

CORPORATE SERVICES OVERVIEW AND SCRUTINY PANEL

TUESDAY, 6 DECEMBER 2016

PRESENT: Councillors John Bowden, Dr Lilly Evans, Lynne Jones, Eileen Quick and Colin Rayner (Chairman)

Also in attendance: Cllr Rankin.

Officers: Alison Alexander, Russel O'Keefe, David Scott, Simon Fletcher, Ben Smith, Rob Stubbs, Kevin McDaniel and David Cook.

APOLOGIES

Apologies for absence were received by Cllr Burbage and Cllr McWilliams.

DECLARATIONS OF INTEREST

Rob Stubbs and Russell O'Keefe declared interests in the item 'RBWM Property Company Initial Business Plan' as they were directors of the company.

MINUTES

RESOLVED UNANIMOUSLY: That the Part I minutes of the meeting held on 21 November 2016 be approved.

COUNCIL PERFORMANCE MANAGEMENT FRAMEWORK - CHILDREN'S SERVICES

The Chairman had requested that this item be brought to the Panel as three items on the performance scorecard had previously reported "red" for two successive quarters and he wished to hear from the Lead Member what remedial action had been put in place. It was noted that the Lead Member had given her apologies due to a meeting clash.

The indicators that had reported red were:

- % of Children in Care with personal education plans (PEP).
- Number of permanent exclusions.
- % of care leavers in education, employment or training.

The Panel were informed that the PEP recording reflected the position at the end of September 2016 when there had been a number of school changes and new Children in Care. The Virtual School Head had completed 54 PEPs up to the 1st December 2016 so that every child on the school roll had an active plan. The social care team were ensuring that the PARIS system had a correct record of those PEP meeting dates for accurate performance reporting.

With regards to the number of permanent exclusions the Panel were informed that the number of permanent exclusions from RBWM schools was an annual cumulative figure of the decisions made by local Headteachers and their governing bodies.

There was a national increase in 2015/16 following revised DFE guidance that Headteachers had the duty to balance individual needs with the needs of all especially when dealing with "low level disruption". Half of the exclusions in 2015/16 were for "persistent disruptive behaviour". So far in 2016/17 there had been 8 permanent exclusions with all but 1 being for a single specific incident of violence or carrying a weapon. It was expected that this number

would grow during the year as the low level disruption cases develop as the school year progressed.

The Panel were informed that the local education authority had a statutory duty to ensure that schools follow the required process for exclusions and to provide education from the sixth day following permanent exclusions. The cost for providing this education is charged to the High Needs block element of the Dedicated Schools Grant (DSG).

Actions to reduce exclusions required the engagement of all schools and the long-term investment of education resources into services which address the behaviours that lead to exclusions. These services were funded from the High Needs block of the DSG.

The Panel were informed that the care leavers in education, employment or training (EET) measure represents a small cohort of pupils, 41, with over half, 28, in full time EET. Of the remaining 13, a significant proportion, 9, were unable to access EET due to long term health / disability or parenthood. There were four persistent non-attender, two of whom were in and out of mental health services; the Personal Advisor knows all four and continued to work to influence them to choose EET opportunities. The Panel were provided redacted details of the four persistent non attenders.

With regards to exclusions the Chairman questioned if the indicator should be changed due to the change in government guidelines. The Panel were informed that if the KPI was continued to be used the target may need to be revised and another earlier engagement indicator may be introduced.

Cllr Bowden mentioned that the report showed three exclusions due to physical assaults against pupils and asked how serious these were. The Panel were informed that in all three cases the incidents were serious enough to warrant exclusions.

With regards to EET the Chairman asked if it was anticipated that there would be increased challenges and was informed that there were some young people who were reluctant to engage but often when they were older and more settled would go back to education.

The Panel noted the presentation.

DELIVERY OF ADULT SERVICES

The Panel considered the Cabinet report that summarised the business case, the progress on implementation and the identification of the level of support services functions that should transfer to Optalis by April 2018.

The Panel were informed that in October 2016 Cabinet approved the Royal Borough becoming an owner and shareholder in Optalis with an initial 45% ownership share at a cost of £771,302. Providing the partnership proved successful, the Shareholder Reference Group will broker a move towards an equal 50% shareholding within two years.

A full business case had been developed and was a Part II appendix to the report, the business case covered the following areas:

- Strategic rationale.
- The Optalis Partnership.
- Governance.
- Financial appraisal.
- Due diligence.
- Future business opportunities.
- Risks and risk management.
- Implementation.

The Panel were informed that the transfer of services would take place under teckal exemption rules which meant that the usual procurement rules did not apply. Each council would have three members on the holding company board as directors and the report recommended that for RBWM these be Cllr Saunders, Cllr Quick and Cllr Story.

