

POLICY COMMITTEE MEETING MINUTES - 13 DECEMBER 2021

Present: Councillor Brock (Chair);

Councillors Page (Vice-Chair), Barnett-Ward, Emberson, Ennis, Hoskin, McElroy, McEwan, Mitchell, Pearce, Robinson, Rowland, Skeats, Stevens, Terry and White

Apologies: Councillor Duveen

49. DECLARATIONS OF INTEREST

Councillor Barnett-Ward declared a pecuniary interest in Item 52 on the basis that she was employed as CEO of Reading Association for the Blind.

Councillor Rowland declared a non-pecuniary interest in Item 52 on the basis that she was one of the Council's appointed Trustees on the Queen Victoria Institute Fund and had been appointed in a personal capacity as a Trustee of Reading Community Learning Centre and Reading Association for the Blind.

Councillor McEwan declared a non-pecuniary interest in Item 52 on the basis that she was one of the Council's appointed representatives on Reading Community Welfare Rights Unit.

Councillor Terry declared a non-pecuniary interest in Item 52 on the basis that she was one of the Council's appointed representatives on Citizen's Advice Reading.

Councillor Ennis declared a non-pecuniary interest in Items 56 and 57 on the basis that he was the Chair of the Reading Youth Offending Service which was overseen by Brighter Futures for Children.

50. MINUTES

The Minutes of the meeting held on 1 November 2021 were agreed as a correct record and signed by the Chair.

51. PETITIONS AND QUESTIONS

A petition to re-open the Palmer Park Toilets and locally list the three Heritage Buildings in Palmer Park was submitted by Kathryn McCann.

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr White	School Meals: Good, Bad or Ugly?	Cllr Pearce
2.	Cllr White	Diesel Fumes at Children's Play Areas	Cllr Page
3.	Cllr White	Tackling Climate Change through Fossil Fuel Divestment	Cllr Brock

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

52. THE VOLUNTARY & COMMUNITY SECTOR (VCS) COMMISSIONING PROGRAMME

The Executive Director of Adult Social Care & Health Services submitted a report on the commissioning of services from the Voluntary and Community Sector (VCS). Attached to the report at Appendix A was a table setting out the key outcomes of the proposed Commissioning Programme and the criteria which fall under each outcome.

The report noted that the current programme had been commissioned under the Narrowing the Gap II framework and covered contracts with 27 VCS organisations which would end in May 2022. A fresh approach to the commissioning and procurement of services from the VCS was recommended which would allocate funding to target inequalities in the most disadvantaged groups and neighbourhoods using an outcomes-based approach, alongside delivery of core services for Adult Social Care & Public Health (DACHS). The overall focus of the programme would continue to be on improving health & wellbeing and reducing deprivation and disadvantage, and the key outcomes that providers would be asked to submit proposals against were: (1) to support people to get out and stay out of poverty, (2) to build resilience, independence and well-being, connecting people to support and focusing on individual and community strengths, and (3) to invest in VCS infrastructure support. Priority aims that had been identified under each outcome were listed in Appendix A.

The report explained that the programme would use a new approach to procurement for these services, recognising the knowledge, experience and creativity of the VCS and empowering the sector to define solutions to meet outcomes set out by the Council. The move away from detailed specifications to an outcome focused approach would seek to empower the sector to share their knowledge and skill in delivery of evidence-based outcomes as defined by the Council. The aim of the process was not only to allocate funding which would contribute to addressing inequality but also to signal a changing relationship with the VCS, recognising the importance of the sector in a thriving and self-reliant community. It was proposed that the overall programme be renamed the 'Closing the Gap' Framework thus signalling a shift from the current approach.

The report proposed that the budget envelope for the programme be sustained at £1.13m per annum. Approximately £270k of funding would be allocated against outcome 1; £701k against outcome 2 and £158k against outcome 3. These amounts were derived from a review of the current spending in Narrowing the Gap II but were indicative only to allow for flexibility. Bids would be evaluated by a multi-disciplinary team and funding would be awarded for proposals which were deemed to have the most positive impact on outcomes, reflecting the overall requirement to deliver a balanced and fair portfolio of provision to meet outcomes. The Council reserved the right to negotiate with bidders to achieve this balance, dependent on the spread of bids received and their ability to achieve the complete spectrum of defined outcomes. A detailed specification would only be provided for the carers' services, as this was a core requirement of DACHS, and an

indicative amount of £150k from outcome 2 had been ringfenced to support the delivery of carers' services.

