

POLICY COMMITTEE MINUTES - 13 MARCH 2017

Present: Councillor Lovelock (Chair, except for Items 95 and 99)

Councillors Davies, Duveen, Eden, Gavin, Gittings, Hopper, Hoskin, Jones, Page (Vice-Chair, in the Chair for items 95 and 99), Skeats, Stevens, Terry and White.

93. EXCLUSION OF THE PRESS AND PUBLIC

Resolved -

That pursuant to Section 100A of the Local Government Act 1972 (as amended), members of the press and public be excluded during consideration of items 94-95 below as it was likely that there would be a disclosure of exempt information as defined in the relevant paragraphs specified in Part 1 of Schedule 12A to that Act.

94. ABBATOIRS ROAD

This item was deferred.

(Exempt information as defined in paragraph 3).

95. HOMES FOR READING: MOBILISATION, FUNDING AND BUSINESS PLAN

The Director of Environment and Neighbourhood Services and Director of Finance submitted a report setting out four appendices relating to a report on Homes for Reading (HfR) to be considered in public session (see Minute 99 below).

The following documents were attached to the report:

- Appendix 3: HfR Business Plan
- Appendix 4: State Aid Report (Savills Financial Consultants)
- Appendix 5: Summary of Facility Agreement Terms
- Appendix 6: HfR Ltd Risk Register

Resolved -

That the Appendices be noted and considered with the report on Homes for Reading (Minute 99 refers).

(Exempt information as defined in paragraph 3).

(Councillors Davies, Hopper and Lovelock declared an interest in this item, left the meeting and took no part in the debate or decision. Nature of interest: the Councillors were unpaid Directors of Homes for Reading Ltd.)

(Councillor Page took the Chair for this item).

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96. MINUTES

The Minutes of the meeting held on 13 February 2017 were agreed as a correct record and signed by the Chair.

97. QUESTIONS

Wendy Thomson presented a petition on the subject of 'Don't Cut Funding to Berkshire Women's Aid'.

Questions on the following matters were submitted by councillors:

	Questioner	Subject	Reply
1.	Councillor Ballsdon	Contractors at Reading Station	Councillor Page
2.	Councillor White	Children's Centre stay and play activities	Councillor Gavin
3.	Councillor White	Autism Strategy	Councillor Hoskin

(NB - The full text of the petition, questions and responses was made available on the Reading Borough Council website).

98. DOMESTIC ABUSE SERVICES: BUDGET AND COMMISSIONING

The Director of Environment and Neighbourhood Services submitted a report setting out a summary of consultation responses to proposals to re-balance investment in Domestic Abuse services, by increasing funding for non-accommodation-based services and reducing funding for refuge services. The report sought approval to implement the proposals and award new contracts for the services. Attached to the report at Appendix 1 was an Equality Impact Assessment on the proposals and at Appendix 2 was a summary of the consultation exercise.

The report noted that the Council currently had three separate contracts for the provision of Domestic Abuse services, but that it had been agreed to pool budgets to enable a holistic commissioning approach and joint re-tender for Domestic Abuse services. In light of the Council's financial situation options for commissioning within a reduced budget had been considered. In line with the Community Safety Partnership's Domestic Abuse Strategy 2015-18 and benchmarking data comparing levels of provision in Reading with other areas, it was proposed that there would be a shift in focus and funding away from support within refuges and towards non-accommodation-based preventative and outreach support in order to meet a growing demand. Reading currently had 25 refuge places in the town, 16.1 per 100,000 population, which was significantly more than any other local authority in the Thames Valley. The proposals were for a reduction in the number of Council-funded refuge places to 15 (still above the benchmark average provision) and reduction in funded weekly hours of support per household within those refuge places, in line with benchmarking data. The proposed changes would deliver a £58,000 saving against the total Domestic Abuse services budget.

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The report explained that consultation on the proposals had been carried out, with 120 online responses received as well as a petition signed by 700 individuals protesting against the proposed funding reduction. In addition two public drop-in sessions and two specific sessions with service users had been held. The report summarised the feedback provided and a detailed analysis was attached at Appendix 2 along with an Equalities Impact Assessment at Appendix 1. It was recommended that the Council proceed with the proposal.

