



Achieving for Children Joint Committee

Meeting Date:

Monday, 2 March 2020

Agenda

Meeting Time:

11.30 am

Meeting Venue:

Queen Anne Suite, 1st Floor, Guildhall, Kingston

Members

Councillor Stuart Carroll
Councillor David Hilton
Councillor Andrew Johnson (Co Chair)
Councillor Kevin Davis
Councillor Liz Green (Co Chair)
Councillor Diane White
Councillor Penelope Frost
Councillor Paul Hodgins
Councillor Gareth Roberts (Co Chair)

Committee Shilpa Manek
Administrator 01628 796310

1. WELCOME AND APOLOGIES

Apologies for absence and attendance of alternate members.

2. DECLARATIONS OF INTEREST (Pages 3 - 4)

Members are invited to declare any disclosable pecuniary interests and any other non-pecuniary interests (personal interests) relevant to items on this agenda.

3. MINUTES OF THE LAST MEETING (Pages 5 - 6)

To consider and approve the minutes of the meeting held on 9 December 2019.

4. PUBLIC PARTICIPATION

Members of the public may ask questions or make representations.

Notice of questions or representations to be submitted must be received by 12 noon on Friday 28 February 2020.

Please email Shilpa Manek – shilpa.manek@rbwm.gov.uk

5. GOVERNANCE REVIEW 2019-20 AND PROPOSED NEXT STEPS (To Follow)

The Joint Committee to agree a number of recommendations made in the report.

6. RESERVED MATTERS TAKEN SINCE LAST MEETING - VERBAL (Verbal Report)

The Joint Committee notes the reserved decisions that have been taken since December 2019.

7. RESERVED MATTER - TREASURY PLAN (Pages 7 - 14)

The Joint Committee are requested to approve the treasury plan/agree recommendations in the report.

8. AOB

The Joint Committee to raise any other business.

MEMBERS' GUIDE TO DECLARING INTERESTS IN MEETINGS

Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a DPI or Prejudicial Interest. If a Member has already disclosed the interest in their Register of Interests they are still required to disclose this in the meeting if it relates to the matter being discussed.

A member with a DPI or Prejudicial Interest **may make representations at the start of the item but must not take part in the discussion or vote at a meeting.** The speaking time allocated for Members to make representations is at the discretion of the Chairman of the meeting. In order to avoid any accusations of taking part in the discussion or vote, after speaking, Members should move away from the panel table to a public area or, if they wish, leave the room. If the interest declared has not been entered on to a Members' Register of Interests, they must notify the Monitoring Officer in writing within the next 28 days following the meeting.

Disclosable Pecuniary Interests (DPIs) (relating to the Member or their partner) include:

- Any employment, office, trade, profession or vocation carried on for profit or gain.
- Any payment or provision of any other financial benefit made in respect of any expenses occurred in carrying out member duties or election expenses.
- Any contract under which goods and services are to be provided/works to be executed which has not been fully discharged.
- Any beneficial interest in land within the area of the relevant authority.
- Any licence to occupy land in the area of the relevant authority for a month or longer.
- Any tenancy where the landlord is the relevant authority, and the tenant is a body in which the relevant person has a beneficial interest.
- Any beneficial interest in securities of a body where:
 - a) that body has a piece of business or land in the area of the relevant authority, and
 - b) either (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body **or** (ii) the total nominal value of the shares of any one class belonging to the relevant person exceeds one hundredth of the total issued share capital of that class.

Any Member who is unsure if their interest falls within any of the above legal definitions should seek advice from the Monitoring Officer in advance of the meeting.

A Member with a DPI should state in the meeting: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations on the item: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Prejudicial Interests

Any interest which a reasonable, fair minded and informed member of the public would reasonably believe is so significant that it harms or impairs the Member's ability to judge the public interest in the item, i.e. a Member's decision making is influenced by their interest so that they are not able to impartially consider relevant issues.

A Member with a Prejudicial interest should state in the meeting: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations in the item: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Personal interests

Any other connection or association which a member of the public may reasonably think may influence a Member when making a decision on council matters.

