

CABINET

THURSDAY, 27 OCTOBER 2016

PRESENT: Councillors Simon Dudley(Chairman), Phillip Bicknell, David Coppinger, Carwyn Cox, Geoff Hill, Derek Wilson, Natasha Airey, MJ Saunders, Samantha Rayner and Jack Rankin

Principal Members also in attendance: Christine Bateson, Lisa Targowska and Stuart Carroll

Also in attendance: Councillor Jones

Officers: Rob Stubbs, Alison Alexander, Simon Fletcher, Russell O'Keefe, David Scott, Chris Andersen and Karen Shepherd

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor David Evans.

DECLARATIONS OF INTEREST

None received

MINUTES

RESOLVED UNANIMOUSLY: That:

- i) The Part I minutes of the meeting held 29 September 2016 be approved.**
- ii) The Part I minutes of the meeting of the Cabinet Regeneration Sub Committee held on 26 September 2016 be noted.**
- iii) The Part I minutes of the meeting of the Cabinet Local Authority Governors Appointments Sub Committee held on 27 September 2016 be noted**
- iv) The Part I minutes of the meeting of the Cabinet Prioritisation Sub Committee held on 13 October 2016 be noted**

APPOINTMENTS

None

FORWARD PLAN

Cabinet considered the contents of the Forward Plan for the next four months and noted the changes that had been made to the plan since the last meeting. In addition it was noted that:

- The item 'RBWM Property Company – Initial Business Plan' be deferred from the Cabinet Regeneration Sub Committee meeting on 24 October to the meeting scheduled for 13 December 2016
- The item 'Change to Council Tax Empty and Unfurnished Exemption' would be deferred from October to November 2016

- The item 'Adoption of Indoor Sport & Playing Pitch Strategy' would be deferred from November to December 2016
- The item 'Delivering Differently In Operations & Customer Services - Highways & Transport Services' would be deferred from November to December 2016
- The item 'Apprenticeships within the Royal Borough' would be deferred from November 2016 to February 2017
- The item 'Station Opportunity Area – Options' would be presented to the Cabinet Regeneration Sub Committee on 13 December 2016

CABINET MEMBERS' REPORTS

A) DELIVERING ADULT SERVICES

Members considered delivering adult services in partnership with Wokingham Borough Council through their Adult Services provider, Optalis Limited.

Kate Sheehan addressed the meeting. Mrs Sheehan thanked the Lead Member for speaking to her the previous Sunday; the conversation had been informative and had allayed some of her fears. However, she wanted to take the opportunity to raise a number of concerns. This was a major decision that could impact the most vulnerable in the community. She asked Cabinet to address a number of issues:

- The cost of buying into Optalis. She had viewed the accounts online. They did not show consistent growth or financial security. At one point there had been a significant loss, then a £5,000 surplus, and last year a £100,000 surplus. She did not feel this warranted a payment of £800,000.
- Brand value. Ms Sheehan worked in the sector and was aware that Optalis' brand value was limited. They were known in Berkshire and Oxfordshire but not beyond. Optalis did not have extensive knowledge of the private sector.
- Attracting and retaining staff. This was a flimsy benefit as although it allowed for staff progression, people could not afford to live in the area because of the high cost of housing. Optalis already had recruitment issues.

Mrs Sheehan suggested that Members and officers should scrutinise hard how the figure of £800,000 had been arrived at, and negotiate harder for the best interest of residents. She highlighted that for the first 2 years the borough would only own 45% of the company, giving Wokingham the ability to outvote the council. A proper shareholder agreement and a deadlock agreement were needed as politically things would change.

The Lead Member explained that, following Cabinet's decision in May 2016 to explore the option, both councils had employed Care and Health Solutions to facilitate negotiations. This work had concluded and the report requested approval to undertake due diligence and progress development of a full business case and implementation plan, with the objective of transferring staff to the new joint organisation in April 2017. The council did not lose its responsibilities and was required to continue to employ a Director of Adult Services. Those services that were commissioned by the council were currently out of scope, but would be looked at upon renewal. All staff would TUPE transfer with all rights protected including pension rights. A number of support staff would also be affected, the numbers were to be confirmed.