The report explained that successful bidders would be offered contracts of three years and set out a proposed timetable for the commissioning process leading up to the new contracts starting on 1 June 2022. It was raised at the meeting that feedback had been received from Reading Voluntary Action on this proposed timetable, and it was moved and agreed that the Deputy Chief Executive, in consultation with the Leader of the Council, be authorised to consider this feedback, as well as the implications of the government's latest COVID guidance, and to agree revised deadlines for the commissioning process as appropriate. Subject to any changes to the proposed timetable it was also agreed that they be authorised to extend all current Narrowing The Gap contracts beyond May 2022 if required.

Resolved -

- (1) That the Council launch a new outcomes focused commissioning programme for the procurement of services from the VCS to meet the three key outcomes to support people to get out and stay out of poverty, to build resilience, independence and well-being, connecting people to support and focusing on individual and community strengths, and to invest in VCS infrastructure support;
- (2) That the budget envelope be sustained at £1.13m per annum with this funding to be used to meet each of the outcomes with an indicative split based on an analysis of the current spending and with an element ringfenced for Carers' Services;
- (3) That contracts be awarded to providers who had submitted proposals deemed to have the most positive impact on outcomes, to be achieved through an evaluation of bids, and that, dependent on the spread of bids received and their ability to achieve the complete spectrum of outcomes, the Council undertake further negotiation with the sector if required;
- (4) That the Deputy Chief Executive, in consultation with the Leader of the Council, be authorised to consider the implications of the government's latest COVID guidance and recent feedback from Reading Voluntary Action on the proposed timetable for commissioning and to agree deadlines as appropriate, and that subject to any revised timetabling they be authorised to extend all current Narrowing The Gap contracts as required;
- (5) That the Deputy Chief Executive, in consultation with the Leader of the Council and the Executive Director of Adult Social Care & Health, be authorised to enter into contracts with the successful organisations for three years.

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(Councillor Barnett-Ward declared a pecuniary interest in this item on the basis that she was employed as CEO of Reading Association for the Blind. She left the meeting and took no part in the debate or decision.

Councillor Rowland declared a non-pecuniary interest in this item on the basis that she was one of the Council's appointed Trustees on the Queen Victoria Institute Fund and had been appointed in a personal capacity as a Trustee of Reading Community Learning Centre and Reading Association for the Blind. She left the meeting and took no part in the debate or decision.

Councillor McEwan declared a non-pecuniary interest in this item on the basis that she was one of the Council's appointed representatives on Reading Community Welfare Rights Unit.

Councillor Terry declared a non-pecuniary interest in this item on the basis that she was one of the Council's appointed representatives on Citizen's Advice Reading.)

53. AWARD OF CONTRACT FOR HEXAGON PANTOMIME PRODUCTION SERVICE

The Executive Director of Economic Growth and Neighbourhood Services submitted a report seeking approval to award Bidder A the contract to produce The Hexagon pantomime from 2022 for three annual pantomimes.

The report noted that the pantomime was an extremely popular fixture in the annual calendar at the Hexagon and welcomed over 35,000 people a year from across the region, including families and schools. A production company would be required to deliver the annual pantomime from 2022 onwards as the current contract expired in 2021. Award of a new contract well in advance of the first production under the terms of the new agreement was necessary to enable discussions and decisions regarding a number of elements of the production (including title, casting and ticket prices) and allow for tickets to be released for sale during the 2021 pantomime run.

The report summarised the procurement process that had been carried out and set out a proposal to award the contract for the annual seasonal Pantomime provision at the Hexagon to Bidder A to produce the Pantomime for three seasons, with the option to extend for a further two seasons.

In considering the report and recommendation the Committee took into account the additional information on the evaluation and financial detail of the successful bid which was set out in a report to be considered in closed session (Minute 60 below refers).

Resolved -

That the award of contract to Bidder A to produce the annual pantomime at The Hexagon for the next three seasons from 2022, with the option to extend for another two seasons, be approved.