Members with a Personal Interest should state at the meeting: ***'I wish to declare a Personal Interest in item x because xxx'. As this is a Personal Interest only, I will take part in the discussion and vote on the matter.***

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Public Document Pack Agenda Item 3

ACHIEVING FOR CHILDREN JOINT COMMITTEE

MONDAY, 9 DECEMBER 2019

PRESENT: Councillors Stuart Carroll, Andrew Johnson, Penelope Frost, Gareth Roberts, Alison Holt and Kim Bailey, Ian Dodds

Officers: Duncan Sharkey, Hilary Hall, Shilpa Manek, Elizabeth Broadhurst, Mandy Skinner, Kirsty Hogg, Cenine Whitebourne, Rob Garner, Sarah Ireland, Ian Thomas and Sian Wicks

WELCOME AND APOLOGIES

The Chairman welcomed all to Windsor for the Achieving for Children Joint Committee.

Apologies for absence were received from Councillors Hilton (RBWM), Davis, Green and White (Kingston), Hodgins (Richmond) and David Archibald. Councillors Bailey and Holt were substituting from Kingston.

DECLARATIONS OF INTEREST

No Declarations of Interest were received.

MINUTES FROM THE LAST MEETING

RESOLVED: the minutes of the meeting held on 24 June were approved.

PUBLIC PARTICIPATION

No questions or representations had been received.

APPROVAL OF AFC BUSINESS PLAN - REPORT

Ian Dodds, Managing Director, Achieving for Children, informed the Committee that they had seen the framework for the business plan at the last meeting. All comments made at the last meeting had been taken on board and additional actions had been added. The draft business plan included the changed position, less focus on growth and commercial development and a greater focus on the services it provided in Kingston, Richmond and RBWM. This was reflected in the shape of the business plan with an overarching introduction and a statement of what AfC would look like as a company by 2024 and then a separate section on what AfC would deliver for the three commissioning councils plus a separate section specific to each council, each based on the councils' corporate objectives set out in their corporate plans. This was the second business plan for AfC, first one was until 2017-18 and then an interim one was in place. This would be published in March 2020 and would be active from April 2020. There were no further comments from the Committee.

RESOLVED Unanimously: Joint Committee approved the draft business plan for Achieving for Children, from 2020 to 2024 as required by Reserved Matter 13.

RESERVED MATTERS TAKEN SINCE LAST MEETING - VERBAL

Ian Dodds, Managing Director, Achieving for Children, informed the Committee that no reserved matters had been taken since the last meeting.

TRADING UPDATE - REPORT

Ian Dodds, Managing Director, Achieving for Children, informed the Committee that a trading update was provided to every joint committee explaining the contracts that AfC had won and the funding submitted. Since the last meeting, no new contracts had been taken on by AfC. There were some applications for grant funding that had been submitted and these had been included in the report. Where funding was specific to a local authority area, this was specified in the table, Kingston in this instance.

RESOLED Unanimously: The Joint Committee noted the income generated by Achieving for Children through its business development activities, and the potential opportunities to generate further income in 2020/21.

UPDATE ON RICHMOND/KINGSTON RECOMMISSIONING PROCESS - VERBAL

Sarah Ireland, Director of Corporate and Commercial, Kingston, provided an update to the Committee informing them that both Kingston and Richmond had contract extensions coming up in March 2021. Both councils needed to give one year's notice if they were going to change that. Both councils had reports going through the system now. The options were to re-enact the contract extension with some changes to specifications, a different contract or not to re-enact and look at a shared service. The decision will be made at Kingston this week and Richmond the following week and then other partners would be informed of the decision once taken. Sarah Ireland confirmed that the recommendation for Kingston was to extend with different specifications and a review of governance arrangements going forward.

AOB

No other business was discussed.

DATE OF FUTURE MEETINGS

The clerk advised the Committee that the date was to be confirmed.

The meeting, which began at 11.30 am, finished at 11.43 am

CHAIRMAN.....

DATE.....

ACHIEVING FOR CHILDREN JOINT COMMITTEE

DATE: 2 MARCH 2020

REPORT OF: ASSOCIATE DIRECTOR OF FINANCE – ACHIEVING FOR CHILDREN

SUBJECT: RESERVED MATTER – APPROVAL OF AfC's TREASURY PLAN

1. INTRODUCTION

- 1.1 The approval of the Treasury Plan for AfC (the Plan) is a Band Three Reserved Matter that is delegated to the Joint Committee for decision. The Plan is approved annually and when events require a review. The Plan was last reviewed and approved by the Joint Committee in June 2019.

