,946	87,562	(3,078)	81,260	(8,686)	(5,608)	8,577

- 3.1 Total capital expenditure in 2018/19 was £81.3 million against the £89.9 million budget, an overall underspend of £8.7 million or 9.7 %. The final underspend was £5.6 million higher than the forecast at Quarter Three of £3.1million. Capital Strategy Group on the 9th May has reviewed the outturn in detail and proposes that £8.6 million should be carried forward into 2019/20 to enable the continuation of schemes already underway and to help fund emerging pressures in the capital programme.

4. Communities Directorate Outturn

Communities	Current Budget	Quarter Three		Outturn		Change from Quarter Three Forecast	Amount proposed to be Re-profiled to 2019/20
		Forecast Spend in Year	Forecast (under)/Over Spend	Total Spend in Year	(Under)/Over Spend		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	1,636	1,539	0	1,791	155	155	(90)
Children & Family Services	120	113	0	148	28	28	(6)
Education Services	9,392	9,315	0	8,377	(1,015)	(1,015)	992
Totals	11,148	10,967	0	10,316	(832)	(832)	896

- 4.1 The capital outturn for the Communities directorate is £10.3 million, an under spend of £832k or 7.5% of the revised capital budget.
- 4.2 The capital budget for Adult Social Care was overspent by £155k. This is primarily the result of an overspend of £138k on Occupational Therapy Equipment and capitalisation of occupational therapist posts at Quarter Three.
- 4.3 The capital budget for Children and Family Services was overspent by £28k. This includes of which £6k related to the higher than expected cost of works to a foster carer's home, which is proposed to be offset against the 2019/20 budget. The budget for refurbishment of West Point House was also overspent by £22k.
- 4.4 The capital budget for Education Services was underspent by £1million. This was mainly because the main contractor for the new Highwood Copse Primary School went into administration which has temporarily halted spend. It is proposed that £992k should be re-profiled to 2019/20 to enable the completion of schemes already underway and to help meet emerging pressures, including the cost of retendering the Highwood Copse scheme.

5. Economy and Environment Directorate Outturn

Economy & Environment	Current Budget	Quarter Three		Outturn		Change from Quarter Three Forecast	Amount proposed to be Re-profiled to 2019/20
		Forecast Spend in Year	Forecast (under)/Over Spend	Total Spend in Year	(Under)/Over Spend		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Development & Planning	3,878	3,664	0	3,056	(822)	(822)	612
Public Protection & Culture	887	887	0	658	(229)	(229)	216
Transport & Countryside	22,777	22,373	0	16,402	(6,375)	(6,375)	6,374
Totals	27,542	26,924	0	20,116	(7,426)	(7,426)	7,202

- 5.1 The capital outturn for the Economy and Environment Directorate was £20.1million, an under spend of £7.4million or 27% of the revised budget.
- 5.2 The Development and Planning capital budget of £3.8million was £822k underspent at the year end. The main factors contributing to the yearend position are:
- (1) £532k underspend against the program for the purchase and refurbishment of new temporary accommodation. It is proposed that the unspent balance be carried forward into 2019/20 to fund the purchase three more properties.
 - (2) £168k underspend against the program for the redevelopment of the Four Houses Corner due to delays in removing tenants from the site. It is proposed that the unspent balance be carried forward into 2019/20 to enable completion of the project.
 - (3) Both the demand led Disabled Facilities Grant (DFG) and discretionary Home Repair Assistant Grants were underspent by £176k and £33k respectively.
 - (4) The new Transport Planning Model was overspent by £88k due to higher than estimated costs relating to the specific model for Thatcham. The overspend on the transport model will be expected to be met in 2019/20 from additional funding from the Local Enterprise Partnership (LEP), section 106 contributions and allocation of the Local Transport Planning Grant are expected to cover off the expenditure.
- 5.3 The total proposed slippage for Development and Planning is £612k to enable the completion of the Four Houses Corner and Temporary Accommodation projects less the overspend on the Transport Planning model which will be funded from grants and contributions to be applied in 2019/20.
- 5.4 The Public Protection and Culture capital budget of £887k was underspent by £229k at the year end. The budget for the Carbon Management Plan, was underspent by £89k, as the team's resources for the year were focussed on preparing for the major solar panel project planned for 2019/20, which meant that no other projects could be delivered in 2018/19. The budgets, for maintenance of Leisure Centres, Shaw House, the Museum and Libraries was underspent by £107k because of delays to a number of projects within these programmes. It is proposed that £216k should be re-profiled to 2019/20 to enable the completion of culture and leisure maintenance projects together and to make provision for future carbon management/energy efficiency projects.

5.5 The Transport and Countryside capital budget of 22.7million was underspent by £6.4million. At Quarter Three, the service was expecting to be on budget. However an additional £1.9 million additional funds for highways maintenance was allocated in December by the Department of Transport for highways maintenance and it was not clear until part way through month 10 that it would not be possible to plan and complete works using this funding before the end of the financial year. In addition £1.9 million was expected to be paid to the developer of the Kings Road Link site before the 31st March, but the developer is still not in a position to claim this funding. The Sandleford access scheme was also underspent by £897k as a result of delays to the Highwood Copse Primary school. The main other main contributing factors to the year end position were:

- (1) £850k on flood defence schemes in Thatcham, Lambourn and Purley which are in progress, but payments to the contractor will be made slightly later than expected in 2019/20.
- (2) £287k for widening of the A4 at Calcot, because compensation payments have not yet been agreed.
- (3) £226k for NCN422 Cycle Route improvements, part of which has been postponed to tie in with other schemes in order to minimise disruption.

5.6 It is proposed that the full £6.4 million underspend should be re-profiled to 2019/20 to enable the completion of these schemes.

6. Resources Directorate Outturn

Resources	Current Budget	Quarter Three		Outturn		Change from Quarter Three Forecast	Amount proposed to be Re-profiled to 2019/20
		Forecast Spend in Year	Forecast (under)/Over Spend	Total Spend in Year	(Under)/Over Spend		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance & Property	48,924	47,356	39	48,777	(147)	(186)	165
Customer Services & ICT	1,858	1,863	(3,095)	1,775	(83)	3,012	82
Human Resources	61	39	(22)	0	(61)	(39)	61
Legal Services	43	43	0	34	(9)	(9)	0
Chief Executive	110	110	0	161	51	51	0
Strategic Support	260	260	0	80	(180)	(180)	171
Totals	51,256	49,671	(3,078)	50,828	(428)	2,650	479

6.1 The capital outturn for the Resources Directorate was £50.8 million, an under spend of £428k or 0.8% of the revised budget.

6.2 The Finance and Property capital budget of £48.8million was underspent by £147k. This consists of underspends of £165k relating to delays to building maintenance projects, including the upgrade of the heating/cooling system in the Market Street Office, will which is now planned to be completed in 2019. It is proposed that this sum should be re-profiled into 2019/20 to enable completion of these projects There was also a net overspend of £18k relating to refurbishment of the Berkshire Records Office which will be offset by contributions due from the other Berkshire Unitary authorities in 2019/20.

6.3 The Finance and Property Service budget included £47.2 million to support the corporate Property Investment Strategy. Appendix D provides an update on the

Property Investment Portfolio. Council had previously agreed that the Strategy overseeing this area of investment should be reviewed on an annual basis. However, given the political and economic uncertainty at present, it is proposed that it is not prudent to review the full strategy until such time as there is more clarity in the investment market.

- 6.4 The capital budget for ICT was underspent by £83k including £45k for Members' ICT because of resourcing issues within the service and problems with supply of PCs; and £37k for implementation of Voice over IP telephone systems which has been delayed until 2019/20. It is proposed to re-profile the full amount of £83k to 2019/20.
- 6.5 The budget for the new HR/payroll system was underspent by £61k because of additional work required on the expansion of Myview, which meant that completion of this module has now also been delayed to 2019/20, together with the leave management and expenses models, as reported at Quarter Three. It is proposed that the full amount of £61k is re-profiled to enable the completion of this project.
- 6.6 The total cost of legal services input to capital schemes in 2018/19 was £122k, which was significantly higher than the budget of £43k set at the start of the year for legal costs of capital schemes. However the majority of this cost related to the purchase of commercial property and temporary accommodation and acquisition of land for the new Theale Primary School and was charged to the capital budgets for those schemes. The general budget for legal costs of other schemes was therefore underspent by £9k.
- 6.7 The capital budget for the Chief Executive was overspent by £51k because of higher than expected legal costs associated with the redevelopment of the London Road Industrial Estate.
- 6.8 The capital budget for Strategic Support was underspent by £180k. £171k of this consists of grants allocated by the members' bids panel in 2019 which have not yet been claimed by the recipients. It is proposed that this sum should be re-profiled to 2019/20 to cover the grant commitments, but it is not necessary to re-profile the remaining £9k of the strategic support budget.

7. Conclusion

- 7.1 Total capital expenditure in 2018/19 was £81.3 million against the £89.9 million budget, an overall underspend of £8.7 million or 9.7 %. Capital Strategy Group on the 9th May has reviewed the outturn in detail and proposed that £8.6 million is carried forward into 2019/20 to enable the continuation of schemes already underway and to help fund any emerging pressures in the capital programme.

8. Consultation and Engagement

- 8.1 John Ashworth – Corporate Director. Andy Walker – Head of Finance and Property

Subject to Call-In:

Yes: No:

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

Delays in implementation could have serious financial implications for the Council

Delays in implementation could compromise the Council's position

Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months

Item is Urgent Key Decision

Report is to note only

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aim:

MEC – Become an even more effective Council

The proposals contained in this report will help to achieve the following Council Strategy priority:

MEC1 – Become an even more effective Council

Officer details:

Name: Andy Walker
Job Title: Head of Finance and Property
Tel No: 01635 519433
E-mail Address: andy.walker@westberks.gov.uk

Property Investment Performance March 2019

1. Introduction/Background

- 1.1 WBC adopted the Property Investment Strategy in May 2017 procured through HCA (now Homes England) and re-procured in October 2018 through Crown Commercial Services (CCS) because of the increase in budget to £100M. Montagu Evans was appointed as the Council's Property Consultant in August 2017.
- 1.2 Starting with an initial tranche of £50M of funds, this was increased to £100M in July 2018. Gross purchase costs up to 7th March 2019 were £62.28M.
- 1.3 The Portfolio is on target to provide the year end 2018/19 net income target of £750,000. There is a risk of not achieving the £1.5M target for 2019/20 because of inactivity in the investment market at this time.
- 1.4 To ensure that the commercial property portfolio is tightly aligned to WBC's investment objectives, there is a mechanism to review and revise the strategy every twelve months.
- 1.5 WBC requested its appointed property consultants, Montagu Evans (ME), to review and revise the existing strategy where appropriate, so as to ensure exposure to a wider range of suitable properties, whilst creating a defensive, balanced commercial property investment portfolio, from which to derive a long term, sustainable revenue stream.