The report explained that two new contracts would be procured for all Domestic Abuse services with start dates of 1 October 2017. It was proposed that the reduced refuge contract be negotiated directly with the existing provider, and that a provider for all non-accommodation based services be procured via competitive tender exercise. In order to maintain services until the start of the new contracts, it was proposed that two of the existing contracts (with the value of the refuge contract stepping down in July 2017), and the agreed grant arrangements, be extended until 1 October 2017.

Resolved -

- (1) That the summary of the consultation responses set out in Appendix 2 be noted;**
- (2) That the rebalancing of investment - increasing funding for non-accommodation based Domestic Abuse services and reducing funding for refuge services in line with benchmarking information, which would deliver an overall annual saving of £58,000, be endorsed;**
- (3) That a contract to provide support at 15 refuge places be awarded to Berkshire Women's Aid for an initial period of 3 years, with an option to extend for two further consecutive periods each of 1 year, with a start date of 1 October 2017, and that the Director of Environment and Neighbourhood Services, in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal and Democratic Services, be authorised to finalise the negotiated terms of the contract with Berkshire Women's Aid;**
- (4) That the Director of Environment and Neighbourhood Services, in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal and Democratic Services, be authorised to award the contract for non-accommodation based Domestic Abuse services to the winning tenderer for an initial period of 3 years, with an option to extend for two further consecutive periods each of 1 year;**
- (5) That the extension of the existing grant arrangements, Family Choices contract and refuge contract until 1 October 2017 be approved.**

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(Councillors Jones and Terry declared an interest in this item and left the meeting and took no part in the discussion or debate. Nature of interest: Councillor Terry was the Chief Executive of Berkshire Women's Aid and Councillor Jones was Councillor Terry's partner).

99. HOMES FOR READING: MOBILISATION, FUNDING AND BUSINESS PLAN

The Director of Environment and Neighbourhood Services and Director of Finance submitted a report to update the Committee on the progress made in setting up Homes for Reading Limited (HfR) as a wholly-owned company, and to seek approval from the Committee, acting as shareholder of HfR, for: a revised Shareholder Agreement, revised Memorandum and Articles of Association, Financial Business Plan, appointment of Non-Executive Directors and remuneration for the Managing Director. Attached to the report at Appendix 1 was a revised Shareholder Agreement, and attached to the report at Appendix 2 were the revised Memorandum and Articles of Association. Other Appendices had been submitted to the Committee in closed session (Minute 95 above refers).

The proposed Memorandum and Articles of Association and Shareholder Agreement set out how the company would be run and the decisions reserved for shareholders. The Council would hold all of the shares and as such retain full control of the company, with the shareholder function being primarily executed through Policy Committee. Additionally the Audit and Governance Committee had been authorised to provide oversight of the arrangements and financial position in relation to the company.

The report noted that the Council had created HfR with the aim of the company purchasing, over a 5 year period, 500 existing (and potentially new) residential properties to rent, with a proportion of the homes being provided at sub-market rent to homeless households, subsidised by letting the remainder at market rent. The Council had been working with external advisors on the development of the HfR Business Plan, which under the Shareholder Agreement required approval from the Committee before HfR could begin to trade.

The report explained that the Business Plan set out the structure of the arrangements between the Council and HfR; described the assumptions underpinning the business model; and considered financial viability and risk exposure. The Plan had informed the terms of a facility (loan) agreement between the Council and HfR, and the Council would purchase shares and make loan advances to HfR in the approximate ratio of 45:55. Both share purchases and loan advances were capital expenditure and had been approved as part of the Council's budget report for 2017/18. HfR would pay a commercial rate of interest, above the Council's own borrowing rates, such that the overall interest payments should be sufficient to meet the Council's debt financing costs on both the loan and share capital advances. The expectation was that the company would have an operating profit from year 2, subject to being able to acquire properties at the rate assumed in the business plan, and being able to manage them to the cost and income profile assumed.

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The report explained that HfR had appointed Centrus financial advisors to independently review the proposed loan arrangements and Business Plan on the company's behalf. After some agreed amendments to the initial draft Centrus had advised HfR that the facility agreement could be entered into. Savills Financial Consultants had provided a State Aid report to the Council in respect of the amended arrangements, which had stated that the proposed arrangements were lawful and reflected a normal commercial arrangement for this type of business. The State Aid Report and a Summary of the Facility Agreement Terms had been attached to the report considered in closed session.