2. RECOMMENDATION

That the Joint Committee:

- a) **Note the contents of this report,**
- b) **Consider the review of the share of the Revolving Credit Facility (paragraph 4), and**
- c) **Approve Treasury Plan as set out in the Appendix to this report (no change from Joint Committee in June 2019).**

3. PURPOSE AND OPERATION OF THE TREASURY PLAN

- 3.1 The Reserved Matters preclude AfC from entering into any borrowing, credit facility or investment arrangement without the approval of the Councils and the Plan provides the authority for AfC to carry out the agreed actions set out in the Plan.
- 3.2 Approval of the Plan is also an important element in the arrangements that support the 'Teckal' exemption in respect of the services provided by AfC to the Councils, and approving the Plan is a primary control exercised by the Councils over the activities of AfC.

Borrowing

- 3.3 Although the Inter Authority Agreement (IAA) provides for AfC to seek finance or debt funding from third party sources (subject to agreement by the Councils), the primary funding for AfC is provided by the Councils through the Revolving Credit Facility (RCF) because the cost of any borrowing undertaken directly by AfC will be higher than for the Councils. As AfC is unlikely to seek funding from third parties for the foreseeable future no provision for this is included in the current Plan.
- 3.4 The RCF sets out the terms on which AfC can borrow from the Councils and these include:
- a) The total amount of loans made available by the Councils is £45million and the shares of this amount for each Council as agreed in June 2019 are currently as follows:

Council	Amount	Percentage
LB Richmond upon Thames (LBR)	£17.2million	38.1%
RB Kingston upon Thames (RBK)	£16.1million	35.9%
RB Windsor and Maidenhead (RBWM)	£11.7million	26.0%

- b) These shares of the total facility are currently based on the estimated annual contract prices between AfC and the Councils on 1 April 2019. Repayments by AfC are also paid in the proportions shown above. The Councils can unanimously agree to change the share that each Council will make available and the RCF agreement includes a 'trigger' to review the shares if the value of the contract between any of the Councils and AfC increases or decreases by 5% on an annual basis. The impact of the new contract prices between AfC and the Councils for the 2019/20 financial year are considered in paragraph 4.
- c) AfC can only borrow from the Councils to fund 'Qualifying Expenditure' which is:
- I. The Borrower's working capital requirements in connection with the Contracts.
 - II. Any deficits incurred by the Borrower in providing the services to the Lenders under the Contracts (including the original set-up costs).
 - III. Any expenditure incurred by the Borrower in relation to the provision of children's services that is ancillary to the expenditure incurred in providing services under the Contracts to the Lenders (for example the advice and support services that have historically been, and continue to be provided to schools).
 - IV. Any other expenditure of the Borrower as the Lenders may from time to time approve in writing in advance as being Qualifying Expenditure, such permission of the Lenders not to be unreasonably withheld or delayed, provided that such permission shall not be given in circumstances where this may give rise to a breach of the State Aid Regulations.
- d) Loans from the Councils are short-term and AfC is required to repay loans outstanding on each interest date (31 March and 30 September) and re-borrow any requirement as new loans.
- e) Interest is set at 0.5% above base rate and applies to borrowing in relation to the 'Qualifying Expenditure' to comply with State Aid rules.

3.5 The current borrowing by AfC (as at 24 February 2020) is:

	<u>£000</u>
LBR	5,960
RBK	5,066
RBWM	3,874
Total	<u>14,900</u>

3.6 The main purpose of this borrowing is to fund the cash flow requirement resulting from contract payments being paid monthly in arrears by the Councils.

Thus AfC incurs expenditure and invoices the Councils at the end of each month and this is then paid on the 29th of the following month. This means AfC is funding expenditure for up to nearly two months before receiving payment. There are also peaks in expenditure, for example payments made on a termly basis and VAT payments that are based on three-monthly VAT returns.

Investment

- 3.7 There are no specific provisions in the legal documents governing AfC's activities that deal with investments apart from the reference in the IAA that decisions in relation to investments by AfC are a Reserved Matter.
- 3.8 The only use that AfC has made, and is likely to make of investments for the foreseeable future, is in relation to treasury management where AfC needs to maintain sufficient funds on deposit and with instant access in order to meet its regular payments. The alternative would be for AfC to borrow from the Councils on almost a daily basis to fund its payments, which is not realistic in terms of the administration and bank costs involved.
- 3.9 The banks that AfC can use to hold deposits, and the amounts that it can hold in each, will require specific approval from the Councils because as 'guarantors' for AfC the Councils will ultimately bear the risk of AfC's investments. Thus AfC will only make investments in banks/institutions that are included in each Council's list of counterparties and to the amounts that the Councils advise AfC.
- 3.10 The current Plan includes the following limits:

BANK	LIMIT OF INVESTMENT
Barclays Bank	£4,000,000
Nationwide	£3,000,000
NatWest bank	£5,000,000
Svenska Handelsbanken	£2,000,000
Total Investment	£14,000,000

AfC's main operational bank accounts are with NatWest and the limit for this bank includes both the operational current accounts and deposit account.