Supporting Information

1.6 Investment Property Purchases up to 7th March 2019

Total Purchases £58.58M	Stamp Duty £3.21M	Purchase Costs £492K	Gross purchase Costs £62.28M	Net Income 2018/19 £750,000
-------------------------------	----------------------	-------------------------	---------------------------------	--------------------------------

1.7 The modelling of the fund incorporates allowances for the repayments of our loans over 50 years (minimum revenue provision or MRP). The figures fluctuate according to the other costs which the fund incurs in particular years. MRP has been forecast to be £897,644 over the next 3 years:

(1)	2018/19	MRP 6.1% gross rent	£166,810
(2)	2019/20	MRP 10.1% gross rent	£278,606
(3)	2020/21	MRP 7.7% gross rent	£452,228

1.8 Risk funds are set aside to cover eventualities such as planned and unplanned maintenance of the properties, rental voids, loss of tenants and other events that may affect income from our properties.

1.9 Risk provision has been created by both a Risk and Maintenance fund. The provision fluctuates from year to year depending on the risks that need to be covered in a given year. For example, we need to provide adequate provision for risk when a lease comes to an end and there is a risk of a rental void period as well as refurbishment costs if a tenant moves out. The provision for risk and maintenance over the next 3 years is £2,090,342:

(1)	2018/19	34.64% gross rent	£953,531
(2)	2019/20	13.30% gross rent	£663,210
(3)	2020/21	8.10% gross rent	£473,601

1.10 To ensure that the commercial property portfolio is tightly aligned to WBC's investment objectives, there is a mechanism to review and revise the strategy every twelve months.

1.11 WBC requested its appointed property consultants, Montagu Evans (ME), to review and revise the existing strategy where appropriate, so as to ensure exposure to a wider range of suitable properties, whilst creating a defensive, balanced commercial property investment portfolio, from which to derive a long term, sustainable revenue stream.

1.12 The recommendation of our consultants is that the political and economic uncertainty at present, makes it imprudent to review the full strategy until such as time as there is more clarity in the investment market.

1.13 It is recommended that the Investment Strategy is not altered at this time but it is proposed that the next two Quarterly PIBs devote additional time to discussing and receiving advice around the Strategy when, it is hoped, there is more clarity around the form of Brexit which will in turn provide more clarity in the investment market.

2. Options for Consideration

2.1 The Portfolio is on target to provide the year end net income target of £750,000.

2.2 **Option 1** Given the political and economic uncertainty at present, it is not prudent to review the full strategy until such time as there is more clarity in the investment market.

2.3 **Option 2** In the light of current uncertainty, it was considered whether to cease all investment properties brought to the market. This was rejected because the current

strategy allows us to purchase good quality, low risk properties and should an opportunity arise, we would miss out.

- 2.4 **Option 3** It was also considered whether there could be opportunities to purchase properties at high yields in the current climate. This was rejected as it would contravene our strategy and be introduce too high a risk.

3. **Proposals**

- 3.1 WBC requested its appointed property consultants, Montagu Evans (ME), to review and revise the existing strategy where appropriate, so as to ensure exposure to a wider range of suitable properties, whilst creating a defensive, balanced commercial property investment portfolio, from which to derive a long term, sustainable revenue stream.

4. **Conclusion**

- 4.1 Given the political and economic uncertainty at present, it is our proposal that it is not prudent to review the full strategy until such time as there is more clarity in the investment market.

This page is intentionally left blank

Formal Response to the Thames Valley Local Enterprise Partnership's Berkshire Local Industrial Strategy Framework

Committee considering report:	Executive on 13 June 2019
Portfolio Member:	Councillor Hilary Cole
Date Portfolio Member agreed report:	30 May 2019
Report Author:	Gabrielle Mancini
Forward Plan Ref:	EX3747

1. Purpose of the Report

- 1.1 To introduce West Berkshire District Council's response to the draft Berkshire Local Industrial Strategy Framework.

2. Recommendation

- 2.1 That West Berkshire District Council responds to the Thames Valley Berkshire Local Enterprise Partnership's consultation on the draft Berkshire Local Industrial Strategy Framework.

3. Implications

- 3.1 **Financial:** None
- 3.2 **Policy:** None
- 3.3 **Personnel:** None
- 3.4 **Legal:** None
- 3.5 **Risk Management:** None
- 3.6 **Property:** None
- 3.7 **Other:** None

4. Other options considered

- 4.1 Not to respond or support the TVB LEP BLIS.

Executive Summary

5. Introduction / Background

- 5.1 HM Government published a national Industrial Strategy published in late 2017. This tasked all 38 Local Enterprise Partnerships (LEPs) in the country with leading the development of a Local Industrial Strategy for their respective areas.
- 5.2 The aims of these Local Industrial Strategies are to raise productivity and to ensure that local economic assets contribute even more to the national economy.
- 5.3 As the advocate for the area, Thames Valley Berkshire LEP (TVB LEP) has a responsibility to respond to this and shape a Local Industrial Strategy for Berkshire, commonly known as the BLIS.
- 5.4 The resultant framework document sets out five priorities and poses a number of questions to ensure that it meets the needs of local stakeholders. Its publication marks a key milestone in the process of developing the BLIS.
- 5.5 TVB LEP has asked the council to formally respond to the consultation on the framework's content as local authorities will be key stakeholders as it seeks to deliver the aims of the Local Industrial Strategy.

6. Proposal

- 6.1 That West Berkshire District Council responds formally to the BLIS consultation.

7. Conclusion

- 7.1 The Berkshire Local Industrial Strategy will be a key document for the future of West Berkshire's economy, as well as that of the region, and the framework as published will have bearing on the council's own strategies, including the West Berkshire Local Plan to 2036 and the refreshed West Berkshire Economic Development Strategy 2019.
- 7.2 Given this and the fact that the TVB LEP, one of our key partners, has asked us to formally respond to its consultation, it is recommended that the attached submission (Appendix D) is given.

8. Appendices

- 8.1 Appendix A – Data Protection Impact Assessment
- 8.2 Appendix B – Equalities Impact Assessment
- 8.3 Appendix C – Supporting Information
- 8.4 Appendix D – BLIS response

Appendix A

Data Protection Impact Assessment – Stage One

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

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

Directorate:	Economy and Environment
Service:	Development and Planning
Team:	Planning and Transport Policy
Lead Officer:	Gabrielle Mancini
Title of Project/System:	Response to Draft Berkshire Local Industrial Strategy Framework
Date of Assessment:	26/04/2019

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

	Yes	No
<p>Will you be processing SENSITIVE or “special category” personal data?</p> <p>Note – sensitive personal data is described as “<i>data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person’s sex life or sexual orientation</i>”</p>		x
<p>Will you be processing data on a large scale?</p> <p>Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both</p>		x
<p>Will your project or system have a “social media” dimension?</p> <p>Note – will it have an interactive element which allows users to communicate directly with one another?</p>		x
<p>Will any decisions be automated?</p> <p>Note – does your system or process involve circumstances where an individual's input is “scored” or assessed without intervention/review/checking by a human being? Will there be any “profiling” of data subjects?</p>		x
<p>Will your project/system involve CCTV or monitoring of an area accessible to the public?</p>		x
<p>Will you be using the data you collect to match or cross-reference against another existing set of data?</p>		x
<p>Will you be using any novel, or technologically advanced systems or processes?</p> <p>Note – this could include biometrics, “internet of things” connectivity or anything that is currently not widely utilised</p>		x

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

Appendix B

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; this includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	That West Berkshire Council submits a formal response to the draft Berkshire Local Industrial Strategy Framework consultation
Summary of relevant legislation:	
Does the proposed decision conflict with any of the Council's key strategy priorities?	No
Name of assessor:	Gabrielle Mancini
Date of assessment:	26/04/2019

Is this a:		Is this:	
Policy	No	New or proposed	No
Strategy	No	Already exists and is being reviewed	No
Function	No	Is changing	No
Service	No		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	To shape a Local Industrial Strategy for Berkshire
Objectives:	To contribute to the consultation on the BLIS to ensure West Berkshire's views are considered as part of this process.
Outcomes:	West Berkshire's views will be reflected in the final document.
Benefits:	West Berkshire District Council and its residents and businesses are given the opportunity to contribute to a document that will have a bearing on the future of the local economy.

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.		
(Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Age	None	

Disability	None	
Gender Reassignment	None	
Marriage and Civil Partnership	None	
Pregnancy and Maternity	None	
Race	None	
Religion or Belief	None	
Sex	None	
Sexual Orientation	None	
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	No
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	No
Please provide an explanation for your answer:	

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

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name: Gabrielle Mancini

Date: 26/04/2019

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.

This page is intentionally left blank

Tim Smith
Chief Executive
Thames Valley Berkshire LEP
100 Longwater Avenue
Reading
RG2 6GP

May 2019

Dear Tim,

Thank you for offering West Berkshire District Council the opportunity to comment on the draft Berkshire Local Industrial Strategy Framework Document.

As you know, West Berkshire is currently in the process of refreshing its Local Plan to 2036 and is also developing resultant strategies such as its refreshed Economic Development Strategy, Housing Strategy and Cultural Strategy, among others. As such, the timetable of the BLIS Framework Document aligns well with our own.

Having become familiar with the Government's Industrial Strategy, we have sought to ensure that any strategic policy making takes into account the priorities it contains. This means that, by design, the majority of our own output will mirror your own and that the previously professed themes of the BLIS are already relatively well integrated into West Berkshire District Council's policy framework.

In response to the specific questions outlined in your consultation document, West Berkshire District Council feels as follows:

2.1: Is the overarching purpose of the BLIS clear?

We feel that the overarching purpose of the BLIS is clear, including the three locally-defined imperatives, and understand the LEP's role in its delivery. The composition of the local economy is explained well and Berkshire's unique challenges and opportunities are articulated accurately.

The final West Berkshire 2036 Vision was published earlier this year and one of its recurring themes was the need to foster inclusive growth given polarisation in certain parts of the region. We are therefore pleased to see that the LEP agrees with the importance of this issue and has identified it as a clear area for action.

Similarly, in our draft Economic Development Strategy, which is due out to consultation shortly, we recognise the importance of place-making and working harder to explain what exactly the district, and the wider region, has to offer. As such, we welcome the opportunity to contribute to the debate in this regard as we feel this is particularly vital to our commercial centres.

2.2: Is this purpose addressed through the chapters that follow?

We feel that work done to date reflects closely on the identified challenges but feel that this has not been done in its entirety. We are confident, however, that the additional work alluded to on page 2 will serve to address this.

4.1: Do the “Foundations of Productivity” help explain the nature of economic performance across Berkshire?

We feel that the importance of productivity is well articulated and that this is clearly defined in relation to Berkshire, both as an area close to London and as one which has distinct opportunities and challenges.

We have used the foundations of productivity- with the exception of ‘Ideas’, which we felt was too nebulous- as the basis for our own Economic Development Strategy as we believe that they accurately reflect the policy areas in need of attention.

4.2: Are there other factors/issues that ought to be considered given the purposes of the BLIS?

It may be the case that ‘Place’ as a theme requires a more thorough narrative within this chapter because, as alluded to in our earlier comments, place making is a particular challenge for Berkshire, especially given its proximity to London.

5.1: Is the summary assessment a fair one? Does it capture the principal challenges that Berkshire is facing?

