

DRAFT

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

SCRUTINY COMMISSION

MINUTES OF THE MEETING HELD ON TUESDAY 11 FEBRUARY 2025

Councillors Present: Carlyne Culver (Chairman), Dominic Boeck (Vice-Chairman), Antony Amirtharaj, Paul Dick, Ross Mackinnon, Erik Pattenden, Christopher Read and Martha Vickers

Also Present: Joseph Holmes (Interim Chief Executive), Sarah Clarke (Interim Executive Director (Resources)), Paul Coe (Executive Director – Adult Social Care), Shannon Coleman-Slaughter (Service Director for Finance, Property and Procurement, Section 151 Officer), Dawn Bond (Legal Advisor), Gordon Oliver (Clerk) and Vicky Phoenix (Zoom Host)

Apologies for inability to attend the meeting: Councillor Jeremy Cottam

PART I

46. Minutes

The minutes of the meeting held on the 26 November 2024 were approved as a true and correct record of the meeting, subject to correction of a typographical error on paragraph 34, which read 'Wet Berkshire' instead of 'West Berkshire'.

47. Actions from previous Minutes

Members reviewed the updates on actions from the previous meetings:

- **163** – It was noted that several reports on housing issues were scheduled to come to other WBC committees. Members recognised the need for coordination with the Health Scrutiny Committee and the Health and Wellbeing Board to avoid duplication of effort. Concern was expressed about Sovereign Network Group (SNG) selling off houses and the lack of clarity on use of proceeds. This had been raised at various parish council meetings, but no satisfactory response had been received, despite inquiries from two MPs. The Chairman had met with a representative from SNG and was awaiting further updates.
- **178** – Members noted that two senior posts had been created using Delivering Better Value (DBV) funding. Members requested that the SEND High Needs Block report include comments on the impact of their work.

Action: SEND High Needs Block report to include commentary on the effectiveness of the DBV appointments.

- **190** – It was reported that Thames Water had been in touch with Stanford Dingley Parish Council regarding the lining works.
- **207** – It was noted that Thatcham Sewage Works were operating at capacity and this had to be addressed before Northeast Thatcham could be developed.

Action: Cllr Carlyne Culver to follow up with Thames Water regarding Thatcham Sewage Works.

SCRUTINY COMMISSION - 11 FEBRUARY 2025 - MINUTES

- **213** – Members welcomed the initiative to provide support to rural areas and explore transport options, but concern was expressed about the short duration of the sessions at local libraries. It was suggested that the duration of these sessions be reviewed and potentially extended. Also, clarification was sought regarding whether residents needed to book an appointment.

Action: Principal Policy Officer to seek further details about the duration of the library sessions and the process for booking appointments.

48. **Declarations of Interest**

There were no declarations of interest received.

49. **Petitions**

There were no petitions to be received at the meeting.

50. **Investment and Borrowing Strategy 2025/26**

Before moving to the main agenda items, the Chairman acknowledged the passing of Melanie Ellis (Acting Head of Finance, Deputy S151 Officer). She expressed her condolences to Melanie's colleagues and noted that Melanie would have contributed significantly to the development of the Budget.

Councillor Iain Cottingham (Executive Portfolio Holder: Finance and Resources) introduced the Investment and Borrowing Strategy for the financial year 2025-2026 (Agenda Item 6).

The following points were raised in the debate:

- It was confirmed that the terms of the emergency financial support loan from the government were not yet known, so costs could not be included in the report. The Council would seek to repay the loan as quickly as possible through capital receipts from the sale of its commercial property portfolio.
- Concern was expressed about the rapid increase in the High Needs Block deficit. That this was due to rising demand from children entering the school system. Relevant factors were the increasing complexity of needs and the impact of COVID-19 on children's readiness for school. Similar increases in demand and cost were being seen nationally. It was stressed that the Council had a statutory obligation to support children with Education, Health and Care Plans (EHCPs) and could not turn them away. If the Council did not make provision for the increase in High Needs Block spend, then it could be open to legal challenge. It was noted that where the Council did challenge awards and the matter went to court, the court often found in favour of the child.
- Members asked why the High Needs Block deficit was reducing working capital and increasing the overall borrowing requirement. It was explained that although education could not be funded through revenue, the Council had to borrow to fund the increased cost of demand and £1.3M per annum was needed to service interest payments.
- Members asked about the Council's collaboration with health partners to address preventable special needs (e.g., speech problems). It was confirmed that no issues had been raised with the Executive regarding this.