The report also set out the role of the Board of Directors and noted that it had been agreed that the Board should include two independent Non-Executive Directors (NEDs) to bring commercial housing and finance experience. Two NEDs had been selected and the report sought approval for their formal appointment. A Managing Director for the company had also been recruited, and the Shareholder Agreement required that their remuneration be approved by the Shareholder. The Committee was therefore asked to approve the remuneration of the Managing Director, in line with the Council's Pay Policy at Head of Service/Director Grade.

The report noted that the current Councillor and Officer Directors had been appointed for the period of the Municipal Year 2016/17, but that under the proposed revised Memorandum and Articles of Association this period would be extended to an initial appointment of three years. For Councillors this would be subject to their appointment being confirmed at the Council AGM.

Resolved -

- (1) That the revised Shareholder Agreement, as attached to the report at Appendix 1, be approved;**
- (2) That the Articles of Association of the Company, as attached to the report at Appendix 2, be adopted;**
- (3) That the Business Plan for HfR Ltd, as attached to the report considered in closed session (see Minute 95 above), be approved;**
- (4) That the revised principal terms of the proposed Facility Agreement to enable the Council to lend money to HfR Ltd, and the contents of the State Aid Report, as attached to the report considered in closed session (see Minute 95 above), be noted;**
- (5) That the HfR Ltd Risk Register, as attached to the report considered in closed session (see Minute 95 above), be noted;**
- (6) That Darrell Mercer and John Higgins be appointed Non-Executive Directors, and that the amendment to the Memorandum and Articles of Association to extend the appointment of all Directors of HfR Ltd to three years be noted;**

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- (7) That the remuneration of the HfR Managing Director in line with the Council's Pay Policy at Head of Service/Director Grade be approved;
- (8) That, in accordance with section 551 of the Companies Act 2006 (CA 2006), the Directors (Directors) of HfR be generally and unconditionally authorised to allot shares in the Company to the Council up to an aggregate nominal amount of £10,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 March 2018 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired (This authority is in addition to the authority granted by the Committee on 31 October 2016 to allocate £5,000,000 shares);
- (9) That, subject to the passing of resolution 8 and in accordance with section 570 of the CA 2006, the Directors be generally empowered to allot equity securities (as defined in section 560 of the CA 2006) pursuant to the authority conferred by resolution 10, as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall:
- be limited to the allotment of equity securities up to an aggregate nominal amount of £15,000,000; and expire on 31 March 2018 (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired;
- (10) That the Director of Finance and the Head of Legal and Democratic Services, in consultation with the Deputy Leader and Chair of Audit & Governance Committee be delegated authority to act on behalf of the Council in agreeing arrangements with HfR Ltd, save for those matters specifically reserved to Policy Committee in the Shareholder Agreement.

(Councillors Davies, Hopper and Lovelock declared an interest in this item, left the meeting and took no part in the debate or decision. Nature of interest: the Councillors were unpaid Directors of Homes for Reading Ltd.)

(Councillor Page took the Chair for this item).

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100. ACCOMMODATION RATIONALISATION REVIEW - THAMESBRIDGE HOUSE

The Director of Environment and Neighbourhood Services submitted a report seeking approval to carry out improvements to Thamesbridge House at an estimated cost of £240,000 - £260,000, and to appoint Morgan Sindall to carry out the works under their existing agreement with the Council. A location plan showing Thamesbridge House was attached to the report at Appendix A and an Equality Impact Assessment at Appendix B.

The report explained that Thamesbridge House currently provided mixed classroom and office space for New Directions and Children's Services teams. As part of the office rationalisation programme it had been identified as a favourable site for improvement works, as it required minimum investment to increase capacity and accommodate the New Directions Services currently located in Caversham. The building was also within south Reading where service delivery was most needed. The scope of the proposed improvement works was outlined in the report.

The report explained that the Council had an existing contract with Morgan Sindall, and that the addition of the proposed works to that contract would provide demonstrable benefits in terms of timescale, value for money and contractor continuity. Without the need to go through a tender process, Morgan Sindall would be able to carry out the required work by September 2017, in time for the start of the new term.

The report noted that the works to Thamesbridge House would facilitate the disposal of the Caversham Centre, which had been approved in principle by the Policy Committee at its meeting held on 18 July 2016 (Minute 23(5) refers). Disposal of the Caversham Centre would achieve a capital receipt and annual revenue savings of circa £68k, plus £50k of condition related Capital costs.