From the perspective of Berkshire’s local authorities, challenges in adult social care are likely to be the focus of most activity which will, inevitably, have a bearing on policy decisions in other areas. The issue of an ageing society is highlighted in the introduction to Chapter 5 but its importance does not come out clearly enough in Table 1. We feel that this should be addressed carefully given its overarching importance.

With respect to the retention of young people, we agree very strongly that this is an issue that has to be distilled. In saying this, we feel that Table 1 doesn’t make the links between culture, leisure and affordable housing clear enough with respect to this issue, which may require some attention.

We are not necessarily in agreement with the reference to congestion, although appreciate that West Berkshire District Council’s view in this regard may be contrary to that of the other Berkshire local authorities.

We agree with the other issues mentioned and look forward to contributing further to action plans around these.

6.1: Chapter 6 begins with a Vision. Do you support it?

We support the Vision, which aligns closely with our own.

6.2: Chapter 6 sets out a huge agenda for action under five distinct Priorities. Within this, what do you consider to be the most important Priority(ies) in seeking to achieve the Vision?

We agree with the identified priorities and would be loath to say that any one should be given precedence over any other. To do so would suggest that they are in some way mutually exclusive, which evidently they are not.

6.3: Moving down a layer, what do you consider to be the most important potential actions under each Priority, taking each in turn:

• Priority 1: Enhancing productivity within Berkshire's enterprises

Providing access to growth finance and having adequate site provision will inevitably have the largest bearing on this priority. So too will access to digital infrastructure, which is something we in West Berkshire have worked particularly hard to promote, including through our leadership of the Superfast Berkshire project.

• Priority 2: Ecosystems which are maturing and evolving and extend beyond Berkshire

We feel that the identified need for cross-border relationships and the development of institutional anchors will be particularly important in order to fulfil this priority.

• Priority 3: International trade, connections, collaborations and investments

Harnessing the benefits of Berkshire's strategic location in relation to Heathrow is clearly the most important factor underneath this priority. This will necessitate work to improve and maintain the integrity of the strategic highways network within Berkshire as well as links to neighbouring areas.

Place making will also be key in this regard as we seek to promote Berkshire as a favourable location in which international firms can establish and grow their businesses.

• Priority 4: Vibrant places and a supportive infrastructure

Clear, cohesive and dynamic spatial planning will be important in the delivery of this, as will the provision of a full range of land and premises for all types of enterprise. Of course, it is likely that in order to supply this, significant cross-local authority cooperation will be necessary.

• Priority 5: Making Berkshire an inclusive area where aspirations can be realised

As perhaps the most challenging of the priorities, working flexibly will be very important. It may also be worth mentioning the role that supported housing is likely to have with respect to inclusivity as the challenges of wholly independent living can negate the ability of some individuals to access work.

We note that there is scant detail about environmental issues as well as our collective desire to move towards a carbon neutral economy. Through our involvement in the BLIS Task and Finish Group, however, we are aware that TVBLEP has done significant work on a stand-alone Energy Strategy. We understand that this will be considered by the TVBLEP Board imminently and we will be following its progress closely to ensure that it reflects our own ambitions with respect to climate change.

6.4: Currently, actions under each Priority are set out in headline and indicative terms only. How might you/your organisation contribute to their development over the summer and their delivery thereafter?

The role of local authorities in the development of work to date has been well-defined and I would expect this to continue throughout the process.

As mentioned at length above, our own current and developing strategies align closely with the aims of this BLIS and it is likely that many of our action plans we be able to be integrated with your own in some way.

6.5: Currently, many people who live in Berkshire are not really benefitting from the area's economic vibrancy. What more should be done to help improve their life chances?

This is an incredibly challenging question and one that West Berkshire District Council is currently working to address through the West Berkshire 2036 Vision and its resultant strategies. As this stage, it is too early to give a definitive answer but I am confident that the West Berkshire community is committed to developing a comprehensive suite of actions in order to do so in the coming years.

In conclusion, it is clear that the aims laid out in this framework align very closely with those we have stated in our own work and that this, in turn, aligns with the government's professed aims to create sustainable growth nationally. I would therefore be most grateful if you would ensure that the views of West Berkshire, as well as its support for the stated aims of the BLIS, are reflected in the outcome of your consultation.

Should you require further information, do not hesitate to contact me.

Yours sincerely,

Nick Carter
Chief Executive

Berkshire Local Industrial Strategy

Framework Document for consultation

March 2019



Contents

1: INTRODUCTION.....	1
2: PURPOSE OF THE BLIS.....	4
3: BERKSHIRE’S ECONOMIC GEOGRAPHIES	8
4: BERKSHIRE’S ECONOMY TODAY	14
5: ASSETS, CHALLENGES, CONSTRAINTS AND OPPORTUNITIES.....	22
6: VISION, STRATEGY AND PRIORITIES	25
7: DELIVERY COMMITMENTS AND ALLIANCES.....	32
8: MONITORING AND EVALUATION	34



1: Introduction

About Local Industrial Strategies

Thames Valley Berkshire Local Enterprise Partnership (LEP) – like all other LEPs and Combined Authorities in England – has been tasked by government with developing a **Local Industrial Strategy (LIS)**.

The requirement for LISs was set out in the Industrial Strategy White Paper which was published in November 2017. Structured around five **Foundations of Productivity** and four **Grand Challenges**, the overarching aims of the White Paper are essentially to:

- improve the UK's overall **productivity performance**; and
- ensure that future economic growth is **more inclusive**.

Our approach to the Berkshire Local Industrial Strategy (BLIS)

Work has been underway to develop the **Berkshire Local Industrial Strategy (BLIS)** for well over a year. The process has been highly iterative and consultative. Overseen by the Thames Valley Berkshire LEP Forum and Board, it has involved:

- discussions with key **stakeholders and stakeholder groups**, including the voluntary and community sector, further education colleges, transport stakeholders, business representative organisations, rural stakeholders, and organisations with an interest in Heathrow Airport
- regular meetings of a **Task and Finish Group** which includes two officers from each of the six unitary authorities within Berkshire, and is genuinely multi-disciplinary

- the work of a specially-convened **Productivity Commission** – drawn from the private sector and including academic inputs from the University of Reading (see Box 1).

The early stages of BLIS development have been strongly **evidence-based**. As well as the work of the Productivity Commission (which we explain in more detail later), it has drawn on a substantial body of existing literature and data, including that generated by the six unitary authorities and by Thames Valley Berkshire LEP.

Where we are up to...

The timetable for the development of LISs has been set by government, but it has also been subject to change: plans are now quite different from a year ago. As it stands, government's expectation is that Thames Valley Berkshire LEP will have a finished LIS by early 2020, close to a year from now.

We are therefore approximately mid-way through the process. Substantive work has been done, but there is more to do. Over the months ahead, this needs to include an element of co-design with government.

At this stage, we are presenting a **Framework Document** for discussion and input. This is a key milestone in our process.

Our Framework Document...

Our **Framework Document** is a "working version" of the **Strategy** element of the BLIS. As illustrated in the graphic below, it will be supported by other documents – notably a full **evidence base**; a **spatial economic narrative**; and a set of **implementation plans**. We will also produce a short – and visually compelling – **summary statement**.

Figure 1: Proposed structure of the Berkshire Local Industrial Strategy



In relation to the **strategy**, the Framework Document reflects the decisions we have made. In the light of these decisions, it describes our broad strategic priorities.

Within the Framework Document:

- the first four main chapters are drafted in full, based on the evidence we have reviewed and inputs from partners and stakeholders

- Chapters 6, 7 and 8 are presented in skeletal form only: they will need to be fleshed out and developed over the months ahead, informed by the feedback/comments that we receive.

...And your feedback

Over the next few months, these strategic priorities will be developed in detail and it is here particularly that we are looking for further inputs – from businesses, from the unitary authorities, from partners and stakeholders, and from individuals of all ages across Berkshire.

We welcome – and encourage – responses to this document before midday **Friday 21 June 2019**, by email to BLIS@thamesvalleyberkshire.co.uk

These responses should be structured around the main questions which are set out at the end of individual Chapters. We will use these inputs to develop the full BLIS (including the documents which support the strategy) in discussion with central government over the summer and autumn.



2: Purpose of the BLIS

Location, place and economic performance

Berkshire's economy performs very strongly. On most metrics – including key ones relating to productivity – it is at, or close to, the top of UK league tables: GVA per job or per hour worked (i.e. productivity); GVA per capita (wealth); incidence of knowledge-based employment; employment rates; qualifications within the working age population, and so on.

Figure 2: Situating Berkshire



Source: Produced by SQW 2018. Licence 100030994

In large part, this reflects the advantages linked to our location:

- Berkshire has all the economic benefits (and some of the costs) linked to **Heathrow Airport** – the second busiest airport in the world by international passenger traffic and a major national focus for recent, ongoing and planned investment.

- It is shaped by adjacency to the world city economy that is **London** – with its unique financial services sector, its role at the heart of government, its outstanding science base (through its universities), and its apparently magnetic appeal – to corporate HQs and millennial entrepreneurs alike.
- Berkshire is very well located in relation to the **national transport infrastructure**. Particularly through the M4 motorway and Great Western Railway, it has good connections, not only to London but also to other major growth engines: Bristol to the west; Oxfordshire and the wider Cambridge-Milton Keynes-Oxford growth corridor to the north; and Surrey/North Hampshire through to Southampton to the south. Moreover, through Crossrail and Western Rail Link to Heathrow (WRLtH), much of Berkshire is due to see further enhancements in connectivity.

But in part, its strong performance also reflects **the intrinsic nature of Berkshire as a place – or, more precisely, places**. This is a theme to which we return, but within Berkshire are some of the nation's major historic and cultural assets which are known around the world – from Windsor Castle to Ascot to Eton College. In addition, there is beautiful and accessible countryside, some of which falls within the North Wessex Downs Area of Outstanding Natural Beauty.

This combination of factors – some related to location, others related to place – helps to explain Berkshire's economic vibrancy. It explains why it has proved so attractive to inward investors; why its economic growth narrative over the last 50 years has really centred on the evolution of the information technology (IT) sector; and why Berkshire's export performance has been so consistently strong.

In short, Berkshire has a lot going for it.

Three locally-defined imperatives for the BLIS

But these assets and advantages also define imperatives and responsibilities.

In framing the BLIS and defining its overall purpose, three have been formatively important. All three are discussed in more detail later – and all three have been considered by our Productivity Commission (see Box 1 below) – but the main arguments are outlined briefly here.

First, Berkshire must advance a growth process that is both net additional in relation to the UK and is “smart”; and in co-designing the BLIS with government, this should be a shared mission.

In other words, Berkshire should not seek to grow by attracting businesses or jobs from elsewhere in the UK; instead, growth should be of a form that simply would not happen anywhere else.

Moreover – given the tightness of the labour market, the recruitment challenges that already exist and some of the problems surrounding congestion – growth really needs to be “smart”. It needs to focus on the quality of jobs and the output linked to them, not simply the quantity. More generally, it needs to have regard to the efficiency of resource use in the round.

Second, it must be recognised that Berkshire is the kind of place in which inclusive growth is a real challenge. The BLIS must address this head-on.

Proximity to London and a prominent international gateway function together mean that Berkshire is a very expensive place to live and work. The costs of both housing and commercial property are well above the national average and the evidence suggests that “middle level” functions and “middle level” occupations are, literally, being priced out.