SCRUTINY COMMISSION - 11 FEBRUARY 2025 - MINUTES

- It was noted that although the Council had committed to a local best practice rule whereby annual capital financing costs should not exceed 10% of the net revenue, this figure was projected to reach 11.11% by the end of the Medium Term Financial Strategy (MTFS). It was explained that inclusion of the High Needs Block deficit would cause the Council to exceed its target. It was acknowledged that the report required a correction to say that the Council would **not** be compliant with the best practice rule. The report to Council would contain the correct wording.
- Scepticism was expressed about the High Needs Block figures. It was highlighted that some other local authorities had not experienced similar increases. The importance of early intervention was emphasised. It was suggested that the Council should look again at the numbers and explore ways to control costs, including the providing in-house facilities, rather than relying on the market, where costs could be up to six times higher. It was explained that discussions had taken place with the other Berkshire local authorities about creating their own children's homes. Councils had previously de-risked due to safeguarding concerns, but it was recognised that too much reliance had been placed on the private sector, and there was evidence of profiteering.
- Members recalled that a recommendation from the recent Peer Challenge had been for the Council to look at thresholds for the provision of special needs services, and asked if this had been done. It was suggested that this could be covered as part of the next High Needs Block review.
- Members asked about contingency plans to avoid breaching the Capital Financing Requirement (CFR) in 2027/28. It was explained that the forecast breach was related to the Dedicated Schools Grant override. It was hoped that the government would resolve the issue, possibly through a write-off.
- There was a question about the Council's investment risk profile and liquidity position. It was explained that the return from the commercial property portfolio would diminish due to disposals. The Council also had around £10M on deposit and interest rates were predicted to fall over time. Although investment from income was predicted to fall over time, borrowing cost would also fall.
- Members asked if the Executive were confident about being able to sell its commercial properties and secure a good deal. It was explained that the Council had appointed new commercial property advisors who had suggested a detailed disposal strategy. They were confident that a fair price could be secured, but this would be subject to the market. Although the Council needed a capital receipt this financial year, they had options to achieve this. It was confirmed that the Council did not currently have a sinking fund for maintenance of its commercial assets.
- A question was asked around the use of artificial intelligence (AI). It was explained that the Council was involved in three AI projects as part of the Transformation Programme, which were delivering significant time savings:
 - Magic Notes and Copilot were being used to write up meeting notes for Adult Social Care meetings. (It was stressed that Generative AI was not being used, and AI was not making decisions on care packages.)
 - Minute AI was being used to help generate minutes of public meetings.
 - AI was also being used to monitor local roads for gritting purposes.

RESOLVED to note the report.

51. Medium Term Financial Strategy

Councillor Iain Cottingham (Executive Portfolio Holder: Finance and Resources) introduced the Medium Term Financial Strategy (MTFS) (Agenda Item 7).

The following points were raised in the debate:

- Members noted the historic increase in spent on social care and home to school transport and asked about predictions for future years. It was confirmed that modelled growth figures were provided in line 8c of Table 3.
- It was suggested that the Council should lobby the government for increased funding to match the rising costs in critical services. Members were advised that the government was well aware of the need to address adult social care - people were living longer and had more complex needs, and sufficient funding had to be found for their care. Previous governments had tried to find a solution and had failed. It was suggested that a cross-party solution was needed.
- It was noted that adult social care, children's social care, and home to school transport accounted for nearly 80% of the Council's core spending power.
- Members asked if the Council could lobby government to retain a greater share of business rates and to extend the new homes bonus scheme. It was confirmed that the government would be looking at business rates in 2025.
- It was confirmed that emergency financial support would be used to balance the revenue budget in 2025/26 with the remainder going into reserves.
- Members asked about reasons for the collection fund deficit of £5.6 million. It was explained that the deficit included both council tax and business rates. The collection rate for Council Tax was 99.5%. The deficit was mostly due to business rates and was due to businesses going bust or appealing their business rates valuation.
- Officers were challenged as to why a deficit was not being shown in future years. It was explained that this was still being modelled and would be included in a future refresh of the MTFS.
- Officers expected that changes to business rates and the local authorities funding formula would impact the MTFS from 2026/27. It was thought that West Berkshire might benefit from changes to adult social care funding, but it may lose out on business rates reforms.
- Members asked if local government reorganisation/devolution had been modelled. It was confirmed that it was too soon to be able to model the impacts.

RESOLVED to note the report.