54. 2021/22 QUARTER 2 PERFORMANCE AND MONITORING REPORT

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The Director of Finance submitted a report setting out the projected revenue and capital outturn positions for 2021/22 for the General Fund and the Housing Revenue Accounts as at the end of September 2021 (Quarter 2, and summarising performance against the measures of success published in the Council's Corporate Plan. The following documents were attached to the report:

- Appendix 1 - Financial Monitoring for Quarter 2
- Appendix 2 - Corporate Plan Measures for Quarter 2
- Appendix 3 - Corporate Plan Measures for Quarter 2 (Charts)

The report explained that the forecast General Fund revenue outturn position as at the end of Quarter 2 was an overspend on service expenditure of £8.176m. This included a structural overspend of £4.201m on DACHS that would need to be addressed as part of the updating of the Medium-Term Financial Strategy, and an overspend on DEGNS of £3.567m, including £4.470m of costs that were attributable to Covid-19. It was proposed to fund this overspend through the use of Covid-19 support grant that was available for 2021/22 but had not previously been allocated. It was also proposed to utilise £3.844m of corporate contingencies and £1.838m of the £2.776m of earmarked reserves that had been agreed in the 2021/22 budget. The use of this combination of contingencies and one-off resources meant that a break-even position was now projected for 2021/22.

The report also explained that £4.145m of savings had been delivered to date in the current financial year, with a further £8.126m of savings on track to be delivered by March 2022. £4.700m of savings were currently categorised as non-deliverable with a further £3.237m categorised as at risk of delivery. The Housing Revenue Account (HRA) was projecting an underspend of £0.874m as at the end of Quarter 2, the General Fund Capital Programme was forecast to underspend by £30.176m in 2021/22, and the HRA Capital Programme was forecast to underspend by £9.873m in 2021/22. The report noted that an additional Open Spaces Improvement scheme totalling £0.153m, which was fully funded by s106 monies, had been added to the Capital Programme. Details of the scheme had been published in the Decision Book (Issue 625 refers), and the Committee were asked to formally approve the scheme's inclusion in the Capital Programme.

Resolved -

- (1) **That it be noted that:**
 - a) The forecast General Fund revenue outturn position as at the end of Quarter 2 was a net break-even position after use of Covid-19 support funding, corporate contingencies and use of £1.838m of the £2.776m of earmarked reserves that had been agreed in the 2021/22 budget;
 - b) The Housing Revenue Account was forecast to underspend by £0.874m as at the end of September 2021;

- c) The General Fund Capital Programme was forecast to underspend by £30.176m;
 - d) The HRA Capital Programme was forecast to underspend by £9.873m;
 - e) £4.145m of 2021/22 savings had been delivered (blue) with a further £8.126m of savings on track to be delivered (green) by March 2022. £4.700m of savings were currently categorised as non-deliverable (red) with a further £3.237m categorised as at risk of delivery (amber);
 - f) The performance achieved against the Corporate Plan success measures was as set out in the report and Appendix 2;
- (2) That the £8.176m overspend on services be funded through use of the Covid-19 support grant that was available for 2021/22 but had previously been unallocated, in addition to £3.844m of corporate contingencies and £1.838m of the £2.776m of earmarked reserves that had been agreed in the 2021/22 budget;
- (3) That the Open Spaces Improvement scheme be added into the Capital Programme.

55. MEDIUM TERM FINANCIAL STRATEGY 2022/23-2024/25 UPDATE

The Director of Finance submitted a report providing an update to the Council's Medium-Term Financial Strategy (MTFS). The following documents were attached to the report:

- Appendix 1 - Summary of Interim General Fund Budget 2022/23 to 2024/25
- Appendix 2 - Summary of General Fund Budget Changes 2022/23 to 2024/25
- Appendix 3 - Current Housing Revenue Account Budget 2021/22 to 2023/24 and Reserves as approved in February 2021.
- Appendix 4 - General Fund and HRA Capital Programme 2021/22 to 2023/24
- Appendix 5 - Flexible Capital Receipts Strategy
- Appendix 6 - Equality Impact Assessment

The report noted that the updated MTFS had been developed to reflect the changing landscape in which Councils were now operating. The Covid-19 pandemic had had a significant impact on Council budgets, with increased costs and reduced levels of income. There was still huge uncertainty around how long these will continue to impact on budgets. Income levels had still not returned to pre Covid-19 levels and the updated MTFS proposed a re-profiling of income from 2022/23 to later years on the assumption that the majority of that income would recover over time. The impact of lost income had previously been offset by grant funding from Central Government, but indications were that there would be no more funding available to Councils after the current financial year.