In socio-economic terms, the consequence is that Berkshire is polarised: it does well in relation to top end jobs and occupations

and these in turn generate demand for an array of local services, but they tend to be associated with poorly paid and increasingly insecure employment which is incongruous with the character of (in particular) local housing markets.

One consequence is high levels of in-work poverty. Looking ahead, this combination of circumstances is as undesirable as it is unsustainable – but in Berkshire, there ought to be an opportunity to develop a more efficient and inclusive labour market. What is missing are routes to progression.

Third, the strength of national and international flows of people, ideas and investment into (and out of) Berkshire is perhaps masking places that are, in themselves, rather “underpowered”. There is a need for strengthened place-making in response.

This third imperative may be controversial, but it is important. In the language of economics, the issue is whether spill-over effects are being captured fully or whether there is so much transience that they are effectively dissipated and lost. This in turn poses major questions for Berkshire’s towns: are they places that attract and retain talent and engender a sense of commitment, attachment and reinvestment, or are they simply places in which to reside for a short while?

Box 1: Berkshire Productivity Commission

The Commission was drawn from Berkshire’s business community and it included: individuals from both corporates and smaller companies; individuals who work with businesses in Berkshire (in an advisory/deliver capacity); and academics from the University of Reading.

Its main Terms of Reference were to:

- review the initial evidence in relation to the performance of Berkshire’s economy, particularly on indicators linked to productivity
- consider – in a technical sense – where the greatest opportunities might be to effect an improvement in productivity, consistent with the overarching priority set out in the Strategic Economic Plan (“to secure better access to talented people and bright ideas, and to use both more effectively”)

- take a forward view in terms of how productivity imperatives might be changing – informed in part by the contents of the national Industrial Strategy – and identify areas requiring further evidence gathering and investigation.

And then to:

- review the outputs from the second stage of evidence gathering
- agree (in a technical sense) what the priorities should be in seeking to effect productivity improvements across Berkshire.

The Productivity Commission met three times and its deliberations focused on five main issues:

- the changing role of the IT sector within Berkshire’s economy
- the significance of internationalisation in relation to the area’s productivity performance
- the changing scale and nature of “the middle” of Berkshire’s economy, and the implications for inclusion and progression
- the scale, character and role of the public sector in economic terms
- spatial considerations relating to all four of the points above.

The evidence gathered by the Productivity Commission is considered throughout this document.

The requirements of central government

These three, locally-defined, imperatives are demanding ones. They have been defined within Berkshire and are *in addition to* the basic requirements of LISs set out by government in its *Prospectus* of October 2018.

The BEIS Prospectus states that LISs should be:

- based on **evidence**, with a rigorous understanding of the local economy
- informed by a good understanding of the area’s **strengths and weaknesses**, including in relation to the five **Foundations of productivity**
- developed **collaboratively**, both with local stakeholders and partners, and with neighbouring areas
- focused on clear **priorities**
- informed by the disciplines of **evaluation**.

Our emerging response is set out in the chapters that follow.

Consultation Questions in relation to Chapter 2

Local industrial strategies have a very broad potential remit and in principle, they could be positioned in any number of ways. We have sought to chart a middle ground by retaining a strong focus on the economy, and thinking hard about the nature of growth processes within Berkshire, whilst also recognising the requirements of central government.

In this context:

2-1: Is the overarching purpose of the BLIS clear?

2-2: Is this purpose addressed through the chapters that follow?



3: Berkshire's economic geographies

Berkshire has a population of just over 900,000 people. It is also home to 44,600 enterprises and 580,000 jobs.

Underpinning these metrics is a distinctive spatial form which helps to explain how the economy of Berkshire “works” – and how its performance might be enhanced.

Berkshire's largest towns are (in descending order of population size, and based on data from Census 2011): Reading (over 220,000 people in terms of urban footprint) and Slough (over 150,000 people), then Bracknell and Maidenhead (both well over 60,000), and then Wokingham and Newbury (over 35,000).

London

However, the urban area that has the greatest influence on Berkshire's economy is London. At the time of the last Census, some 43,000 Berkshire residents commuted to London while over 24,000 London residents commuted in the opposite direction. In fact, even in terms of travel patterns, the links are stronger than these numbers would on their own imply: many residents travel to and from London, either whilst “doing business” or because they work in London for part of the week. But there are also many other, wider, flows relating for example to goods, services, finance, ideas/know-how and international tourism.

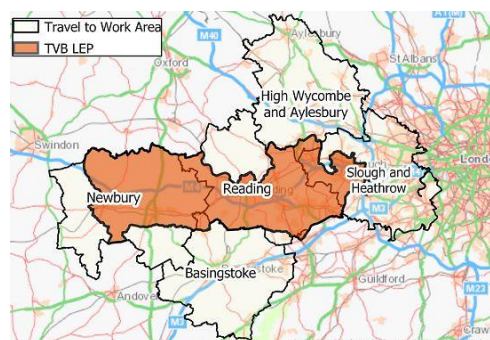
There is another facet of London which is important. From the draft London Plan, planned housing growth within the capital is insufficient to meet some scenarios

relating to projected demand. The inference is that surrounding areas will absorb London's unmet housing need. This has consequences for all of London's neighbours, Berkshire included.

Functional economic areas within Berkshire

Much of Berkshire – but particularly the area in the east – needs to be understood as part of agglomerative processes and pressures which are defined around London¹. Slough alone accounts for 13,000 of Berkshire's London-bound out-commuters and 11,000 of its in-commuters. It is because of these flows that Slough and parts of Windsor and Maidenhead are included within the west London Slough and Heathrow Travel to Work Area² (TTWA).

Figure 3: Map showing Travel to Work Areas across (and beyond) Berkshire



Source: Produced by SQW 2018. Licence 100030994

Across Berkshire, two further TTWAs are identified through commuting data, signalling distinctive labour markets:

- Reading TTWA (which includes all or part of the unitary authority areas of Reading, Wokingham and Bracknell Forest, but also South Oxfordshire and part of Hart (north Hampshire), and small areas in both West

¹ Data throughout this document are sourced from ONS datasets – principally BRES, ASHE, APS, Jobs Density dataset, and IDBR

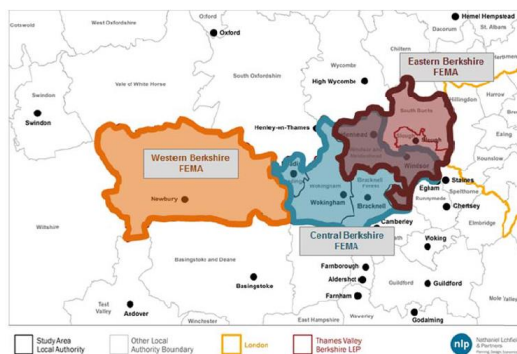
² TTWAs are data driven and defined principally in relation to levels of self containment

Berkshire and Windsor and Maidenhead); and

- Newbury TTWA (which covers most of West Berkshire but also extends into North Hampshire and Wiltshire).

Informed by these data and evidence relating to housing markets, commercial property markets, key sectors and key infrastructures, three **Functional Economic Market Areas (FEMAs)** have been identified across Berkshire³. These are important because they signal potentially different economic pressures and opportunities, and these differences are important in effecting economic growth that is sustainable and appropriate.

Figure 4: Functional Economic Market Areas across Berkshire



(Source: NLP)

The FEMAs are:

- **Western Berkshire FEMA** which maps onto West Berkshire and is predominantly rural in character; Newbury is the largest settlement and much of the area is within the North Wessex Downs Area of Outstanding Natural Beauty
- **Central Berkshire FEMA** which includes four of the six unitary authority areas in Berkshire and is defined functionally around Reading/Wokingham in the west and Bracknell in the east

- **Eastern Berkshire FEMA** which overlaps with Central Berkshire, and includes Slough, Windsor and Maidenhead, and (neighbouring) South Buckinghamshire and is strongly “edge-of-London” in character.

These broad demarcations are functional and indicative rather than political or administrative, but they are important. They provide some insight into the spatial underpinnings of the growth opportunities and constraints that the BLIS must both shape and respond to. They are therefore material in relation to both the BLIS and the six unitary authorities’ emerging Local Plans.

The three Functional Economic Market Areas

Western Berkshire FEMA

Overall, the **Western Berkshire FEMA** is very constrained in terms of future growth. Some 74% of the land area is within the North Wessex Downs AONB and 12% is functional floodplain. West Berkshire’s Local Plan (to 2036) is currently being prepared.

A major site at Grazeley is being investigated (jointly by West Berkshire District Council, Wokingham Borough Council, Reading Borough Council and Bracknell Forest Borough Council) and it is possible (although not certain) that this will be the focus for a sizeable new settlement. Beyond that, future growth will depend on the vibrancy of Newbury and Thatcham, and – longer term – on possibilities linked to AWE at Aldermaston. The strength of the rural economy – ranging from the equine cluster at Lambourn to the performance of market towns – will also be important.

³ *Berkshire Functional Economic Market Area Study*. Report by Nathaniel Lichfield and Partners for Thames

Valley Berkshire Local Enterprise Partnership, February 2016

Central Berkshire FEMA

Central Berkshire FEMA is similarly constrained through a combination of Green Belt and environmental constraints (including flood risk). In growth terms, its narrative is more complicated for it impinges on four different unitary authorities, each of which has its own Local Plan preparation process (which in most cases is currently at an advanced stage although still on-going). General themes, however, surround the shortage of employment land; the need for urban densification linked to the better use of town centre sites (particularly in Reading and Bracknell); and the imperative for better connectivity both within and between the major urban areas.

Bracknell has made substantial headway over recent years and progress with the Lexicon (itself the product of a town centre masterplan from 2002), is widely applauded. Reading too has seen major investment in the town centre, linked in part to the improved railway station. The imminent prospect of Crossrail (for Reading, Twyford and Maidenhead) ought to create growth opportunities – if these can be accommodated. Separately, if it is advanced, Grazeley will also have a major bearing on Central Berkshire FEMA and it will need to be part of the future growth narrative.

Eastern Berkshire FEMA

The **Eastern Berkshire FEMA** is also under some pressure.

Its future is linked intrinsically to plans for Heathrow Airport. Construction of a third runway at Heathrow should start within 2-3 years. This will be a major project in its own right but once completed, it ought to reinforce further the economic significance of international connectivity

through Heathrow Airport. A Heathrow Strategic Planning Group is exploring the surrounding issues within (and beyond) Berkshire.

A second key (on-going) piece of work is the Wider Area Growth Study⁴. This reflects the complexity of the area in growth terms – including in respect of Slough, the largest town within the Eastern Berkshire FEMA.

Significant headway has been made in respect of Slough Trading Estate, which has strengthened its position as a nationally-significant business hub (including, increasingly in relation to data centres). Slough town centre is the next priority. The £400m Heart of Slough project to redevelop the town centre is underway. 2017 saw the opening of The Curve, Slough's new cultural hub and the Porter Building, which offers a fresh and dynamic environment next to Slough Station. Future development may well see residential development featuring strongly – partly because there is a pressing need to deliver more housing and partly because Slough town centre (like many others) needs to redefine its own economic purpose given profound changes within the retail sector.