52. Capital Strategy, Financial Years 2025/26 to 2034/35

Councillor Iain Cottingham (Executive Portfolio Holder: Finance and Resources) introduced the Capital Strategy for Financial Years 2025/26 to 2034/35 (Agenda Item 8).

The following points were raised in the debate:

- It was noted that drainage and flood risk projects would be 100% funded by external sources. Members asked if the council should allocate its own funds to demonstrate its commitment to flood prevention. It was explained that funding came from Environment Agency grants and that the relevant service director would have requested additional funds if necessary. It was noted that the Section 19 report had

SCRUTINY COMMISSION - 11 FEBRUARY 2025 - MINUTES

not yet been published. It was hoped that future reports could be published more quickly so they could inform the following year's capital programme.

- Members queried the breakdown of external funding. It was explained that £28M out of £37M of external funding was from grants.
- A question was asked around why the Council wanted to develop a solar farm rather than lease the land to a commercial operator, which would have lower level of risk for the Council. It was explained that the Council had a goal to achieve net zero emissions by 2030. The solar farm would offset around 40% of the Council's emissions. If the land was leased to a commercial operator, then it would not contribute to that goal. Also, leasing the land would result in the Council losing the feed-in tariff and carbon credits. It was an invest-to-save project. Members felt that more wording around carbon credits would be useful.
- Members noted an inconsistency in that the Council was divesting its commercial property portfolio to reduce risk, but at the same time developing a solar farm, which would have its own inherent risks. It was explained that in addition to the contribution towards achievement of net zero, the solar farm would generate £100K of net income. It was accepted that there was an element of risk in terms of electricity prices, but the Council wanted to retain control of the project. Also, it was the right thing to do. Rather than being a commercial buy-to-let landlord with projects across the country, the Council was investing in a local project to help provide cheaper electricity for residents of West Berkshire. Members challenged the sale of the commercial property portfolio, noting that it generated £1M of clear profit, which could have been spent locally.
- It was confirmed that the solar farm would be a 30 year project, with a 10 year payback period.
- Members asked if there was a risk that the government may not allow emergency support funding to be spent on non-statutory projects. It was explained that the Council was not in danger of not being able to pay its suppliers or staff, and in terms of capital expenditure, it was operating within its borrowing requirements. However, it had to deliver a balanced revenue budget, so it was asking the government for a short-term loan to get it through a period where it had more revenue expenditure than revenue income. The impact on the revenue account of borrowing to fund the solar farm was not significant (around about £2M to £3M pounds of extra revenue expenditure). It was also noted that the solar farm would deliver a net return, so it made financial sense to proceed. A further point was made about the need for infrastructure investment and maintenance of existing assets.
- It was noted that the emergency financial support from the government could be paid straight into reserves and could support the revenue budget, whereas council borrowing could not.
- There was some discussion about the fact that the Council would break its own best practice rule whereby annual capital financing costs was forecast to exceed 10% of the net revenue. It was noted that this would not happen for three to four years, and it would be more concerning if this was predicted to happen next year or the year after. It was highlighted that there were a number of uncertainties affecting financial planning. Also, the rule would only be breached due to borrowing to fund the High Needs Block.
- Further detail was requested around plans to increase SEND capacity. Members were advised that the SEND service would be best placed to provide this.

SCRUTINY COMMISSION - 11 FEBRUARY 2025 - MINUTES

- Members recognised that the Council was in a difficult position and stressed the need to do more with less funding. It was highlighted that the Council had a good record of delivering substantial savings year-on-year, and much had been done to drive down unit costs without impacting services.
- A question was asked about whether minor capital works promised to schools that were in difficulty over the special needs clawback had been included in the Capital Programme. It was confirmed that provision had been made for around a dozen schools.
- Members queried the line in the capital programme for Care Director. It was explained that although implementation of Care Director v6 had been unsuccessful, the Council had incurred costs relating to that project.
- Members noted the line in the capital programme for nutrient neutrality and asked if this would be funded by developers, or if the Council was creating projects that developers could purchase. It was confirmed that this was a new area, and the rules were yet to be defined, but there may be an opportunity for the Council to sell carbon credits.

RESOLVED to note the report.

53. Revenue Budget 2025/26

Councillor Iain Cottingham (Executive Portfolio Holder: Finance and Resources) introduced the Revenue Budget 2025/26 (Agenda Item 9).

