

DRAFT

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

OVERVIEW AND SCRUTINY MANAGEMENT COMMISSION

MINUTES OF THE MEETING HELD ON TUESDAY, 14 JANUARY 2020

Councillors Present: Dennis Benneyworth, Jeff Brooks, James Cole, Lee Dillon, Alan Law (Chairman), Thomas Marino, Steve Masters, Garth Simpson and Martha Vickers (Vice-Chairman)

Also Present: John Ashworth (Executive Director - Place), Catalin Bogos (Performance Research Consultation Manager), Sarah Clarke (Service Director (Strategy and Governance)), Joseph Holmes (Executive Director - Resources) and Richard Turner (Property Service Manager), Stephen Chard (Principal Policy Officer), Councillor Lynne Doherty (Executive Portfolio: Leader and Strategy, Communications) and Councillor Ross Mackinnon (Executive Portfolio Holder: Finance)

Apologies for inability to attend the meeting:

Councillor(s) Absent:

PART I

25. Minutes

The Minutes of the meeting held on 29 October 2019 were approved as a true and correct record and signed by the Chairman.

26. Declarations of Interest

There were no declarations of interest received.

27. Petitions

There were no petitions received at the meeting.

28. Actions from previous Minutes

There were no actions outstanding from previous Commission meetings.

29. Commercialisation Part 1: Property Investment Strategy

The Commission considered the report (Agenda Item 6) that provided information on the effectiveness of the Council's Property Investment Strategy to date to help influence its review. The Commission was tasked with scrutinising progress so far as well as the risks and level of return.

By way of background, Richard Turner explained that the proposal for the Council to invest in commercial property for the purposes of deriving revenue return was initially explored through a Corporate Programme project. This work resulted in Council approval of a capital budget of £50m in May 2017 for commercial property investment as part of the Investment and Borrowing Strategy 2017/18.

Council gave approval to increase this budget to £100m in July 2018. To date the Council had invested a total of £62.624m on nine properties.

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Richard Turner then explained that a number of changes within the last year had created a circumstance where the Council was reviewing its Commercial Property Investment Strategy.

Difficulties had been encountered with identifying suitable properties which aligned with the Strategy.

Amended guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and increased borrowing rates from the Public Works Loan Board (PWLb), coupled with emerging strategic direction related to the environment and housing, meant that the Council was currently reviewing its wider approach to investment. Commercial property investment would sit within that wider investment context.

Projected income was summarised within the report. The net income was after taking account of interest payments, Minimum Revenue Provision (MRP), fees and a risk fund.

Reference was made to the acquisition of 3 and 4 The Sector in Newbury. At the time of the investment, the Council's property agent had confidence in the market and felt that tenants could be found and the agent advised the Property Investment Board in light of this. Unfortunately, the economy had since worsened and 4 The Sector was currently vacant. Considering the current economy/market, it was considered to be difficult to fully invest the £100m budget.

The vendor for 4 The Sector was paying the Council in lieu of rent for the vacant building until 31 March 2020 via an Escrow payment. This payment ensured that income was in line with the anticipated level from this investment. However, from April 2020 the cost liability would fall to the Council. Efforts therefore continued to find a tenant.

Councillor Lee Dillon queried the level of confidence in securing a long term tenant for 4 The Sector. He acknowledged the importance of income generation, but queried whether the Strategy could be broadened to consider investments that would achieve greater community benefits such as affordable housing.

In response, Joseph Holmes explained that the Council could tolerate a lower level of income until 4 The Sector was tenanted. A net benefit could still be achieved for residents.

The Capital Strategy, presented to Council in March 2020, would set out different options for the investment of the remainder of the £100m budget. This fund was not fixed to investment and could be used in different ways but still needed to be utilised for housing – i.e. affordable housing.

Councillor Dillon felt that disposal of 4 The Sector should be considered as an option if a tenant could not be found as that would achieve a capital receipt (as long as the Council would not suffer a capital loss).

Joseph Holmes advised that options for 4 The Sector would be reconsidered if a tenant was not found.

Richard Turner explained that there was a yield target of 6% for the full investment of £100m. Properties of a lower level yield had not been pursued and therefore property investment to date was in line with the yield target.

Councillor Tom Marino referred to the other option considered in the report of continuing with the Strategy. Could this be pursued? Richard Turner explained that it was likely that investment would be restricted to West Berkshire only, this would severely reduce the potential for acquisition. The Council would focus on protecting its existing investment and the rate of return.

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Councillor Alan Law queried whether the CIPFA guidance gave any further detail on the potential requirement to only invest within the district, i.e. when would this be imposed? Joseph Holmes advised that clarity was awaited from CIPFA, but the expectation of this made investment outside of West Berkshire a greater risk.

It was noted that Members would have another opportunity to comment on the Property Investment Strategy when it was presented to Council in March 2020 as part of the Capital Strategy. The OSMC could also revisit the Strategy at a later stage if Members had concerns or wished to review the further progress of the Strategy.