Geographies linked to key sectors

Places matter – but for businesses and investors (who must be the central focus of the BLIS), administrative boundaries are irrelevant. We have already made reference to the huge importance of London, but Berkshire needs to be understood on a wider spatial canvas still.

This is illustrated amply by the **IT sector**. Its scale and concentration is a defining characteristic of Berkshire's economy; within Berkshire, it accounts for almost

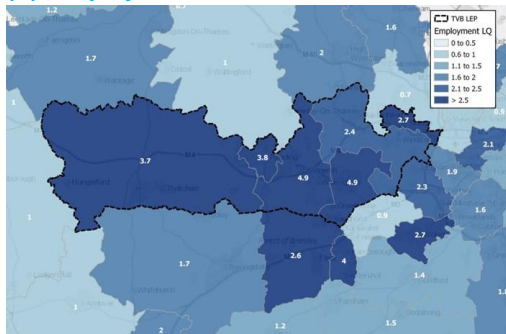
⁴ This has been commissioned by Royal Borough of Windsor & Maidenhead (RBWM), in conjunction with Slough Borough Council (SBC), South Bucks District Council (SBDC) and Chiltern District Council (CDC). It is

intended to jointly address issues arising from growth that is anticipated across the area, and potentially, more widely.

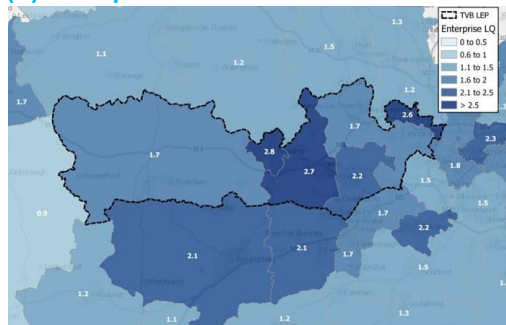
70,000 jobs and over 7,500 enterprises. It is also a major driver of productivity (see Box 2). In terms of numbers alone, the spatial pattern is very distinctive. As the maps above illustrate, in parts of Berkshire, the sector is nearly five times more significant locally than is typically the case across the UK: Reading and Wokingham (and, to a lesser extent, Slough) stand out on measures of both enterprise and employment numbers, but the sector is strongly concentrated across the piece.

Figure 5: Understanding the significance of the IT sector across Berkshire, in terms of:

(A) employment



(B) enterprises



Source: Produced by SQW 2018. Licence 100030994
Contains OS data © Crown copyright [and database right]
[2018]

What the maps also show is that the local authority district/unitary areas with very high levels of IT activity extend beyond Berkshire’s boundaries into – in particular – North Hampshire and Surrey. This wider footprint is very significant. It was explored as part of the Innovation South Science

and Innovation Audit which alighted on the potential of the area’s strengths in relation to digital enabling technologies⁵.

Similar arguments can be made in respect of **life sciences**. Here though, the footprint has a different shape. It extends to the north of Berkshire into Oxfordshire. Various networks – such as the Oxford Academic Health Sciences Network – extend across both areas; and Oxfordshire and Berkshire are together developing a life sciences sector deal. This recognises that the two areas play different roles, but also that the life sciences sector needs to be understood in relation to both.

Conclusions

Across Berkshire, the spatial narrative is complex. It is the result both of policy (particularly land use planning) and the decisions made by individual businesses and investors. It defines the canvass on which economic life is acted and the spatial opportunities and constraints which give it form.

This all matters because:

- it influences the extent to which activities can co-locate (which in turn may be important in sharing knowledge, innovation and learning (virtual solutions notwithstanding))
- it shapes both the geometry and scale of labour markets and therefore the range and depth of skills that are available to employers and the diversity of job opportunities that are open to local people
- it affects the sustainability of economic life in environmental terms – an issue which is increasingly important given concerns about resource use and climate change

⁵ Innovation South – A Powerhouse of world class strengths in digital enabling technologies SIA report, sponsored by BEIS, 2017

- it influences the balance between supply and demand across many different factors of production.

In other words, it has a material bearing on competitiveness and all the underpinnings of productivity. It is therefore a central consideration within the BLIS.



4: Berkshire's economy today

Berkshire's productivity performance

According to data from ONS, Berkshire's economy generated output (GVA) to the value of **£37.8bn** in 2017 (in current prices). It is therefore a sizeable economy.

Within this context, **Berkshire is a top-performing LEP area on the main metrics of productivity:**

- On **GVA per hour worked**, Berkshire is ranked second to London amongst 38 LEP areas in England. In 2017, every hour worked in Berkshire generated GVA with a value of £40.30 compared to a UK average of £33.60.
- In 2017, every filled job in Berkshire generated GVA valued at £68.8k; the UK average was £54.3k. So, on this second measure – **GVA per filled job** – Berkshire is again ranked second to London.

By virtue of being both the capital city, and a world city, London is not directly comparable to Berkshire: it hosts certain functions and plays particular roles that are, within the UK, unique. It is fair to observe therefore that among reasonable UK comparators (i.e. excluding London), **Berkshire is currently the best performing LEP area in terms of headline productivity performance.** Part of the reason for this relates to its sectoral make-up and the high incidence of international investment (see Boxes 2 and 3).

Box 2: Insights from the BLIS Evidence Base – The IT Sector

In 2017, the sector accounted for about 13% of all employment and 16% of the total business stock. Evidence suggests that, over recent years, it has seen substantial growth in employment (+21% between 2010 and 2017) and enterprises (+51%). Nationally, IT is a sector which is linked to strong productivity performance. The inference is that

Berkshire's productivity performance is causally linked to the sector's scale and concentration.

Data suggest that some sub-sectors have seen rapid growth (e.g. computer programming activities and computer consultancy activities), but others have experienced declining employment and/or business stock (e.g. repair of computers and peripheral equipment; other information technology and computer service activities). In general terms, growing sub-sectors have either been those with few barriers to entry (linked to self-employment) or those which are typically regarded as higher value added.

There is some evidence of specialisms within the ICT sector at a local level in Berkshire – e.g. datacentres in Slough; cyber security (which appears to link to University of Reading); and cloud computing.

A review of literature found that Berkshire's international links via Heathrow Airport, regional links with London through the M4 motorway, the Great Western Mainline and the Reading to Waterloo Mainline, and the size of the "tech talent pool" are key reasons for IT businesses locating in Berkshire.

However, alongside this first observation, it is important to make a second: **Berkshire has been dogged by very slow productivity growth over recent years.**

Between 2007 and 2017:

- **GVA per hour worked** in Berkshire grew by 1.2% per annum compared to 1.9% per annum across the UK and 1.6% per annum in London
- **GVA per filled job** grew by 1.3% per annum in Berkshire – placing it 34th amongst 38 LEP areas in England in terms of growth rates and well below the UK average (2% per annum).

This all suggests that Berkshire's strong absolute performance is the result of its economic endowment and accumulated past investment – but also that **its comparative advantage is diminishing.**

For the BLIS, this presents an overarching challenge.

Box 3: Insights from the BLIS Evidence Base – International investment

Berkshire has the highest concentration of foreign-owned companies of all 38 LEP areas. Data from Inter Departmental Business Register (IDBR) (2017) demonstrate that whilst 98% of enterprises in Berkshire are UK owned, foreign-owned businesses

account for 47% of turnover in Berkshire and 30% of employees. Two main conclusions follow:

- foreign-owned businesses account for a substantial share of the Berkshire economy (in terms of employment and turnover)
- foreign-owned businesses are typically relatively large – certainly as compared to the economy as a whole.

Sectorally, Berkshires inward investment profile is dominated by knowledge-economy sectors. ICT-related investments accounted for the lion's share of recent FDI wins in 2017-18, life sciences and biotech/pharma were also apparent.

There is a substantive literature and evidence base describing the attractiveness of Berkshire in relation to inward investment. From this material, five factors appear to be uppermost in explaining what attracts internationally-owned businesses to Berkshire: accessibility – linking to Heathrow and proximity to London; the importance of Reading as a “node” within Berkshire; cost (relative particularly to London); workforce availability; and business confidence.

There is much academic and other literature to suggest that companies with Foreign Direct Investment out-perform their domestically-owned competitors. In July 2018, ONS figures revealed that businesses under foreign-ownership are up to three times as productive as domestic ones. This in turn bites at two levels: the performance of the businesses themselves (i.e. the direct effect) and the performance of local economies which benefit from indirect effects linked to spill-overs. Berkshire has long been a beneficiary of this process and the FDI data appear to suggest that – at least for now – this is continuing.

Key data:

The value of goods and services exported from Berkshire is high. The value of services exported from Berkshire was £7.7bn (in 2016), the highest local (NUTS3) area outside of London

Foundations of Productivity

In order to interrogate the causes of productivity performance, the Industrial Strategy White Paper considers five Foundations of Productivity. The fifth Foundation – place – is cross-cutting and in relation to the specifics of Berkshire, it was introduced in the previous chapter. The other four Foundations provide a lens on

Berkshire's assets – and its principal strengths and weaknesses.

Ideas

Nationally, government has set a target that 2.4% of GDP should be devoted to R&D. R&D expenditure as a proportion of local economic output (GVA) is high in Berkshire at just over 4%; this is the fifth highest figure of all 38 LEP areas. Neighbouring areas also perform strongly.

Within Berkshire, there is one main higher education institution – **University of Reading** – together with small facilities linked to other institutions (e.g. University of West London).

2026 will mark University of Reading's centenary as an independent university and its vision is to be a “*vibrant, thriving, sustainable, global and broad-based institution, responsive to, stimulated by and informing changes in the world around us*”. Consistent with this vision, it has five Interdisciplinary Research Institutes (including the Institute of Food, Nutrition and Health and the Institute for Environmental Analytics). These are well-aligned with major themes from the White Paper, particularly the four Grand Challenges (artificial intelligence and data; future of mobility; clean growth; ageing society). They are also well aligned with the wider competencies and possibilities that define Berkshire in socio-economic terms.

University of Reading is, increasingly, recognising the importance of links – in both directions – to the business community, and it has put in place an infrastructure to facilitate these. This includes an Enterprise Centre which is located on its main campus, and Thames Valley Science Park. Having been identified as a project priority at the time the Strategic Economic Plan was drafted in 2014, Thames Valley Science Park is now open and operating; its completion is rightly regarded as one of the major developments of recent years.

Alongside the University of Reading, other major organisations/corporates are functioning as anchor institutions in the “ideas economy” – in the sense both of providing a local driver for research and innovation *and* (in some cases) providing a focus for the possibility of spatial clustering. Examples include:

- **AWE** – with a range of defence-related specialisms, including high performance computing and materials science, at a large site at Aldermaston, some of which could come forward for employment uses
- **Deloitte’s Cyber Intelligence Centre** which has grown quickly within Berkshire
- **Syngenta** – with its global R&D centre for agro-chemical research, and aspirations to develop a science park at its site near Bracknell.

Business environment

Berkshire is a place where enterprise can flourish. There are 44,600 enterprises in total, suggesting roughly 780 for every 10,000 residents of working age. Across the UK, the equivalent figure is about 640. This points to a vibrant and entrepreneurial business environment within Berkshire and a strong small business community.

