

Wokingham Borough Council

Royal Borough of Windsor and Maidenhead

Optalis

Optalis/RBWM Merger Project

Merger Model

September 2016 Version 5.5



THE ROYAL BOROUGH OF
WINDSOR AND
MAIDENHEAD



This page is intentionally blank



TABLE OF CONTENTS

1	INTRODUCTION	1
2	STRATEGIC RATIONALE FOR MERGER PROPOSAL.....	2
3	BUSINESS CASE DEVELOPMENT	4
4	MERGER MODEL	6
5	KEY DRIVERS.....	6
6	GENERAL DESIGN.....	8
7	SCOPE	10
8	PROFIT SHARE AND SHARE PURCHASE.....	11
9	GOVERNANCE AND CONTROL.....	12
10	COSTS OF MERGER.....	15
11	EXPANSION.....	15
12	EXIT ARRANGEMENTS	15
1	APPENDIX 1: SCOPE AND BUDGETS	17



This page is intentionally blank



1 INTRODUCTION

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

BOX 1: Local authority representation

RBWM

Councillors

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

Officers

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

WBC

Councillors

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

Officers

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

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



2 STRATEGIC RATIONALE FOR MERGER PROPOSAL

RBWM

- 2.1 RBWM's motivation for 'delivering differently' is to ensure the most effective services which improve outcomes for residents which support sustainable growth, provide resilience in the workforce and respond to the current and future financial challenges.
- 2.2 RBWM Adult Services comprises a range of functions including:
- Direct delivery of:
 - Care and support for older people, people with learning disabilities and or physically disability, people with mental health issues and carers.
 - Short term reablement and support, day services and a small amount of residential and respite provision.
 - Services to carers, including help with respite care, and career advice.
 - Support services for instance: organising of external placements such as care home placements, day centres, equipment and adaptations, home care, personal budgets, direct payments, and financial assessment.
- 2.3 Integrated adult social care services offer the borough's residents the greatest opportunity to receive service at the point they need the support, in the way they need and at the time they need it. Our commitment to delivering integrated services informed the analysis of how services could be delivered, for instance is the:
- Function dependent on other services areas and if separated, would it reduce the likelihood of improved outcomes.
 - Service a statutory responsibility that is appropriately linked to another service.
- 2.4 The analysis concluded that only some adult services functions would be out of scope of any new delivery model with Optalis, these include:
- Functions that the local authority is not authorised to delegate, the statutory role of the Director of Adult Social Services and oversight of safeguarding.
 - Strategic commissioning at a population level, including contract, quality and performance management.
 - Services already integrated and commissioned, for instance: integrated – Mental Health and outcome based homecare service.

WBC

- 2.5 From its inception, there has always been ambition for Optalis to pursue growth, through private care provision, contract bidding with other authorities, and through merger/joint venture expansion.
- 2.6 Wokingham BC believes this growth provides resilience to the company, enhances its reputation and influence in the market, and aids its promotion to other potential commissioners and partners. Through these, Optalis Ltd is then better able to provide a return to the tax-payers of Wokingham, whether through profit and dividend or through reduced costs to the Council as commissioner of its services. Further, expansion should support recruitment and retention, a challenge across the sector, as the employing 'offer' to staff improves.