The following points were raised in the debate:

- Members asked if consideration had been given to adopting a zero base budgeting approach. It was confirmed that this had been done for the capital budget, but activity-based budgeting was used for the revenue budget. Zero base budgeting was difficult to deliver - the Council had 500 services and needed to have fit for purpose, financial systems and proper integration. It was a long-term ambition to have an IT infrastructure that would enable this. It was suggested that greater use of AI technology could enable more real-time statistical financial analysis in future. A key challenge was finding the capital expenditure to spend on back office systems.
- There was a query about delivery of Adult Social Care Resource Centre Services through alternative providers/delivery methods. Members were told that preliminary conversations had taken place with providers who had indicated that they would be interested in expanding what they delivered. The Council had engaged with staff, service users and their families, but until it was clear what external providers wanted to deliver, it was not possible to say what the final product would look like.
- Members suggested that contacting service users to inform them that their service would be changing, without being able to tell them what it would look like, could be counterproductive. Officers recognised this, but felt that it was better than reports going into the public domain without those who would be affected being made aware first.
- Concerns were expressed that at least two family hubs had received letters in December saying that there would be no funding for their service beyond March, and the letters implied that jobs may be at risk. Members asked why this had not been included in the public consultation. It was explained that this related to government funding that was due to end, and that the family hubs had been aware of this. Given that this was outside the revenue budget and the Council was not looking to change funding for the family hubs, there was no need to consult on this.

SCRUTINY COMMISSION - 11 FEBRUARY 2025 - MINUTES

- It was noted that there would be a change to the family hub services, with Victoria Park Nursery and (possibly) Hungerford Nursery providing a 0-19 service. Reassurance had been provided that the early years services would not be compromised by expanding it, and the changes would improve the service for families. Previously, funding had been through ring-fenced grants, but some of these had been rolled into the overall funding pot. Confirmation had recently been provided around future funding, which would remain for existing hubs in the coming year. Members expressed concern that they had not been kept informed.

Action: Officers to provide assurance around the future of the family hubs.

- Members asked about major contracts that would be up for renewal, where the Council could be surprised by increased costs. It was noted that an allowance had been made for inflation at 2.5 - 3%. Some contracts were linked to RPIX (e.g., Veolia). It was acknowledged that the Council was not immune to inflationary pressures, and it was expected that recent national insurance increases would be passed on to the Council by suppliers.
- Members noted the plans to reduce the frequency of black bin collections and suggested that frequencies may need to be increase for some households (e.g., families with young children), which would have a financial impact.

RESOLVED to note the report.

54. **Financial Year 2024/25 Quarter Three Capital Financing Performance Report**

Councillor Iain Cottingham (Executive Portfolio Holder: Finance and Resources) presented the Financial Year 2024/25 Quarter Three Capital Financing Performance Report (Agenda Item 10).

The following points were raised in the debate:

- It was noted that the report was very similar to the Q2 report.
- Members were pleased that the Theale Railway Station improvements had been completed, but there was disappointment that the lifts had broken so soon after opening.

RESOLVED to note the report.

55. **2024/25 Revenue Financial Performance Quarter Three**

Councillor Iain Cottingham (Executive Portfolio Holder: Finance and Resources) presented the 2024/25 Revenue Financial Performance Report for Quarter Three (Agenda Item 12).

The following points were raised in the debate:

- Members noted the significant overspend and asked why there was such a large discrepancy between modelled and actual spend. The discrepancy was acknowledged, and commitment was given to undertake additional analysis to understand the underlying causes.
- It was noted that adjustments had been made to future year budgets for current year cost pressures, including home to school transport and social care. However, housing pressures were not carried forward in full, because Walnut Close would provide additional capacity to help mitigate this.

RESOLVED to note the report.

56. Task and Finish Group Updates

The Scrutiny Commission received an update on the work of the Sports Hub Task and Finish Group (Agenda Item 12).

It was noted that the review had concluded, and a draft report had been prepared. The Chairman thanked everyone who had taken part in the review.

Members were advised that the report would come to the next meeting of the Scrutiny Commission on 13 March 2025.

It was hoped that, subject to Scrutiny Commission's approval, the recommendations would be put to Executive in time to inform the Playing Pitch Strategy, which was due to be completed in July.

RESOLVED to note the update.

57. Appointment of Task and Finish Groups

The Chairman introduced the item on Appointment of Task and Finish Groups (Agenda Item 13).

Councillors Erik Pattenden and Antony Amirtharaj volunteered to be members of the Project Management Task and Finish Group.