In parallel, Berkshire also has a strong complement of larger businesses, many of which are internationally owned. It is these for which Berkshire is best known – the likes of Cisco, Microsoft, Telefonica, Oracle and Vodafone in the IT sector; Bayer, Syngenta, GSK, UCB and RB in life sciences; and a raft of household names across professional and financial services (PwC, EY, Deloitte, etc., as well as regional firms like Shoosmiths). It also has a new generation of companies with specialisms in artificial intelligence and cloud

computing; examples include Cloud Factory, Rapid 7, Carbon Black, Tanium, CrowdStrike.

In practice, the business environment within Berkshire has supported the formation and growth of both small, entrepreneurial businesses and larger players. Proximity to Heathrow Airport and London have been helped to shape the business environment, but its character is not reducible to external influences alone: Berkshire *as a place* has been important too.

Major employment sites – most notably Green Park (on the edge of Reading) and Slough Trading Estate – have helped to provide a visible focus. Increasingly, they fulfil many of the functions of anchor institutions in their own right – through, for example, the provision of formal and informal networking and support. They are genuine economic hubs of some scale: a cluster of data centres has, for example, emerged at Slough Trading Estate.

However, elements of the business environment require attention. In general terms – as the previous chapter explained – there is a shortage of employment land, in part because of changes to residential uses, accelerated through permitted development. Moreover, available sites and premises are expensive, pricing out lower value uses and forcing businesses seeking grow-on space to look elsewhere.

In addition, there is concern that provision for very early stage businesses may still be under-developed. Some flexible and managed workspace is available within Berkshire’s town centres, and there is evidence of commercial investment, but the provision of more animated incubator, accelerator and co-location spaces – which are fully part of a wider ecosystem – is limited⁶.

Against this backdrop, Thames Valley Berkshire Growth Hub is supporting the

⁶ Thames Valley Berkshire Supporting Workspace – Report by Renaissi, November 2016

development of small businesses from across a wide range of sectors.

In parallel, building on the ScaleUp Berkshire Programme, the challenge must be to encourage more businesses to scale-up, recognising the importance of the wider business environment in this context. Access to appropriate forms of growth finance is one key element; access to people with the right skills is a second; and the provision of appropriate commercial property is a third. The BLIS must in practice respond to all three.

Key data:

Berkshire has the 6th highest concentration of scale-up firms of all 38 LEP areas – with 580 firms scaling between 2013 and 2016

Supporting scale-up is important in terms of economic performance and productivity. But it also matters in relation to wider aspirations for inclusive growth. Growing firms provide a range of occupations and they play a key role in facilitating progression within the labour market. If these businesses are “squeezed out”, there is a risk that the prospects for progression are similarly curtailed.

People

Berkshire’s labour market: buoyancy, quality and “tightness”...

Within Berkshire, people constitute both a critical economic asset, but also – increasingly – a growth constraint. Two sets of data-driven observations explain why:

- Between 2006 and 2016, the total number of jobs in Berkshire grew by 15%. Over the same period, the resident working age population increased by around 5%. So, the number of jobs has grown much more quickly than the number of working age people.
- Across Berkshire, employment rates are high. Overall, the proportion of 16-64 year olds in employment is

around 80%, some five percentage points higher than the national average.

The inference is a very tight labour market – and all the qualitative evidence from employers points to the challenges of recruitment and retention. The clear implication is that Berkshire’s economy needs to grow principally by increasing the output from jobs, not the overall number; in other words, the overarching imperative must be one linked to productivity.

Within this context, it is also important to recognise the attributes of the labour market on which employers can draw. Within Berkshire, qualification levels are generally high: the proportion of working age adults with degree level (or higher) qualifications is close to ten percentage points above the national average. Locally, it is higher again (in Windsor and Maidenhead, and in Wokingham).

Particularly for major corporates, the effective labour market catchment is larger than Berkshire: people can be attracted from a wide area, including internationally. And as noted already, whilst there are high levels of out-commuting (especially to London), flows in the opposite direction are substantial too.

This overall picture – of buoyancy, quality and “tightness” – undoubtedly brings some challenges, and any dialogue with employers will quickly turn to these. Recruitment is difficult. Retention is also hard, particularly given the attractions that London presents for aspirational and ambitious employees, young ones especially.

Berkshire’s labour market: challenges for those in low pay jobs...

However, there is a second narrative which is equally important in Berkshire, and to which the BLIS must respond.

Research by University of Oxford found that for every ten middle-skilled jobs that disappeared in the UK between 1996 and 2008, about 4.5 of the replacement jobs

were high-skilled and 5.5 were low-skilled.⁷ The consequence is polarisation across the labour market. Nationally, this process is forecast to continue⁸.

Although both the indicator and the data are imperfect, one insight into the consequences for Berkshire relates to earnings. In absolute terms, earnings have become more polarised in every unitary authority across Berkshire since 1997. Relatively – on the basis simply of the ratio between the 10th and 80th percentiles – they have become slightly more polarised in Reading and West Berkshire and slightly less polarised in the other four areas, but the differences are still sizeable.

For those in low pay employment, Berkshire is a very challenging place to be: house prices are well above the UK average and affordability ratios are, for many, prohibitive.

Moreover, there is evidence to suggest that progression within the labour market is difficult. Jobs in “the middle” have been squeezed. Historically, these have played a crucial role in relation to progression for individuals. Finding alternative routes will be essential if more inclusive growth is to be achieved (see Box 4).

Box 4: Insights from the BLIS Evidence base – Unpacking “the middle”

A concern identified by the Productivity Commission during its first meeting was the apparent absence of “the middle” (in terms of jobs, occupations and activities) in Berkshire: both “the top” and the “the bottom” have grown, but “the middle” has all but disappeared. Patterns of this nature are recognised nationally, but because Berkshire is expensive (particularly in relation to housing and employment land/premises), these issues are exaggerated locally.

Using workplace-based data from ASHE, we considered the polarisation of employee earnings within Berkshire and how this has changed over the last two decades. Data suggest that employee earnings have become more polarised in absolute terms in every unitary authority area across

Berkshire since 1997. Relatively, though, the picture is more mixed.

Nationally, the issues around polarisation are significant ones. For those who find themselves in “low pay” employment, progression is crucial, which in turn is key for inclusive growth. A national analysis by the Resolution Foundation found that the likelihood of progression is affected by four main factors:

- propensity to move jobs - generally speaking, moving jobs is a catalyst for pay growth
- type of employer - UK wide, public sector employers are considered a better route to progression than private sector companies (although large private sector employers are better than smaller ones)
- sector of employment - cleaning, hospitality, hairdressing and childcare are identified as having the highest incidence of low pay jobs
- skills: while education “helps”, a degree is less effective than it used to be in securing progression, while the evidence suggests that lower level qualifications help people to enter the workforce but not to progress within it

Across these four dimensions, the overall assessment of Berkshire is mixed. Simply because of the buoyancy of the labour market, the scope for job moves must be higher than elsewhere. However, Berkshire’s public sector is relatively small. We also know that there is high demand for labour in sectors where progression appears to be difficult nationally (such as cleaning, hairdressing and childcare).

A view expressed by the Productivity Commission was that the cost of business space prevents “non high-end” businesses – those which typically seek to hire people “in the middle” - locating (or remaining) in Berkshire. CoStar data found that the cost of business space – both office and industrial – is amongst the highest in the UK outside of London.

Polarisation, progression and commercial property are rarely considered together, but the links are clear and important in shaping Berkshire for the next two decades, particularly in respect of its ability to achieve growth that is both rapid and inclusive.

Skills priorities

Cutting across all of this – and at all points in the labour market – there is a need to ensure that employers can recruit the right people with the right skills. This is both an

⁷ Dr. Craig Holmes of Oxford University: Why is the Decline of Routine Jobs Across Europe so Uneven? (November 2014) from: [Social Mobility Commission: State of the Nation 2016: Social Mobility in Great Britain]

⁸ UK CES: Working Futures 2014 to 2024; Main report (April 2016) from: [Social Mobility Commission: State of the Nation 2016: Social Mobility in Great Britain]

immediate imperative and a future-facing one, recognising profound changes in the nature of work, an evolving sectoral make-up and the overarching consequences of technological change.

In this context, between 2016 and 2018, Thames Valley Berkshire LEP undertook a major piece of work to develop a Skills Priority Statement⁹. This involved extensive business consultation and it resulted in the identification of distinct skills priorities relating to “jobs families”. These were:

- **Tier 1** – focused on high value and fast-growing sectors in which employers are finding it hard to fill vacancies (digital tech, and engineering and science)
- **Tier 2** – covering construction, health and social care, and education; these sectors too have hard-to-fill vacancies although their significance for Berkshire is as much about quality of life and the functioning of the place as it is economic output, and their links to the labour market are different
- **Tier 3** – encompassing a wide group of other sectors/occupations, ranging from transport and distribution to creative.

The key point is that all of these are important for a sustainable and inclusive labour market, and efforts to promote productivity and progression apply across the board.

Box 5: Learning today, leading tomorrow
Berkshire has excellent education providers at every key stage, with first class teaching and facilities to match. It has the University of Reading, five further education colleges and many excellent schools, including Wellington College and St George’s, as well as top-rated state-funded schools

Infrastructure

The fourth of the Industrial Strategy White Paper’s Foundations of Productivity relates to infrastructure – both physical and virtual.

Transport and congestion

Over recent years, Berkshire has benefited from major transport investments and more are planned; these include Crossrail, Western and Southern Rail Access to Heathrow, M4 Smart Motorway, and, longer term, a third runway at Heathrow. For the most part, the rationale for these investments is defined nationally. It reflects, again, the importance of London within the economic life of the UK and/or the significance of international gateways.

In parallel, it is important to recognise a set of infrastructure issues that needs to be defined at a more local scale. This includes long-established priorities (like a third crossing of the River Thames), but also on-going imperatives around both intra- and inter-urban connectivity. Both have seen some investment and improvement in recent years, but there is more to be done.

The context for all of this is high levels of congestion. In some respects, this is the inevitable consequence (and cost) of economic buoyancy. Resources from the Local Growth Fund have been used to invest in local improvements. In addition, transport-related stakeholders have noted that:

- local attitudes to large scale development are becoming more positive, because of the potential for major schemes to unlock infrastructure-related investment
- the appetite for virtual and IT-enabled solutions is growing quickly.

Berkshire is ripe for intelligent mobility – one of the Grand Challenges from the

⁹ Thames Valley Berkshire Skills Priority Statement 2018, published by Thames Valley Berkshire LEP

Industrial Strategy White Paper. There is also widespread recognition that behavioural changes will need to be a central part of the solution. This will require more flexibility from employers over working hours, and a greater commitment to sustainable transport modes. Relatively small changes (such as the provision of bicycle storage facilities at more railway stations) could make a big difference in terms of the efficiency and capacity of the transport network overall.

Energy and water

However, another infrastructure that is under pressure is that relating to key utilities.

Investment cycles/processes linked to energy infrastructure are not well aligned to the needs of buoyant local economies: they struggle to react quickly in the context of fast-changing patterns of demand.