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



3 BUSINESS CASE DEVELOPMENT

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

Shareholder Reference Group

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

Table 1: Shareholder Reference Group – suggested membership

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

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

Project Board

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

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

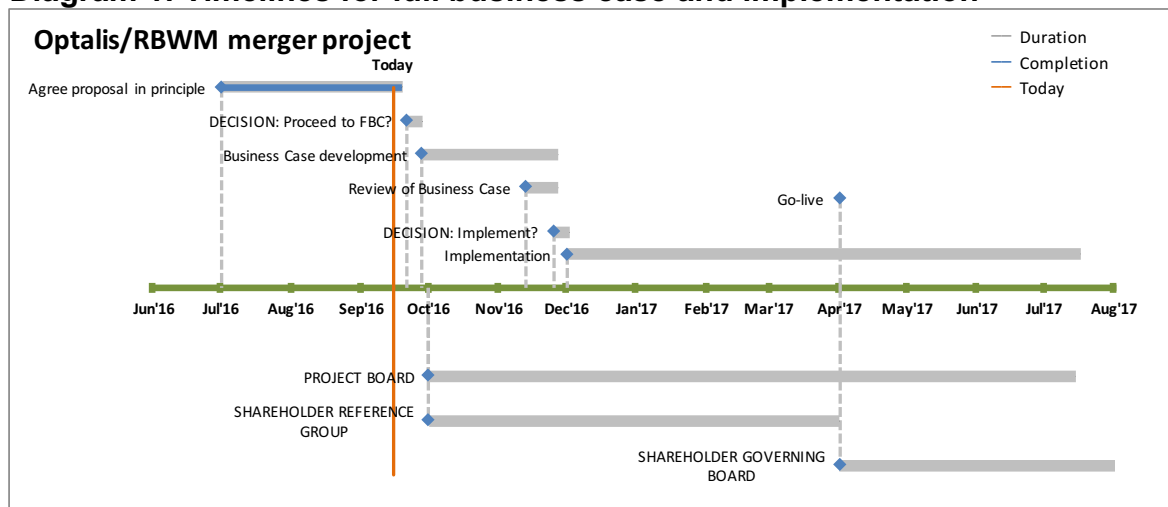


Table 2: Project Board – suggested membership

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

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

Diagram 1: Timelines for full business case and implementation



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



4 MERGER MODEL

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

5 KEY DRIVERS

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

Table 3: Key drivers areas of agreement

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



		RBWM	WBC
2	Improves recruitment and retention: recruitment and retention of quality staff is key to future success and can avoid competition for staff.	Yes	Yes
3	Ensures a supply of quality service provision in the changed service world of personalization in response to commissioning 20-25% of the market as people commission themselves, Optalis needs to be in that market.	Yes	Yes
4	Gains market management capability: joining Optalis puts an alternative provider in the market, assisting to influence other local providers.	Yes	N/A
5	Gives a preferred Provider of Last Resort: RBWM, as commissioners, needs to be able to call on a provider that will guarantee to manage a failing service when they request it. This can only happen if RBWM has a level of control over such a provider. This level of control is usually associated with some form of ownership. This 'step-in' service is often termed 'The Provider of Last Resort'. This is separate from RBWM's statutory safeguarding duty in the event of provider failure but will be a significant support to enable it to deliver its duty.	Yes	N/A
Quality – one area			
1	Maintains quality: <ul style="list-style-type: none"> Improving quality is not seen as a major driver as the perception is that the services are currently performing well. The current level of service quality must be maintained for customers – service resilience would be increased. 	Yes	Yes
Control – one area			
1	Control is shared: <ul style="list-style-type: none"> Both councils are seeking a partnership with shared control. Shareholding proportions will be marginally in favour of WBC in the first two years, or until a new partner is admitted. Partner authorities have control of their services through contracts. A commissioning relationship and strong contract management will ensure control of each Council's services as delivered by Optalis. 	Yes	Yes
Risk – four areas			
1	The implementation of the merger must not negatively impact on current services or service users: a maxim of 'do no harm' to be applied to the implementation programme.	Yes	Yes



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

6 GENERAL DESIGN

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

Table 4: General design areas of agreement

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



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



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

7 SCOPE

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

Table 5: Scope

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



Provider services

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

Phasing of transfer

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

8 PROFIT SHARE AND SHARE PURCHASE

Savings and profit share

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



Table 6: Analysis of annual savings targets

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

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

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

Share purchase price

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

- The expertise that Optalis has built up and its significant brand value.
- The work that Optalis will have to undertake to ensure the successful formation of the new enlarged company.
- The ability to develop and compete with bigger players in a wider market to attract the best staff, delivering the highest quality of service to our residents.
- The opportunity for RBWM to share in current and future additional profits and savings.
- The time, cost and risks avoided by RBWM compared to setting up RBWM’s own LATC.