Resolved -

- (1) That improvement works up to the value of £260,000 be carried out at Thamesbridge House, 330 Northumberland Avenue;**
- (2) That, in accordance with Contract Procedure Rule 4(2)(h) and (i), the existing agreement with Morgan Sindall be extended to include the additional works described in the report;**
- (3) That the Capital Programme be amended to include the approved works.**

101. PLANNING APPLICATIONS - FEE INCREASE

The Director of Environment and Neighbourhood Services submitted a report on the Government's proposal to increase planning fees by 20% from July 2017 if the receiving Council committed to invest the additional income in their planning services.

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Attached to the report at Appendix A was 'A Guide to the Fees for Planning Applications in England', which set out the current fees in force and the 20% increased fees proposed by the Government. Attached to the report at Appendix B was a copy of the proposed return to be sent to the Government, to accept the proposed increase in fees and confirm that it would be spent on planning functions.

The report noted that there were a number of options as to how the increased income would be used, and it was agreed at the meeting that a proposal be developed and submitted to a future meeting of the Planning Applications Committee or Strategic Environment, Planning and Transport Committee.

Resolved -

- (1) That the Director of Finance respond to the Government proposal to accept the proposed 20% increase in planning fees (planned for July 2017) and confirm that the higher fees would be spent entirely on the Planning Service;**
- (2) That a proposal for the best way of investing the additional income in the Planning Service be submitted to a future meeting of the Planning Applications Committee or Strategic Environment, Planning and Transport Committee.**

102. BUILDING BETTER OPPORTUNITIES - STRONGER TOGETHER PARTNERSHIP (WEST OF BERKSHIRE UNITARY AUTHORITIES)

The Managing Director submitted a report on an application to a Building Better Opportunities (BBO) project across the West of Berkshire, and seeking endorsement for the Council being the accountable body for the proposed 'Stronger Together Partnership'.

The report explained that the Council had submitted an Expression of Interest in late 2015 to deliver a £1.3 million BBO project across the West of Berkshire for a project called 'The Stronger Together Partnership'. The project was aimed at unemployed people aged 25 and over, and would align with the Elevate Berkshire programme (supporting unemployed young people 16 to 24) to deliver the aspiration to have an ageless skills and employment offer to socially and economically inactive residents of Reading, Wokingham and West Berkshire local authorities. The majority of the proposed activity funded by the £1.3 million would be delivered for the benefit of Reading residents, notably in wards with high levels of social and economic inactivity.

The report explained that the project would be funded by the European Social Fund, with match funding being provided by Big Lottery for projects that tackled poverty and promoted social inclusion. There was no requirement for the Council to provide any funding. The Expression of Interest had been successful and a full application was due to be submitted by the end of March 2017; if the full application was

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successful the project would run from September 2017 for a period of three years. It was proposed that the Council would act as the accountable body for this project.

Resolved -

- (1) That the intention to submit the full application for 'The Stronger Together Partnership', which would be funded by the European Social Fund (ESF), with match funding from Big Lottery, at no cost to the Council, by the end of March 2017, be endorsed;**
- (2) That the Council be the accountable body for the proposed Stronger Together Partnership.**

103. CONTRACT AWARD - MEASURED TERM CONTRACTS FOR WORKS TO COUNCIL HOUSING STOCK

The Director of Environment and Neighbourhood Services submitted a report seeking approval for the award of 'measured term' contracts for the provision of general builders work, small builders work, insulation, scaffolding, replacement windows and doors, jet washing of buildings, timber preservation and composite doors following competitive tendering exercises.

The report explained that these contracts related to the repair and maintenance of the Council's Housing Stock. No volume of expenditure was guaranteed as annual expenditure would depend on the actual level of work that was required to be sub-contracted during the course of the year but indicative expenditure levels were provided in the report.

Resolved -

That the Director of Environment and Neighbourhood Services, in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal & Democratic Services, be authorised to award eight Measured Term Contracts for General Builders Works, Small Builders Works, Insulation, Scaffolding, Replacement Windows & Doors, Jet Washing, Composite Doors and Timber Preservation for a period of 4 years.

104. BUDGET MONITORING

The Director of Finance submitted a report setting out the result of the detailed budget monitoring exercise undertaken for 2016/17, based on the position to the end of January 2017.

The report summarised the Directorate budget monitoring exercises, which showed that the overall overspend had increased by £52k since the previous report.

Resolved -

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That it be noted that based on the position at the end of January 2017 budget monitoring forecast an overspend of around £7.7m.

(The meeting started at 6.30pm and closed at 7.48pm).