Action: Chairman to seek an additional member from the Conservatives and the Minority Group.

RESOLVED that Councillors Erik Pattenden and Antony Amirtharaj be appointed to the Project Management Task and Finish Group.

58. Health Scrutiny Committee Update

The Scrutiny Commission received an update from Councillor Martha Vickers on the work of the Health Scrutiny Committee (Agenda Item 11).

The Committee last met on 12 December 2024 and considered:

- The proposed relocation of Eastfield House Surgery and adequacy of the consultation process - they had recently received planning permission and would now be submitting their outline business case. This will stay in view of the Health Scrutiny Committee as it progresses.
- Access to GP Services.
- All-age Continuing Care - this will return in six months to monitor progress.

A task group was underway, reviewing children's mental health and emotional wellbeing in West Berkshire. Partners from health, education, the Council and the voluntary sector were contributing their experiences and roles in children's mental health locally. A report would be completed following the sessions to be considered at a future Health Scrutiny Committee meeting.

The next Health Scrutiny Committee on 11 March 2025 was due to consider:

- South Central Ambulance Service
- Oral Health and Dentistry

Members asked if the Health Scrutiny Committee had received an update on the redevelopment of the Royal Berkshire Hospital. It was confirmed that an update had been provided to Health and Wellbeing Board.

SCRUTINY COMMISSION - 11 FEBRUARY 2025 - MINUTES

It had previously been proposed that scrutiny of Adult Social Care be transferred to the Health Scrutiny Committee. It was confirmed that the intention was to take a paper to the Annual Meeting of Council in May to agree the change.

RESOLVED to note the report.

59. **Executive Forward Plan January to April 2025**

The Commission considered the West Berkshire Forward Plan for the period covering January to April 2025 (Agenda Item 15).

Members expressed disappointment that the Section 19 report had not yet been published, and it was suggested that a key lesson should be to get these reports published as quickly as possible to inform policies and funding decisions for the following year.

Support was expressed for the Bastion Street bus gate, which would benefit residents of Love Lane.

Officers had requested that the reports on the Attainment of Children on Free School Meals and the Review of SEND and the High Needs Block be deferred due to Ofsted inspections. This was agreed.

Action: Chairman to liaise with the Executive Director – Children’s Services regarding timings for her reports, taking account of data releases for primary and secondary schools.

It was agreed that the Waste Strategy should be reviewed at the next meeting if possible.

Action: Principal Policy Officer to liaise with the Waste Manager regarding bringing the Waste Strategy to the next meeting.

It was noted that the proposed responses to the Covid Task and Finish Group recommendations would be considered by the Executive on 13 February.

RESOLVED that the Forward Plan be noted and the agreed items be added to the Scrutiny Work Programme.

60. **Scrutiny Commission Work Programme**

The Commission considered its work programme (Agenda Item 16).

Officers had requested to bring a paper on Devolution and Local Government Reorganisation to the next meeting. Members agreed providing there was sufficient detail to have a meaningful discussion. Members highlighted that town and parish councils were concerned that they would be more remote from local government decision making under the new arrangements. However, it was suggested that there may be opportunities for town and parish councils to take on more responsibilities. Members felt that this would be an opportunity for the Scrutiny Commission to influence the process.

Other items proposed included:

- **Safer Streets / Safer Schools** - It was highlighted that headteachers were looking for support to tackle road safety issues around schools.
- **Housing** – It was suggested that Sovereign Network Group (SNG) be invited to give evidence regarding the supply and demand for affordable housing in West Berkshire. Members understood that SNG had been unable to take on affordable homes in new developments, which was a concern. Members observed that SNG was a member of Health and Wellbeing Board (HWB). It was also noted that there were a number of

SCRUTINY COMMISSION - 11 FEBRUARY 2025 - MINUTES

housing related reports scheduled to go to HWB and Executive, so there was a risk of duplication of effort.

Actions:

- **Chairman to approach Councillor Gourley about whether headteachers could make representations to TAG.**
- **Chairman to liaise with Councillor Denise Gaines regarding housing issues.**

It was noted that a report on the Transformation Programme was programmed for the July meeting.

The Chairman had discussed the review of the Libraries Strategy with Councillor Foot who would confirm when would be the best time for Scrutiny to get involved.

Members noted that the Community Safety Partnership review was programmed for September.

RESOLVED to approve the revised work programme.

(The meeting commenced at 6.30 pm and closed at 9.16 pm)

CHAIRMAN

Date of Signature