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

9 GOVERNANCE AND CONTROL

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

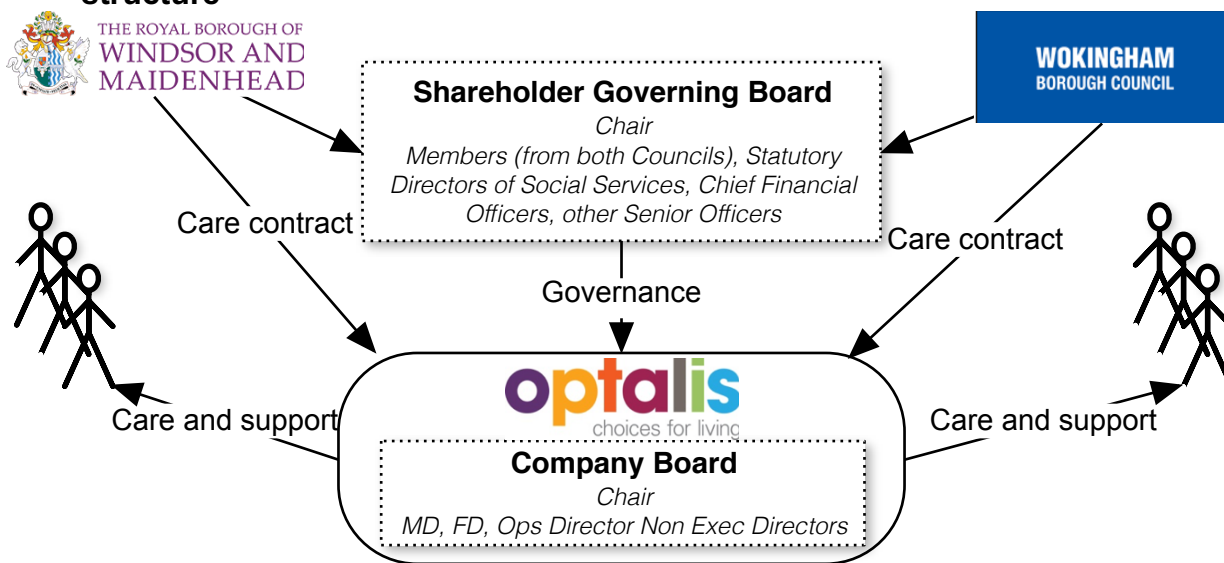
- The merger is for the mutual benefit of both councils.
- Commonality of intent is crucial: Mission, vision and objectives to be jointly agreed.
- Control should be shared equally.

Board structure

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



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



Company Board

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

Shareholder Governing Board

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

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

Shareholder Agreement

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



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

Shareholding

- 9.7 WBC are keen to work in partnership but as the founder of the Company wish to start at the proposed initial shareholdings of:
- WBC 55%
 - RBWM 45%
- 9.8 There is a desire by both partners to move towards a 50/50 shareholding. Through the first two years, progress will be formally reviewed by the Shareholder Governing Group and, provided it has gone well, the Group will then broker a move towards a more equal shareholding. The price of the additional shares will be the same as the initial transfer price.
- 9.9 Chair of the Shareholder Governing Group will rotate every two years between the partners. WBC will hold the Chair for the first two years.
- 9.10 If a new partner is taken on before two years, it is anticipated that this might invoke an earlier change in shareholding percentage of the founding partners.
- 9.11 If any shareholder wishes to dispose of shares, they must first obtain consent of the other shareholders. All shareholders have pre-emption rights on any agreed disposal of shares.



10 COSTS OF MERGER

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

11 EXPANSION

- 11.1 There is a strong desire from both councils to see Optalis expand further in the future, but feel that the only decision necessary at this stage is to agree that it would be a decision by the Partners, and the responsibility of the Shareholder Governing Board to oversee future growth.
- 11.2 The areas in which both Councils would like consideration of growth are:
- Expansion with another Authority, more likely Bracknell and/or West Berkshire - however not for 18 months to allow the merger between Optalis and RBWM to be completed.
 - The future model, with any new partners, would depend totally on the situation of Optalis at that time and the nature of the proposed new Partner's business.
 - The agreement as to how a new Partner would join will be set out in Shareholder Agreement.
 - Both local authorities are in agreement that a range of options for potential new Partners should be considered, from commissioned services to full Partner.

12 EXIT ARRANGEMENTS

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



Optalis/RBWM Merger Project

Merger Model

Appendices



1 APPENDIX 1: SCOPE AND BUDGETS

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

Table 1: In scope and not in scope

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

NOTE 1: Support services include - Out of Hours (£200k), Legal (£165k), Dial-a-ride £100k, Carebank, TVPS, Direct Payment Support.

NOTE 2: Learning Disability service budgets are based on 2016/17 budget, these will be re-based to reflect actual costs and income.

NOTE 3: Services budgets, income and spend, are based upon 2016/17 price base, these will be updated to 2017/18 base.



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

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



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