Two processes within Berkshire are especially challenging in this context. One relates to major new developments which bring a step-change in demand at a local level. A second reflects sectoral economic changes which are occurring within existing patterns of land use. The increasing number of data centres which occupy sites with B8 warehouse and distribution Use Classes is one important element; and the provision of EV charging facilities (for electric cars) is another.

It appears therefore that solutions to specific infrastructure constraints (notably transport-related) are creating pressures – but also potentially market opportunities – elsewhere. Indeed, it is increasingly recognised that demands on the energy infrastructure are materially important in relation to the pace of, and constraints to, economic growth.

Housing

As noted already, housing pressures across Berkshire are substantial. All six unitary authority areas have affordability ratios that are both challenging and deteriorating. The ratio of median house prices to median gross annual residence-based earning in Slough was 7.7 in 2007 but 11.0 in 2017, and throughout Berkshire, the pattern is similar. Rental levels are also very high.

The housing stock is increasing: between 2006 and 2016, it grew by over 27,000 dwellings with the biggest absolute increases in Reading and Slough. Looking ahead, significant additional housing growth is planned, although the balance may shift spatially towards the other unitary authority areas, most of which have one or more big planned (or at least possible) developments.

For the economic potential of Berkshire to be realised, it will be important that these sites come forward and the housing numbers set out in emerging Local Plans are indeed achieved.

Consultation Questions in relation to Chapter 4

Chapter 4 “boils down” a huge volume of evidence which we have gathered in earnest over the last year (and indeed before that). It seeks to probe the nature of the Berkshire economy, and to flush out both its strengths and weaknesses – and its distinctive characteristics. The strategy (presented in Chapter 6) really is founded on this assessment – so it is important.

In this context:

4-1: Do the “Foundations of Productivity” help explain the nature of economic performance across Berkshire?

4-2: Are there other factors/issues that ought to be considered given the purposes of the BLIS?



 **Apprenticeships**
BERKSHIRE APPRENTICESHIP SERVICE

5: Assets, challenges, constraints and opportunities

Berkshire has a mix of world-leading assets, but also major constraints linked to the growth process. These attributes need to be understood in the context of more general trends and drivers – social and environmental as well as straightforwardly

economic. Cutting across all of these are specific global trends which will transform our future. Identified in the Industrial Strategy White Paper as Grand Challenges, four key ones are: artificial intelligence and data; future of mobility; clean growth; and ageing society.

Table 1 below summarises the future-facing opportunities and/or challenges that are linked to the key assets and constraints which define Berkshire. These frame both the Vision and Priorities for the BLIS (which are described fully in the chapter that follows).

Table 1: Framing the BLIS: Assets, challenges, constraints and opportunities

Asset/constraint	Future-facing opportunities and challenges for Berkshire
High incidence of internationally-owned businesses, particularly in the IT/digital sector	<ul style="list-style-type: none"> Major risks and uncertainties linked to the process of Brexit Concerns relating to the “hollowing out” of higher value or higher knowledge content functions in Berkshire Risks surrounding the retention of younger workers within Berkshire, including international ones
University of Reading – as Berkshire’s only major higher education institution	<ul style="list-style-type: none"> Specialist research and teaching within the ambit of all four of the Grand Challenges Scope to invest in the wider innovation ecosystem, recognising that the University of Reading needs to be a central player within this
Well-qualified and economically active working population	<ul style="list-style-type: none"> Existing workforce skills ought to mean that Berkshire can be an agile economy, adapting effectively to technological change and, at times, being in the vanguard Those people that are not well-qualified are at risk of in-work poverty, particularly given the nature of the housing market (both owner occupied, and rental)
Retaining young people	<ul style="list-style-type: none"> London has magnetic appeal to younger adults and Berkshire struggles to hold on to its young people – particularly recent graduates
Fragmented innovation ecosystem	<ul style="list-style-type: none"> The innovation ecosystem is under par, particularly in comparison to the well-qualified nature of the workforce: it may struggle to compete with the best in the world and this may matter as knowledge content rises Opportunities exist to forge alliances, particularly with Oxfordshire (through Oxfordshire LEP), and Hampshire and Surrey (EM3 LEP), to accelerate and encourage innovation and enterprise within key sectors Major challenges surround the lack of “ecosystem champions”: who “talks up Berkshire” as a focus for dynamic and entrepreneurial small businesses and a hub for young entrepreneurs?
Berkshire’s towns	<ul style="list-style-type: none"> Town centre issues are “writ large” and there is a need for creative responses, informed by the achievements in Bracknell

Asset/constraint	Future-facing opportunities and challenges for Berkshire
	<ul style="list-style-type: none"> • In some cases, Crossrail ought to provide a catalyst for town centre regeneration and growth (Reading, Tyxford, Maidenhead) • Smaller towns in the more rural parts of Berkshire need to function as economic hubs • Berkshire’s towns need more profile – and they need to develop a more consistently excellent cultural offer
Berkshire’s “brands”	<ul style="list-style-type: none"> • Windsor Castle, Ascot, Eton College, etc., are known around the world, and they present a great opportunity to raise the profile of Berkshire vis-à-vis investors and businesses • The multicultural nature of Berkshire also needs to be celebrated: “<i>the world comes to Berkshire</i>” and this ought to be a headline that is promoted
Employment land	<ul style="list-style-type: none"> • Lower value uses are in the process of being squeezed out with major consequences for the mix of jobs within Berkshire: looking ahead, there is a need to ensure that appropriate provision is retained, despite market and other pressures
Rural parts of Berkshire	<ul style="list-style-type: none"> • The natural environment is, in large part, outstanding and it needs to be celebrated in these terms, recognising the contribution it makes to the area’s quality of life • Rural communities must however be sustainable – and the loss of young people in the context of very high house prices is a threat
Transport infrastructure	<ul style="list-style-type: none"> • Berkshire’s transport infrastructure is very congested despite seeing major investment projects: modal shifts and behavioural changes will be important, as potentially will be the use of autonomous vehicles and other digital solutions
Housing provision	<ul style="list-style-type: none"> • There are major challenges relating to housing supply – both the quantity and the affordability in the owner-occupied and rental markets
Large parts of Berkshire are functional floodplain and/or Green Belt	<ul style="list-style-type: none"> • There is relatively little developable land – meaning that high density solutions will be needed and also that hard decisions may need to be taken about the nature and direction of growth over the medium-long term

Consultation Questions in relation to Chapter 5

Although short, Chapter 5 is important in moving from analysis towards strategy, and ensuring that the BLIS is future facing: it needs to anticipate major risks (upside and downside) for the economy of Berkshire as it looks ahead to 2030 and beyond.

5-1: Is the summary assessment a fair one? Does it capture the principal challenges that Berkshire is facing?



6: Vision, strategy and priorities

Vision: the best of both global and local

At the core of our Vision is a commitment to becoming **the best of both global and local**.

We have an outstanding location at the heart of one of the world's major international gateways and adjacent to a thriving world city. This gives us tremendous opportunities for international business and for trading around the world. At the same time, we cherish the places (both urban and rural) that define Berkshire. These must be encouraged to thrive – as must the businesses and communities that call them “home”.

Against this backdrop, our Vision is simply that **Berkshire should grow with ambition and intent**. We want to accelerate the

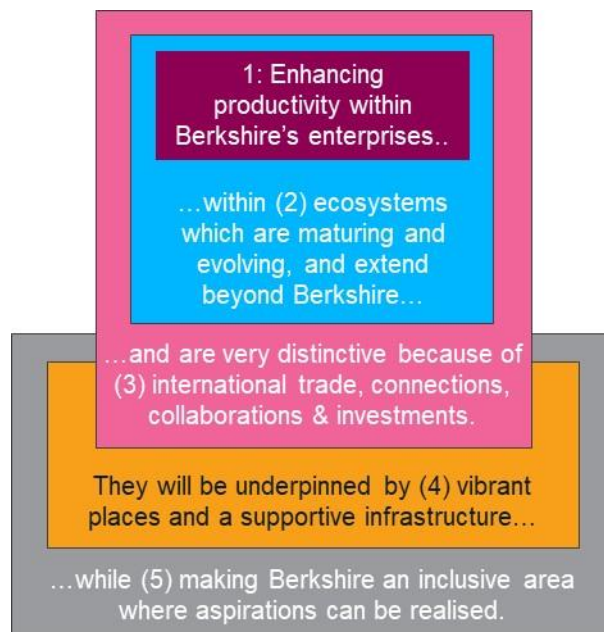
pace of economic growth – consistent with the strength of our assets – and then to sustain it at a high level, but we also want to see *good* growth. By this, we mean growth that is smart, knowledge-intensive, inclusive and resilient. We want businesses to thrive, communities to prosper and individuals of all ages to progress and flourish.

The consequence will be that we generate businesses, jobs and output that would simply not occur elsewhere. These will add to the health of the UK economy overall.

From Vision to Priorities

Although our economic fundamentals are robust, there is much to do in achieving this Vision. Our immediate priorities are set out in the graphic below and explained in the pages that follow. Our intention is to develop these in the light of consultation feedback over the summer months, and in discussion with central government through the process of co-design.

Figure 6: Our Priorities



Priority 1: Enhancing productivity within Berkshire's enterprises

Why this is a Priority:

- Evidence from the Productivity Commission suggests that levels of investment have stalled within Berkshire owing to macro-economic / political uncertainty and high levels of caution within the business community. Perversely, this means that productivity may have been inflated over recent years (as existing assets have been sweated hard), but future prospects may be less good. The imperative now must be to encourage businesses to invest such that productivity improvements can take place over the medium-long term.
- For most businesses, their key resource is their staff. Investing in appropriate forms of workforce development is crucial for firms to thrive in the medium-long term.
- Berkshire has a reasonable group of scale-up businesses, but it is important that these continue to invest and grow. Berkshire must provide a business environment that nurtures growing businesses. Issues with regard to the stock of commercial premises are important in this context, as are workforce skills.

What we propose to do in response:

- We want to encourage Thames Valley Growth Hub to work with businesses from different sectors to ensure they understand what productivity is, and unlock investment decisions.
- We want to build on the ScaleUp Berkshire Programme to continue encourage small businesses to grow to medium size and beyond.
- We want to build on the Funding Escalator – with links to British Business Bank and Business Growth Fund – to ensure that more businesses within Berkshire have appropriate access to growth finance.
- We want to provide an appropriate supply of sites and premises to help smaller businesses invest and grow. This will include some lower cost provision which will help in relation to the “middle level” jobs which have been identified as critical in relation to progression and inclusivity.
- We want to ensure that Berkshire's businesses have access to the best possible (existing and emerging) digital infrastructure; to this end, we will work with the major providers to ensure that major employment sites are prioritised.
- We want to work with the area's SMEs to support them to invest in their staff throughout their careers, including through an increase in the uptake of apprenticeships.
- We want to develop a more flexible approach to skills provision, which responds to the increasing diversity of working practices.

Priority 2: Ecosystems which are maturing and evolving and extend beyond Berkshire

Why this is a Priority:

- Berkshire's business community is ensconced in wider ecosystems (networks of relationships and interdependencies linked to economic life) – although compared to elsewhere, these are currently relatively weak and fragmented.
- Ecosystems are important in terms of knowledge spill-overs and more general processes of innovation; they

are also crucial in relation to risk and resilience.