The Lead Member commented that the borough was renowned for the way it managed costs without reducing services. The one problem was size, as it was not

big enough to provide staff with career progression and competed with neighbouring authorities for recruitment. The Lead Member highlighted that the borough was not outsourcing a critical service. The borough already shared services with Wokingham including legal, audit and building control. The only difference here was that staff would be in a wholly-owned trading company with any surplus coming back for the benefit of residents. In his opinion the benefits outweighed the risk as the proposal provided:

- The ability to operate in a competitive market with a less rigid procurement framework
- Scope to drive innovation
- Improved recruitment and retention
- The opportunity to access new revenue streams

All staff had been briefed on the changes and would receive regular communications. In parallel, the borough would consult with residents and partners to ensure all could have their say and develop the new model. Optalis would continue to have its own Management Board, there would also be a Shareholder Board comprising three councillors from each authority. The role of the Overview and Scrutiny Panel would not change, nor the ability for any councillor to challenge Optalis should any issue arise. Agreement had been reached to purchase 45% of Optalis, growing to 50% over time. The price was based on the expertise built up by Optalis, the work required to set up the new model, the ability for the borough to compete with bigger players and the opportunity to share in any surplus achieved. A further £200,000 was requested to finance a smooth transfer. It had initially been thought that staff undertaking the process in Children's Services could do both, but it was now clear that it needed to be done separately.

In response to Mrs Sheehan's comments the Lead Member explained that it was clear that Optalis has had financial problems, as any new company did, but he was confident they had now reached a stage where they were ready. He accepted the point about brand value being geographically limited, but there was opportunity for growth. Property prices were an issue in relation to recruitment. The Leader was driving a number of projects to increase the availability of housing for key workers. In relation to the original 45% share, the borough would need to manage this carefully. The role of the Shareholders Board would be explored and explained more fully in building the business case.

The Chairman stated that he would expect the shareholders' agreement to include a number of critical reserve matters. The detailed analysis showed an internal rate of return of over 70%; he would like this to be included in the report in December 2016. He therefore suggested additional wording to be added to recommendation i, to read 'including financial analysis of shareholding consideration'.

The Lead Member for Finance commented that it was self-evident that local authorities needed to share their challenges and capabilities in ever more areas. Those outside major cities would need to collaborate more and more to maintain standards at a cost residents were prepared to fund. This was a clear opportunity to share the borough's arrangements with Wokingham who had accelerated the agenda. The value of £771,302 as presented in the report implied a degree of precision. In this sort of scenario you would be dealing with a willing buyer and a willing seller and both needed to ensure the right level of due diligence. It was clear that the number had been keenly negotiated, not necessarily to the disadvantage of either party but as a

fair representation of the saving the council would make by joining a pre-existing organisation. The two councils were choosing to serve the needs of adult residents in a clear, structured and collaborative way.

In response to questions from Councillor Mrs Jones, the Chairman confirmed that recommendation ii represented an addition to the capital programme, not a dilution of the existing programme. The Managing Director explained that the long-term role of the Director of Adult Services would be covered in the December 2016 report. The Chairman commented that he would expect this to form part of the business case. The Managing Director confirmed that the management of resources going into Optalis would be by the strategic commissioner in the local authority. The three Members of the Shareholder board would determine the use of that resource.

The Lead Member for Highways and Transport commented that a total of £1m was being invested if you took into consideration the additional £200,000. If a company were set up from scratch, the cost would be £300,000-£400,000. TUPE arrangements could be reversed if necessary, however the council could not afford to continue in the current situation; it needed to ensure career progression to get the best quality staff.

Members noted that Wokingham Cabinet was also meeting that evening and had just approved the proposal.

RESOLVED UNANIMOUSLY: That Cabinet:

- i. Delegates authority to the Managing Director/Strategic Director Adult, Children and Health Services, in consultation with the Leader of the Council and the Lead Member Adult Services, Health and Sustainability, to proceed to a full business case and broker an Inter Authority Agreement with Wokingham Borough Council and Optalis, for approval by Cabinet in December 2016 (including financial analysis of shareholding consideration).**
- ii. Approves the consideration for purchase of shareholdings of £771,302, to secure a 45% stake in Optalis Limited, payable on 31 March 2017 and recommends to Council that this is funded from the 2016-2017 capital programme.**
- iii. Confirms that the current Strategic Director of Adult, Children and Health Services will continue to deliver the statutory function of Director of Adult Social Services, see points 5.7-5.8, and will continue to manage the Deputy Director Health and Adult Social Care in order to oversee the transfer of services up to 30 June 2017 with line management responsibility then transferring to Optalis.**
- iv. Delegates authority to the Strategic Director Adult, Children and Health Services, in consultation with the Lead Member for Finance, to agree the level of resource required for support functions that should transfer to Optalis.**
- v. Requests £200K from the Development Fund to support the safe transfer of staff and services to Optalis on 1 April 2017 through to 30 June 2017, see point 4.3.**