- 3.11 When RBWM was admitted to the Company the Treasury Plan was reviewed and Barclays Bank was added to the list of authorised banks that AfC could invest in. This was intended to provide sufficient capacity in AfC's resources to deal with the increase in turnover arising from the contract with RBWM and to be able to fund this additional expenditure without having to regularly borrow (and repay) from the Councils on a frequent basis.
- 3.12 It has not been necessary to use the Barclays facility to date and whilst there has been some increase in the size and frequency of borrowing from the Councils this has not proved to be onerous. However, it is anticipated that the Barclays facility could be required at some time in the future so it is proposed to retain Barclays as an approved investment with the limit of £4 million. Before the facility is activated AfC will inform the Council's finance officers as they will need to take this into account in their own investment limits with Barclays.

- 3.13 The Plan allows a degree of flexibility to deal with events that may arise during the course of the year that could impact on the risk of approved banks and investment limits, and provides for the Councils (through their Finance Directors/s151 officers or nominated deputies) to agree such urgent actions as required with subsequent reporting to the Joint Committee and retrospective adoption as amendment(s) to the Plan as a Reserved Matter.

Treasury Operation and Monitoring

- 3.14 In addition to the provisions of the RCF in relation to borrowing, and the arrangements for AfC making investments as outlined above, the Plan also provides assurances to the Councils around the procedures in place for banking and treasury management in AfC and for monitoring by the Councils.
- 3.15 The treasury management and banking functions in AfC are supervised by the Director of Finance and Resources and carried out by suitably experienced staff with appropriate training. Treasury transactions are undertaken on the basis of formal proposals and authorisations requiring at least two members of staff and following the current treasury procedures and policies of the Company. Physical transactions are carried out using the RBS/NatWest secure internet banking system. AfC plans and reviews its treasury activities on a regular basis and longer term plans are reviewed at least annually in line with AfC's business planning process.
- 3.16 The Councils monitor AfC's borrowing through the formal borrowing and repayment requests and they have access to all AfC's financial records on request. Proposed changes to the Treasury Plan are agreed at officer level prior to reporting to the Joint Committee.
- 3.17 AfC will take advice from the Councils on all aspects of its treasury management function and will comply with any instruction or direction from the Councils, acting jointly, with regard to its treasury activities and investments.

4. REVIEW OF THE REVOLVING CREDIT FACILITY (SHARES OF THE COMMITMENT)

- 4.1 As outlined in paragraph 3.4(b) above, the Councils can review and agree their respective shares of the total Commitment at any time and when the annual value of their contract with AfC increases or decreases by 5%. The annual contract values for each Council in April 2019 (the basis of the current share of the Commitment in the RCF) and the budgeted contract values for 2020/21 are:

Contract Price				
	April 2019	Budget 2020/21	Change	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
LBR	52,379	56,630	4,251	8.12%
RBK	49,238	52,829	3,591	7.29%
RBWM	35,665	36,934	1,269	3.56%
Total	137,282	146,393	9,111	6.64%

- 4.2 The value of the contract between RBK and AfC has increased by 6.64% since the current shares of the loan facility were agreed and in accordance with the

terms of the RCF the Councils can review their respective share of the loan facility and any changes to the shares have to be agreed unanimously by the three Councils.

- 4.3 The RCF does not indicate how the review should be undertaken or the basis on which the Councils would agree a new share of the facility but it is reasonable to assume that the intention was to keep the shares of the loan facility in proportion to values of the Council's contracts with AfC. So if there were agreement to vary the shares of the facility to align them with the contract values for 2020/21, the new shares of the Commitment would be as follows:

	Budget 2019/20	Share of Commitment		Previous Share of Commitment	
	£000	£000		£000	
LBR	52,379	17,415	38.7%	17,200	38.1%
RBK	49,238	16,245	36.1%	16,100	35.9%
RBWM	35,665	11,340	25.2%	11,700	26.0%
Total	137,282	45,000		45,000	

- 4.4 The Councils' Finance Officers have been consulted on the review of the RCF Commitment and their responses are –