- The process of enterprise/growth needs to be encouraged within deepening and evolving ecosystems which follow their own economic geography(ies): for IT and digital sectors, this extends to the south and east of Berkshire, whereas in life sciences, the stronger links are to the north.

What we propose to do in response:

- We want to forge alliances with partners in Oxfordshire (through Oxfordshire LEP) for life sciences, and Hampshire/Surrey (through EM3 LEP) and Heathrow/London on the digital front, building on the SIAs and working towards sub-national sector deals.
- We want to develop the role of University of Reading as an anchor institution, building on Thames Valley Science Park and recognising its assets in terms of the Grand Challenges.
- We want to investigate the potential surrounding other major organisations (possibly including AWE and Syngenta) and also major employment sites (like Green Park and Slough Trading Estate) to develop a network of institutional anchors across Berkshire. We consider this model to be highly appropriate given the settlement structure and the distribution of businesses/people.
- We want to support the appropriate development of innovation spaces in our town centres and/or close to railway stations.
- We want to develop flexible and market-led skills/workforce plans that are driven by the needs of major sectors, build “Berkshire’s future talent”, and use apprenticeship (and other) routes to make them happen;

this could potentially include an Institute of Technology.

- We want to identify, encourage and celebrate reinvestment cycles, building a stronger “sense of place” in the process.

Priority 3: International trade, connections, collaborations and investments

Why this is a Priority:

- Berkshire is among the most outward facing local economies in the UK and its prosperity and sectoral make-up owes much to sustained inward investment. There is also evidence to suggest that inward investment is correlated with strong productivity performance. The inference therefore is that Berkshire’s productivity strengths may reflect its international make-up.
- Berkshire has big economic advantages and potentials linked to Heathrow Airport; in principle, these ought to be strengthened further in the context of a third runway.
- However, the scale of inward investment fell in 2018/19 and patterns and processes of both inward investment and international trade may well change in the context of Brexit. This presents risks – upside and downside – and designing in resilience needs to be a priority.
- There is some concern that the international corporates have “hollowed out” activities in Berkshire. Specifically, Berkshire appears to attract sales, marketing and management functions, with innovation-focused activities located elsewhere.
- More generally, there is a need to deepen/strengthen relationships within broad ecosystems and

emphasise the importance of place-based assets from the perspective of international investors and the internationally mobile workforce.

What we propose to do in response:

- We want to exploit fully the benefits of Heathrow proximity including, most immediately, through the work of the Heathrow Strategic Planning Group and the priorities identified in the Heathrow-focused Science and Innovation Audit.
- We want to stay close to the major companies in Berkshire to understand how their thinking is evolving, particularly as the Brexit process unfolds.
- We want to involve the corporates in ecosystem development ventures – both in branding terms, and attitudinally: the major inward investors ought to be functioning more as anchor institutions and contributing fully to economic life within Berkshire. We believe there is scope to develop networks of businesses that are operating internationally to “share war stories” and strengthen links.
- We want to build our relationships with the “next generation” of international investors in Berkshire, ensuring that we remain a leading location for global tech investment.
- Through the Growth Hub and the Department for International Trade (DIT), we want to encourage small businesses to “think global” and trade internationally.
- We want to continue to promote Berkshire internationally – as a culturally rich and beautiful place that is also a thriving hub for IT/digital businesses and for the life sciences. In this context we want to forge stronger links with similar “global places” (e.g. Boston, Zurich).

- We also want to highlight more explicitly the quality of the area’s countryside (as part of the area’s USP in relation to international investors and investment).
- We want to take steps to celebrate “the world coming to Berkshire”, welcoming workers and investors from across the world.

Priority 4: Vibrant places and a supportive infrastructure

Why this is a Priority:

- Berkshire lacks a dominant city (other than, arguably, London) and its towns – and in particular its town centres – need to function well. Some have seen real progress over the recent past (e.g. Bracknell) and some are developing ambitious plans (e.g. Slough), but across the piece, it will be important that the towns flourish, including with regard to their cultural offer.
- In parallel, Berkshire needs to continue to make better use of employment sites – whilst recognising the pressure that exists to divert employment land to housing uses. Throughout, there is a need to be flexible and responsive: “meanwhile uses” have a key role to play.
- Berkshire also needs to confront a range of infrastructure constraints and possibilities, recognising that energy/utilities is under considerable pressure and new investment is required.
- The transport network is congested. In part, this is an inevitable consequence of economic success. But the network also lacks resilience. It is overly dependent on key routes (such as the M4). Digital solutions need to be a key part of the response (including Smart M4, which is due to be completed in 2022).

- Finally, housing delivery is an overarching concern. Although this is creating pressures in relation to congestion, there is an urgent need to improve affordability and provide more (young) people with a home. There will be a need for mixed tenures (shared ownership, market rent, and opportunities to move between tenures).

What we propose to do in response:

- The agenda relating to Priority 4 is enormous. It extends well beyond the immediate remit of the BLIS and into the domain of spatial planning. However, there are steps that could be taken by wider partners and stakeholders.
- There is a need to celebrate and promote Berkshire’s town centres as interesting and rewarding places, linking in part to Berkshire’s cultural/leisure offer and recognising that they need to help attract and retain young people (particularly recent graduates). There is also a need to re-establish town centres as a place for enterprise. This will link with Priority 1 and Priority 2.
- With regard to transport, the imperative is to emphasise the ongoing importance of
 - modal shifts and the development of sustainable transport solutions
 - the use of big data in redefining transport issues.
- In relation to spatial development, it will be important to ensure that good use is made of sites close to railway stations and motorway junctions, and in strategic transport corridors, nurturing the development of connected ecosystems.
- More generally, it will be important to ensure that the full range of provision for land and premises required by

major sectors is available – from start-up (incubator, managed workspace) to grow on space – in suitable locations (both urban and rural)

- In relation to housing, steps need to be taken to accelerate delivery. In addition – given the costs linked to Berkshire – there may be a case for a Berkshire-specific “help to buy” scheme.

Priority 5: Making Berkshire an inclusive area where aspirations can be realised

Why this is a Priority:

- There are particular risks linked to inclusivity in Berkshire: the downside of outstanding international connectivity is that it has the scope to be a very unequal place.
- Within this context, there is a need to focus strongly on the challenges and potential of “the middle” in terms of labour market, sectoral composition, property provision, housing, etc. This may well define a particularly important role for the public sector – but in the context of a dynamic, commercially-driven economy.

What we would like to do in response:

- The agenda linked to Priority 5 is enormous and many of the key levers are national in scale. However, working with partners and stakeholders, we can make a difference locally.
- There is a need to refocus adult learning on employment flexibility, recognising the impact of technology need to plan for major career changes. Steps ought also to be taken to develop a dialogue around the concept and process of “progression”, both *within* and *across* firms and

sectors as lifetime working patterns become more complex.

- More specifically, there is a case for promoting the uptake of the Living Wage, building on the success of Heathrow Airport, and linking any public support to the adoption of the Living Wage.
- Linking to Priority 2, steps ought to be taken to ensure that “ecosystem leaders” reflect the wider population of Berkshire, particularly with regard to ethnicity, nationality, age and gender. In this context, the

importance to productivity and growth of culturally diverse workforces in vibrant ecosystems ought to be recognised and celebrated – a workforce for/from the world.

- There is a need to consider the scope for delivering social value through procurement decisions (for example to support local recruitment) and training), and recognise the role of the public sector more generally.

Consultation Questions in relation to Chapter 6

Chapter 6 is the main statement of strategy, based on the evidence and analysis set out in preceding chapters and anticipating the implementation arrangements that are described later. The detail of Chapter 6 however remains to be developed and it is in this domain that we will focus particularly over the summer months. Comments and feedback in relation to Chapter 6 are therefore especially important.

6-1: Chapter 6 begins with a Vision. Do you support it?

6-2: Chapter 6 sets out a huge agenda for action under five distinct Priorities. Within this, what do you consider to be the most important Priority(ies) in seeking to achieve the Vision?

6-3: Moving down a layer, what do you consider to be the most important potential actions under each Priority, taking each in turn:

- *Priority 1: Enhancing productivity within Berkshire’s enterprises*
- *Priority 2: Ecosystems which are maturing and evolving and extend beyond Berkshire*
- *Priority 3: International trade, connections, collaborations and investments*
- *Priority 4: Vibrant places and a supportive infrastructure*
- *Priority 5: Making Berkshire an inclusive area where aspirations can be realised*

6-4: Currently, actions under each Priority are set out in headline and indicative terms only. How might you/your organisation contribute to their development over the summer and their delivery thereafter?

6-5: Currently, many people who live in Berkshire are not really benefitting from the area’s economic vibrancy. What more should be done to help improve their life chances?



7: Delivery commitments and alliances

Chapter 7 will need to be developed once the detail of Chapter 6 is agreed.

However, it will be based on the following points of principle:

- Alliances will need to be forged and sustained to deliver the BLIS which extend beyond the boundaries of Berkshire: they will be driven by relevant functional footprints, and spatially, they may vary from one intervention to the next. These alliances will include regional arrangements where appropriate – e.g. Transport for the South East (TfSE), partnerships linked to Heathrow Airport, and Innovation South.
- National relationships will also be needed – and Berkshire will be a national trailblazer in relation to parts of its BLIS. For these, we would expect close relationships with relevant parts of central government (e.g. with DIT in relation to inward investment and Heathrow Airport).
- The unitary authorities will play a key role – particularly in relation to infrastructure. Implementation plans will be important here.
- Grant funding will need to feature, but in a minor and targeted way only (e.g. Shared Prosperity Fund). More generally, there will be a need to commit to potential funding mechanisms that are self-sustaining – including for infrastructure and other investments that have traditionally been funded through the public purse.
- There will be a mix of short- and long-term priorities and interventions. Amongst the former, there should be some that are “ready to go”, should relevant bidding opportunities emerge.

Consultation Questions in relation to Chapter 7

This chapter needs to be developed once delivery priorities are more clearly specified, but it will be crucial in terms of giving the BLIS traction – both locally and nationally.

7-1: How will you/your organisation contribute to the delivery of the BLIS?



8: Monitoring and evaluation

This chapter will be developed once the strategy is complete. It will set out some high level and indicative quantified targets, taking into account the overarching purposes set out in Chapter 2 – and the emphasis will be on measures of productivity and inclusivity.

It will provide relevant logic chains with a statement of possible methods and approaches. These ought to be informed by a discussion in terms of the level of resource that we (and our partners) are willing and able to commit to M&E.

In addition, it may be appropriate to discuss and agree M&E plans with other areas (e.g. in relation to sectoral approaches) and central government (in relation to elements where Berkshire is – in some sense – a national leader).

Consultation Questions in relation to Chapter 8

This chapter will be developed once the rest of the BLIS is essentially in place, but comments in response to three questions would be helpful:

8-1: Is there any evidence linked to monitoring and evaluation – and an overall assessment of “what works” – that you might find especially useful?

8-2: What could you/your organisation contribute to generating that evidence?

8-3: How much resource do you think should be devoted to M&E – and in what ways could your organisation contribute?



Photo credit: Royal Borough of Windsor & Maidenhead



This page is intentionally left blank