RESOLVED that the report be noted. The OSMC's comments would be fed into the review of the Property Investment Strategy prior to its presentation to Council in March 2020 as part of the overall Capital Strategy.

30. Council Strategy Delivery Plan

The Commission considered the report (Agenda Item 7) that provided a summary of the feedback from the OSMC Task Group following its pre-scrutiny review of the proposed Council Strategy Delivery Plan and its Key Performance Indicators (Targets). The report proposed recommendations for the Executive.

The Task Group consisted of Councillors Alan Law, Jeff Brooks and Garth Simpson.

Councillor Law introduced the report. He explained that the OSMC was asked to agree the proposed recommendations for the Executive. The Delivery Plan and its Key Performance Indicators (KPIs) would be presented to the Executive for approval at its meeting on 13 February 2020.

In summary, the Task Group felt that the overall framework and structure was appropriate, but were concerned that the proposed number of KPIs was unmanageable; including 61 for the Executive (53 priorities for improvement and 8 for core business).

To help resolve this it was recommended that some of the KPIs be moved to core business and others be moved to a new strategic goal category. This new category would, for example, pick up the adoption by target date of strategic plans and/or goals.

A particular reason for reducing the number of KPIs to either core business or a strategic goal was the false impression 53 priorities for improvement gave of a Council in much need of improvement across a wide range of services. Approval of the recommendations would help to correct this balance.

Councillor Brooks added the importance felt by the Task Group of having a measurable set of KPIs. He was hopeful that the recommendations, subject to being approved by the OSMC, would be taken on board by the Executive.

Councillor Simpson explained that the Task Group was also recommending additions to the core category to ensure that areas of high importance that were performing well were retained. These were seen as being more important than or equally important to some improvement targets.

Councillor Lynne Doherty commented that much work had gone into the Delivery Plan. The document was important in that it provided the detail behind the Council Strategy. She greatly appreciated the input from the Task Group and commented that this had been a very useful exercise.

Councillor Doherty felt that the recommendations were sensible and agreed that it was important to both improve performance where this was needed as well as maintain good performance.

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Councillor Law added that exception reporting needed to be done in detail so that performance could be properly scrutinised. Councillor Lee Dillon highlighted the importance of ensuring that the necessary data and information, exception reports etc, were provided at the Executive and OSMC to enable monitoring with delays avoided.

RESOLVED that the Task Group's recommendations be approved. They would be forwarded to the Executive for consideration at its meeting on 13 February 2020.

31. **Revenue Financial Performance Report - Quarter Two of 2019/20**

The Commission considered the Quarter Two revenue financial performance report (Agenda Item 8).

Joseph Holmes reported that the Quarter Two forecast was an overspend of £222k. This was 0.2% of the Council's 2019/20 net revenue budget of £125m. £263k of costs had reserve provision against them which could be used and would lead to a year end forecast of £41k under spent. There were no areas of particular concern within service areas at this stage of the financial year.

Joseph Holmes added that if the year-end position was close to a break even position then reserves might not be needed.

In response to a query from Councillor Alan Law, Joseph Holmes explained that sound treasury investments had helped to achieve the saving on levy costs and treasury investments. A benefit had also been achieved from making advance payments to the Pension Fund.

Councillor Lee Dillon noted that there was a risk that some income targets would not be met. He queried whether these targets would be reviewed to identify lessons learnt. Joseph Holmes confirmed that a fundamental review was being conducted of the 2018/19 outturn. This could result in income targets for 2019/20 being adjusted.

Joseph Holmes then clarified, in response to a question from Councillor James Cole, that there had been a shortfall in income at Castle Gate as placements were being utilised by West Berkshire children and there were not sufficient beds to sell to neighbouring authorities. However, this had the benefit of West Berkshire children being placed within the District and the achievement of cost avoidance on the disability support budget.

RESOLVED that the report be noted.

32. **Capital Financial Performance Report - Quarter Two of 2019/20**

The Commission considered the Quarter Two capital financial performance report (Agenda Item 9).

At the end of Quarter Two, expenditure of £45.2m had been forecast against the revised budget of £90.6m, an overall underspend of £45.3m. This was an overall change of £5.7m compared to Quarter One. A contributing factor to the underspend, aside from commercial property investment which had been discussed under the earlier agenda item, was a delay with some infrastructure projects.

Joseph Holmes confirmed that the slipped projects would still be undertaken and the expenditure incurred, but not within the current financial year.

RESOLVED that the report be noted.

33. **Corporate Programme and New Ways of Working**

The Commission considered the report (Agenda Item 10) concerning the Council's Corporate Programme and New Ways of Working (NWOW) reviews.