Members noted that work was being undertaken in relation to support staff with staff being identified for transfer or for a cash equivalent being given. Optalis would purchase services from the borough, for example IT, for one year while the situation was reviewed.

Cllr L Evans questioned why three directors were chosen and as informed that this was to match responsibilities with Wokingham and meeting required skill sets.

The Chairman mentioned that it would have been clearer to add that Cllr Saunders was chosen due to his role in finance, Cllr Story due to legal and Cllr Quick do to adult services.

The Chairman also mentioned that it was important that there was provision to remove the directors if required and was informed that this would be clarified with legal. He also mentioned that provision should be made to change the Council's representatives if the administration changed.

Cllr Bowden asked if the Boards chairman would have the casting vote and was informed that this would be the case and that the chairman rotated on an annual basis between the two councils.

Cllr L Evans asked what role would councillors have and was informed that there would be an annual business plan that would be brought to Cabinet and thus scrutiny and that scrutiny could request items to be brought to panel. Performance indicators would still be monitored and when required reported in the IPMR.

Resolved unanimously: That it was noted that this paper was presented by an officer as no lead member for this service was at the meeting.

The Corporate Services O&S Panel considered the Cabinet report asking the officer a number of questions and after they had been answered the Committee fully endorsed the recommendations.

COUNCIL TAX BASE REPORT

The Panel considered the Cabinet report that fulfilled its statutory requirement to set the council's tax base for Council Tax for 2017-18. The tax base was used by Thames Valley Police, Berkshire Fire & Rescue Authority, local parish councils as well as the borough for setting precepts and Council Tax next year. The 2017/18 budget was due to be approved by Council in February 2017 and there was an 1.5% increase to the tax base.

In response to questions it was noted that about 9% of properties received a discount whilst about 41,800 properties paid 100% council tax. It was confirmed that it was expected that there would be 850 new properties added to the tax base next year.

Resolve unanimously: that the Corporate Services O&S Panel considered the Cabinet report asking the officer a number of questions and after they had been answered the Panel fully endorsed the recommendations.

FINANCIAL UPDATE

The Panel considered the Cabinet report that set out the Council's financial performance to date in 2016-17.

The Panel noted that there was a projected £435,000 underspend on the General Fund which was an improvement of £5,000 from the November financial monitoring report. The Council had a combined General Fund Reserves of £6,495,000 this was above the recommended minimum level set at Council.

With regards to Capital projects it was noted that 22% of projects had been completed and 17% had not yet started. In response to a question it was also noted that land fill charges were down due to increased recycling.

Resolved unanimously: that The Corporate Services O&S Panel considered the Cabinet report asking the officer a number of questions and after they had been answered the Committee fully endorsed the recommendations. It was questioned and noted that there were no financial risks facing the authority in the immediate future.

RBWM PROPERTY COMPANY INITIAL BUSINESS PLAN

The Panel considered the Cabinet Regeneration Sub-Committee report that sought approval of the RBWM Property Company's initial five year business plan. The Lead Member explained that the company had recently been renamed to help make it more transparent. The business plan aimed to achieve three things:

- To best put the council's assets to use for the council tax payer and resident, by turning assets as efficiently as possible into revenue generating streams.
- Developing an affordable housing property portfolio.
- Being a key part of Maidenhead regeneration by increasing housing in the town centre

(Simon Fletcher and Ben Smith joined the meeting)

The Panel were informed that the key principles were:

- Ensuring assets were not simply disposed of for short term gain.
- No overall cost to the council tax payer
- Providing strategic direction; the shareholder operating protocol ensured transparency in decision making including proper consultation.

The Lead Member informed the Panel that by the end of the five year period it was anticipated that the asset base would amount to £45m with dividends of over £600,000. During the five to ten year period, arrangements with Joint Ventures and the development of the golf club site would mean the release of further assets.

The Chairman asked if there was a opt out clause for the Council and what would happen if there were a conflict of interest between the Council and the company. The Panel were informed that the company was owner by the Council but there were termination clauses on the articles and that the shareholders had reserved powers over the directors so decisions would need Cabinet / Lead Member approval.

Cllr Quick offered congratulations on the paper as it would benefit both residents and the Council.

Cllr Jones questioned why the repayment of loans was for interest only pre 2017 and questioned if the 80% discount for affordable housing was offering value for money for the company. The Panel were informed that the none payment on capital loans prior to 2017 was to aid the company getting established and that if the 80% discount was not working then adjustments could be made to the business plan and this percentage changed.

The Chairman mentioned that the company would be paying corporation tax and VAT and asked if we would be selling property with VAT and also asked would the sale of land be subject to VAT. The Panel were informed that new build would be subject to 0% VAT whilst

refurbishments 5% VAT. With regards to the sale of land the intention was to hold onto our assets.