B) PARKING STRATEGY

Members considered a new document setting out the policy principles the borough would use in planning, maintaining, expanding and enforcing its on and off street car parking over the next 20 plus years. The Lead Member explained that the document would replace the strategy that had been in place since 2004 (revised 2008). A framework structure had been proposed to allow for challenging issues. Whilst the situation in Windsor could be said to have remained the same in the last ten years, this was not the case in Maidenhead. Further changes were likely given the regeneration programme. Particular issues in the south of the borough could also be addressed by the strategy. The key issues were:

- Short and long-term parking
- Regeneration and the impact on parking
- Pricing
- Enforcement

The strategy had been developed by the parking team, but would require buy-in from highways, regeneration and planning, therefore it need to complement thinking in other areas.

Members noted that table 3 on page 99 set out the hierarchy of parking deemed appropriate for the borough. The Lead Member also highlighted the principles detailed on page 101 onwards of the report. The Highways, Transport & Environment Overview and Scrutiny Panel had endorsed the recommendations. He had been made aware that afternoon of comments from Councillor Beer that suggested a number of Members had been supportive of an additional recommendation to include reference to park and ride arrangements. The Lead Member stated that park and ride was not a priority for the council; it was a difficult thing to get right.

The Lead Member for Highways and Transport welcomed the document and the principles detailed within. Advantage card holders were residents. It was important to ensure fair charging for both residents and visitors. If methods of paying for parking for visitors were easy and the experience of parking was a pleasant one, he believed that would be fair. It was important to be aware that the cost of land in town centres could be up to £5m per acre and residents deserved a fair return on that land. There was a need to consider subterranean parking; he had been told it was expensive but felt that it would be less expensive in the long run.

The Lead Member for Finance commented that during periods of rapid regeneration it was not appropriate for the council to be seen to be the butt of all developer planning demands. Property developers were unambiguously obligated to provide the parking spaces needed for those who lived, worked or shopped in their developments. Businesses who already operated and brought people into the town centre to work or shop should also be clear that they shared the responsibility just like new developers to satisfy the increased parking needs of their businesses. The council therefore needed a clear set of policies generally for the public, which also sought to influence how the range of other parking provision was paid for out of the profits of developers.

The Principal Member for Neighbourhood Planning and Ascot & the Sunnings welcomed that the strategy was a rolling programme that could address issues in the south of the borough. Commuter parking was a particular problem.

The Lead Member for Planning confirmed that parking policy documents dating back to 2004 would be updated as part of the Borough Local Plan consultation.

The Deputy Lead Member for Ascot Regeneration welcomed the strategy. He was particularly pleased with the mention of Ascot, as a masterplan for the rejuvenation of the town would be presented the following week and parking would no doubt feature. Parking in Sunninghill was at a premium. He asked the Lead Member to consider erecting steel frame structures in Queens Meadow car park. He understood this may involve parking charges which were not currently in place at the moment. He also appreciated the clarity of the enforcement strategy.

The Lead Member for Children's Services suggested that the strategy should be put to the Young Ambassadors, as they would be the users of the future. The Lead Member agreed this was a good idea.

RESOLVED UNANIMOUSLY: That Cabinet:

i) Approves the Parking Strategy, including the revised Parking Enforcement Strategy and authorise implementation.

C) CHANGE TO COUNCIL TAX EMPTY AND UNFURNISHED EXEMPTION

Members noted that the item had been deferred to the next meeting in November 2016.

D) DELIVERING DIFFERENTLY - FUTURE DELIVERY OF DEBT RECOVERY ENFORCEMENT SERVICES

Members considered the creation of a new Debt Recovery Enforcement Service, branded as Thames Valley Enforcement Agency, through the commercial trading arm, RBWM Commercial Services from 1 April 2017. The Lead Member explained that the council currently used an external bailiff to collect council tax, business rates and parking debt that was exceptionally overdue. The proposal was to bring the service in-house. Start up costs were £114,000, however this would yield £423,000 of new revenue and a saving of £132,000. In 2014/15, 348 cases were put out to the external bailiff totalling £2,852,000. Bailiff fees amounted to between £500,000-£575,000.