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Catalin Bogos explained that the aim of the NWOW reviews was to work on a service by service and team by team basis within each service area to identify improved processes and efficiencies. This could result in a transformation project being identified which would then become a Corporate Programme Project. A project of this type would require the production of a business case.

Corporate Programme officers worked closely with officers in the respective service areas. Input was also provided from Finance.

Councillor Lee Dillon queried if the Red, Amber, Green (RAG) rating was up to date. As an example he queried whether the NWOW review for Public Protection and Culture reported as planned to Corporate Board in December 2019. He felt that an exception report should be produced for reviews/projects reporting as Red. Other examples highlighted were progress with the Economic Development Strategy and Delivery Plan, and delivery of the Local Plan.

The Economic Development Strategy and Delivery Plan was scheduled for consideration by the Executive in April 2020.

Councillor Lynne Doherty advised that she would pass on comments in relation to needing up to date information at the next Corporate Programme Board on 16 January 2020.

Councillor Alan Law queried when the outcome of NWOW reviews would be reported and the recommendations considered on a service and team basis. Catalin Bogos advised that the timeframe for the completion of some reviews would soon be confirmed. The information could be provided as part of future reports to the OSMC.

Councillor Law felt that it would be useful to question Heads of Service on achievements made, challenges etc arising from the NWOW reviews. OSMC Members felt that it would be useful to review progress with NWOW in this way.

RESOLVED that:

- The Corporate Programme and progress with the NWOW reviews would be noted.
- Progress with the NWOW reviews would be discussed with Heads of Service at appropriate stages in the process. Catalin Bogos to confirm timescales.

34. West Berkshire Council Forward Plan 4 February 2020 to 31 May 2020

The Commission considered the West Berkshire Council Forward Plan (Agenda Item 11) for the period covering 4 February 2020 to 31 May 2020.

Councillor Alan Law stated his aim for the OSMC to consider items before they were approved by the Executive, but this was constrained by timescales.

Councillor Jeff Brooks queried if the OSMC could consider the Economic Development Strategy and Delivery Plan prior to the Executive on 30 April 2020. However, the next OSMC was not scheduled until 21 April 2020.

Councillor Law felt that a special OSMC could be convened to review this item, potentially in March 2020. This could be timed to coincide with the consultation on the Strategy and Delivery Plan. Councillor Law to discuss the scheduling of a special OSMC with the Leader, Portfolio Holder and Chief Executive.

RESOLVED that:

- The Forward Plan be noted.

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- Councillor Law would look to schedule a date for a special OSMC to discuss the Economic Development Strategy and Delivery Plan prior to the Executive on 30 April 2020.

35. Overview and Scrutiny Management Commission Work Programme

The Commission considered its Work Programme for the remainder of 2019/20 and for 2020/21.

Health Scrutiny arrangements across Buckinghamshire, Oxfordshire and Berkshire West (BOB)

Councillor Martha Vickers explained that she attended an informal scrutiny meeting in November 2019 where discussion was held on the scrutiny arrangements for proposed plans for the health service across the BOB area.

The proposals included commissioning at the BOB level and a merger of the Berkshire West Clinical Commissioning Groups (CCGs) by April 2021. A key benefit of this had been stated as minimising duplication.

Councillor Vickers added that the Health and Wellbeing Board (HWBB) had responded to the consultation on these proposals and had expressed some concerns in doing so.

The BOB Integrated Care System (ICS) contained a priority to deliver care close to the patient, but the HWBB had concerns that proposals would be detrimental to local provision.

There were also concerns related to funding and how health services across such a wide geographical area could be managed centrally without impacting on local services at Berkshire West and West Berkshire levels.

Councillor Vickers felt that monitoring needed to continue by either scrutiny or via the HWBB.

Councillor Lynne Doherty was a Member of the HWBB and advised that proposals had been discussed in depth/scrutinised by the HWBB. The role to be played by cross-party Members had been discussed, Members already had some input to the BOB ICS.

The OSMC was clear that any duplication should be avoided and questioned the value OSMC could add at the present time in addition to the HWBB.

It was agreed that Councillor Vickers would continue her involvement in the informal discussions and report back to OSMC with issues that arose. The OSMC could then opt to review the matter in more detail.

It was noted that ultimately, a report would need to be presented to Council if there was a proposal for a joint health scrutiny committee to be formed to monitor the BOB.

ICT/Digital Transformation Task Group

It was noted that Councillor Dennis Benneyworth was to replace Councillor Peter Argyle on this Task Group. The first meeting of the Task Group needed to be arranged.

RESOLVED that:

- The Work Programme be noted.
- Councillor Vickers would continue her involvement in the informal discussions relating to the BOB and report back to OSMC with issues that arose. The OSMC could then opt to review the matter in more detail.
- The first meeting of the ICT/Digital Transformation Task Group needed to be arranged.

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(The meeting commenced at 6.30 pm and closed at 8.30 pm)

CHAIRMAN

Date of Signature