LBR – Confirmed receipt and investment/borrowing levels for 2020/21

RBK – Confirmed receipt and investment/borrowing levels for 2020/21

RBWM - Confirmed receipt and investment/borrowing levels for 2020/21

- 4.5 If the Joint Committee unanimously approves the revision to the RCF Commitment in line with the latest contract prices it will be necessary to re-align the current loan balance to the new shares for each Council. The impact is shown below:

Share of Current Loan to AfC			
	Existing Share	Revised Share	Change
	£000	£000	£000
LBR	13,106	13,313	207
RBK	12,350	12,418	68
RBWM	8,944	8,669	-275
Total	34,400	34,400	0

5. REVIEW OF THE TREASURY PLAN

- 5.1 The IAA requires the Plan to be adopted or amended from time to time and this should be done at least annually and both take account of and inform the Councils' treasury policies and strategies. AfC will undertake a review of its

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Plan as part of its annual
business planning

process and will also review the Plan at any time that its business or cash flow indicates that a review is necessary to ensure that its banking and treasury activities are operating efficiently and that risks are being appropriately managed.

- 5.2 No changes to the Plan are proposed from the version previously agreed in June 2019. The potential change to the share of the RCF Commitment is not included in the formal Plan as this forms part of the legal framework governing AfC's relationship with the Councils and will be a change to the Revolving Credit Facility.
- 5.3 The Plan for 2020/21 is attached as an Appendix to this report.
- 5.4 The Councils' treasury officers have been consulted on the report and Treasury Plan.

6. FINANCIAL IMPLICATIONS

AfC's Treasury Plan is an essential element in the financial governance of the Company and enables the owning Councils to exercise a significant degree of control over the Company's financial arrangements. The financial implications for each Council of potential changes to the share of the RCF Commitment are set out in paragraphs 4.3 and 4.4.

7. BACKGROUND PAPERS

None.

8. CONTACTS

Michael Smith
Associate Director of Finance
Michael.smith@achievingforchildren.org.uk

Lucy Kourpas
Director of Finance and Resources

ACHIEVING FOR CHILDREN TREASURY PLAN 2019/20
Introduction

1. AfC is not allowed to enter into any borrowing, credit facility or investment arrangement (other than trade credit in the normal course of business) unless it has been approved by the Councils. The Financial Plan (the Plan) provides the authorisation for AfC to borrow and invest in the particular situations specified and the Plan has to be approved by the Members, as the owners of AfC. The decision to approve the Treasury Plan has been delegated to the joint Committee as a Band Three Reserved Matter.
2. The Plan will be reviewed at least annually and when events require a review in order to ensure that the Company's banking and treasury activities are operating efficiently and that risks are being appropriately managed in order to comply with the Councils' treasury policies.

Borrowing

3. AfC will only borrow from the Councils and in accordance with the terms set out in the Revolving Credit Facility (RCF).

Investment

4. AfC will only invest surplus funds, including sums borrowed under the RCF, in order to manage its cash flow to make payment of its obligations in a timely manner without having to borrow on a frequent basis from the Councils.
5. Such investment will be on the following basis:
 - a) Investment will be in deposit/instant access bank accounts that can be withdrawn at notice on the same day
 - b) Investment will be in banks approved by the Councils
 - c) Investment in each bank will be subject to a maximum amount (or limit) invested at any time
 - d) The aggregate of investments in all banks will also be subject to a maximum amount
 - e) The banks that AfC can make investments in and the limits are as follows:

BANK	LIMIT OF INVESTMENT
Barclays	£4,000,000
Nationwide	£3,000,000
NatWest bank	£5,000,000
Svenska Handelsbanken	£2,000,000
Total Investment	£14,000,000

The total aggregate investments that AfC can have outstanding at any time is £14million

6. At any time the Councils can jointly agree to
 - a) remove approval or vary the investment limits for any of the banks, and vary the total aggregate investments
 - b) approve additional bank(s) with appropriate limits on investment, and
 - c) any such changes shall be agreed in writing (email) by the Finance Directors of each Council and AfC (or their appointed deputies for this purpose) and shall be reported to the next meeting of the Joint Committee and adopted as a change to the Plan as soon as practical and appropriate.
7. The treasury management and banking functions in AfC will be supervised by the Director of Finance and Resources and undertaken by appropriately experienced staff within the finance section of AfC. Treasury activity will be planned and reviewed weekly and longer term plans prepared at least annually.
8. AfC will take advice and act on instructions from the Councils, acting jointly, on its treasury activities and investments.