The Lead Member had received a letter from the current supplier (Rundles & Jacobs) questioning the figures in the report. Rundles & Jacobs had questioned the projected income. In December 2015 and January 2016 they had provided their own data for 2014/15 stating they had earned between £404,000-£481,000. It was also the case that not all cases were sent to the main supplier. This represented an additional return of £150,000. Rundles & Jacobs had also highlighted that 25% of cases were out of area. The council's view was that around 50% of that number were within 30 miles and the remaining could be put out to UK-wide collection agencies at a cost of £19,000. Rundles & Jacobs had also highlighted business risk; the Lead Member did not dismiss this but commented that any new business venture was a risk but if no risk was taken there would be no opportunity to make savings or get the anticipated return.

It was confirmed that the new organisation would operate as a special purpose vehicle. The Chairman requested this be detailed in recommendation i.

The Lead Member for Finance commented that debt collection was one of the most profitable activities lawyers could undertake; the nature and scale presented in the report seemed right to him. Profit was reliant on efficient processes and skills. The service could potentially be provided to others. He expected the team to outperform by at least 50%.

The Principal Member for HR and Legal commented that another benefit of the council having greater control over the collection and enforcement process would be better communication with debtors and hopefully more supportive arrangements for individual residents.

Councillor Jones stated that she supported the proposal as the benefits outweighed the risks. She highlighted the comment from Corporate Services Overview and Scrutiny Panel that the name may be confused with Thames Valley Police. The Chairman responded that Members had taken note of the comment but felt that there were many businesses using 'Thames Valley'. The branding had been chosen to allow the service to be sold to others.

RECOMMENDATION: That Cabinet:

- i. Approves the creation of a Debt Recovery Enforcement Service, Thames Valley Enforcement Agency, from 1st April 2017, in a special purpose vehicle owned by RBWM Commercial Services.**
- ii. Approves a start-up loan of £114,000 to RBWM Commercial Services, required to set-up the Debt Recovery Enforcement service, and for this to be funded from the Development Fund.**
- iii. Delegates authority to the Strategic Director of Operations and Customer Service, in conjunction with the Lead Member for Customer & Business Services (including IT), to take all appropriate steps to set-up the council's new Debt Recovery Enforcement Services in RBWM Commercial Services in accordance with statutory requirements.**

E) FINANCIAL UPDATE

Members considered the latest financial update. The Lead Member reported that the general fund level was in excess of £6m, comfortably above the recommended level of £5.27m. This was despite the fact that the council had chosen to incorporate a £180,000 provision for the clearance of Shurlock Road and also despite the conclusion that, in the round, expectations needed to be reduced by £86,000. In Adults, Children & Health there were a few areas expected to have significant adverse variations by the end of the year:

- Home to School Transport had a projected a pressure of £340,000
- Temporary accommodation arrangements projected a pressure of £470,000

However, domiciliary care provision was projected to underspend by £200,000. Funding change in nursing care were also expected to result in a £300,000 underspend. There were a number of other uncertainties however the overall projection was for an overspend of £300,000 from a budget of £57m.

Operations and Customer Services had projected an underspend of £400,000 related to residual waste tonnage, garden waste collection, parking income and reduced ICT costs.

The Lead Member highlighted Appendix F, which showed the cash balance forecast for the next three months. The report to be presented to Cabinet in November 2016 would present a 12 month forecast. The revised estimate for the provision of Shurlock Road of £120,000 remained where it was, but the remaining £180,000 would be processed back into the accounts. Members noted Appendix G, the statement to the Secretary of State justifying the council's acceptance of a four year settlement. The statement set out that the borough had a strong reputation for strategic and tactical management and delivery of efficiencies, and showed the expectation to continue to manage the journey.

It was confirmed that the figure of £120,000 for Shurlock Road covered what had been spent so far and anticipated residual expenses. The Chairman highlighted the cost in the context of the £50,000 that the council had agreed to spend to protect residents from a third runway at Heathrow. The Lead Member for Environmental Services welcomed that fact that £120,000 had been spent to protect the residents of Waltham St Lawrence.

REWSOLVED UNANIMOUSLY: That Cabinet:

- i) Notes the Council's projected outturn position.**
- ii) Approves the inclusion of the £180k release of provision relating to the clearance of Shurlock Road as an approved estimate (see paragraph 4.7).**
- iii) Authorises the Head of Finance, in consultation with the Lead Member for Finance, to accept the four year local government settlement and submit the efficiency statement in Appendix G. (Further details in paragraph 4.8)**

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 took place on items 8-9 on the grounds that they involved 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 7.30 pm, finished at 8.48 pm

CHAIRMAN.....

DATE.....