Cllr Bowden mentioned that it was good to see the affordable housing element and questioned if it was just for RBWM staff and where discounted rent was offered was this classed as an employment benefit and thus taxable. The Panel were informed that the Council used a wide definition of key workers and this included health workers. The offer of discounted rent to key worker was not taxable; but the Lead Members said he would check.

Cllr Bowden also asked if there was any reason why the affordable housing element was not going to housing associations and was informed that the Council had investigated if the company should become a Registered Provider but because of the number of properties this was not advisable; it was something that may be revisited in the future as the housing stock grows.

Cllr Quick asked if the CIL could be used as the report talks about S106. The Panel were informed that CIL could not be used for affordable housing but S106 could still be used for specific areas such as affordable housing.

Resolved Unanimously: That the Corporate Services O&S Panel considered the Cabinet Regeneration Sub Committee report and fully endorsed the recommendations. The Panel asked for clarification if offering discounted rent to employees was subject to tax as a benefit of employment and thanked cllr Rankin or presenting his report.

DELIVERING DIFFERENTLY IN OPERATIONS & CUSTOMER SERVICES - HIGHWAYS & TRANSPORT SERVICES

The Chairman informed that this item was due to be considered by the Highways, Transport and Environment O&S Panel but he had agreed to add it to this agenda as a late item following a request from Cllr Jones.

The Panel considered the Cabinet report that recommended a new operating model for Highways & Transport and the award of two new contracts for highway and transport services and works.

The Panel were informed that the report covered three lots:

- Lot one: highways management and maintenance, including winter service, street cleansing and projects.
- Lot two: traffic management and ancillary services, including traffic signal maintenance.
- Lot three: Highway and transport professional services, including highways development control and flood risk management.

Lot 2 was intended to remain in-house. Lot 3 would involve the transfer of staff to the Project Centre Ltd and Lot one to Volker Ltd under TUPE conditions. It was explained that the proposals would work in a similar way to the Veolia contract and the proposals would improve resilience. The council would retain day to day control.

Volkers had been procured in West Berkshire and Camden on similar work whilst Project Centre were a small to medium sized business that worked with local authorities. Volkers had their head offices in Hertfordshire but, they would use the council's offices to operate the contract from. Lot two had received a bid from Siemans but, it was costly and was not what the team were looking for so the recommendation related to lot two was to not award and do further work on the contract.

Councillor Jones mentioned that Lot 1 was only showing a £1k saving and was informed that this was correct as staff would be transferred on current pay / conditions. It did offer an opportunity to re design the team that remained with the Council.

The Chairman was concerned that the risks were too high for a £1k saving and was informed that there were other benefits such as greater service resilience and flexibility.

The Chairman asked what the value of the contracts would be and was informed about £3.5 million.

Cllr L Evans asked what would happen if a parish council wished to run part of the service. The Panel were informed that the contracts would be awarded on the work currently undertaken by RBWM, if a parish council wished to bid for work the contracts would need to be amended. This would be done on a case by case basis.

Cllr Bowden asked a question about street cleaning and was informed that the vehicles lease would be transferred across but they would remain RBWM branded.

Councillor Jones mentioned that the proposals represented a fundamental change in the way a range of services were delivered yet the report only highlighted three risks and did not show how the service would operate. The council had seen the success of the Veolia contract, however this area was routine; these areas were more complex. Cllr Jones was also concerned about losing a valuable knowledge bases. Outsourcing gave little or no savings but increased risks. Concern had been raised by the Panel when delivering differently was considered in June 2016 but these concerns had not been addressed by this paper and she felt the Panel were not able to scrutinise it fully due to the lack of detailed business case. The Panel were informed that a comprehensive risk log had been developed during the project and that a central team would remain in the authority and would be able to responds to any questions / concerns raised by Members.

The Chairman raised concern that the report did not show any legal costs for drawing up the contracts and experience showed how important it was to get the contracts right to avoid future problems. It was felt that the cost of doing the legal work correctly would be more then the proposed savings. There was also a lack of evidence that the savings would be delivered and he felt the risks were too high.

Cllr Quick also agreed that the saving proposals were too small for the risk of outsourcing and questioned if there would be service improvement.

Cllr Jones mentioned that the contracts were supposed to provide a more robust service for our residents but there was no evidence in the report of how and in what form. she informed the Panel that the Adult Services and Children's delivering differently report were far more detailed containing business plans.

Resolved unanimously: that the Corporate Services O&S Panel considered the report and unanimously resolved Not to endorse the recommendations. The Panel felt that the report lacked the detail to endorse the recommendations, there were no detail about the legal costs required that if at the correct level of expertise would negate any savings in the report. The members though the report was at best poor!

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

RESOLVED UNANIMOUSLY: That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion takes place on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act.

The meeting, which began at 6.30 pm, finished at 9.40 pm

CHAIRMAN.....

DATE.....