The report noted that there were also significant pressures in the social care system and explained that the updated MTFS included an increase of almost £5m in the budget for Adult Social Care services for next year, to fund the impact of those cost pressures, including the ongoing commitment to fund care providers at a level that allowed them to pay staff at the rate recommended by the Living Wage Foundation rather than the lower national living wage rate set by central government. In addition, an initial assessment had been undertaken of the financial impact of Adult Social Care funding reforms; these were included as cost pressures in years 2 and 3 of the MTFS but were assumed to be fully mitigated by new funding allocated by central government. Brighter Futures for Children (BFfC) had requested a £1.1m increase in the contract sum for 2022/23, related to inflationary increases that had previously been assumed to be absorbed by BFfC rather than being a cost pressure for the Council. This proposed increase had not yet been agreed and negotiations were ongoing.

The report set out other cost pressures and assumptions including proposed changes by government to the capital framework for Minimum Revenue Provision (MRP), the impact of the Environment Bill proposals on Waste Operations. The 1.25% increase in employers National Insurance contributions was not currently included in the MTFS expenditure figures as it was assumed that additional funding would be received to cover this. The MTFS currently assumed a general Council Tax increase of 1.99% and an additional Adult Social Care precept of 1% across each of the three years.

The report summarised the overall impact of these changes across the three years of the MTFS and noted that the estimated funding gap of £3.316m in 2022/23 would need to be addressed in order to comply with the legal requirement to set a balanced budget. A period of public consultation on the budget would commence on 14 December 2021 and conclude on 14 January 2022. A further report would be brought to Policy Committee on 14 February 2022 recommending approval of a balanced budget to Full Council in order that it could approve its budget, associated Council Tax level and precept for 2022/23 at its meeting on 23 February 2022.

Resolved -

That the Committee note the Draft Medium-Term Financial Strategy as set out in the Appendices to the report, including:

- a) the Council's General Fund Budget Requirement of £148.137m for 2022/23 and an assumed increase in the band D Council Tax for the Council of 1.99% plus an additional 1.00% Adult Social Care precept, or £53.12 per annum representing a band D Council Tax of £1,829.72 per annum as set out in paragraphs 12.1 to 12.3;
- b) the proposed service savings and efficiencies of (£6.1m) and additional income of (£0.8m) currently proposed in 2022/23 and set out in Appendix 2;
- c) the overall savings currently proposed within the MTFS of (£15.6m) (of which changes to income, fees and charges is (£1.9m));

- d) the Housing Revenue Account budget for 2021/22 to 2023/24 as set out in Appendix 3;
- e) the General Fund and Housing Revenue Account Capital Programmes as set out in Appendices 4a and 4b; (to follow)
- f) the Strategy for the use of flexible capital receipts to deliver future transformation and ongoing savings as set out in Appendix 5.

56. BRIGHTER FUTURES FOR CHILDREN LIMITED - ANNUAL PERFORMANCE REPORT

The Deputy Chief Executive submitted a report to the Committee, acting in its capacity as sole member of Brighter Futures for Children Limited (BFfC/the company), setting out the company's performance and finances for financial year 2020/21. The following documents were attached to the report:

Appendix 1: BFfC Annual Report and Financial Statements 2020-21

Appendix 2: BFfC EoY (End of Year) Transformation Summary 2020-21

The report summarised some of the challenges, changes and successes for BFfC in 2020/21 including the response to the COVID-19 pandemic and the new role of the Executive Chair.

Resolved -

That the BFfC retrospective finance and performance report for 2020/21 be noted.

(Councillor Ennis declared a non-pecuniary interest in this item on the basis that he was the Chair of the Reading Youth Offending Service which was overseen by Brighter Futures for Children.)

57. BRIGHTER FUTURES FOR CHILDREN LIMITED - RESERVED MATTERS

The Deputy Chief Executive submitted a report to the Committee, acting in its capacity as sole member of Brighter Futures for Children Limited (BFfC/the company), setting out decisions arising from the departure of BFfC's Interim Executive Director for Finance and Resources.

The report explained that, following the departure of the Interim Executive Director for Finance and Resources it was the intention to seek to recruit a permanent Executive Director to the post. The process would commence as soon as possible in 2022, however there needed to be an appropriate interim structure put in place to meet the requirements for Board membership under the Company's Articles of Association. At its meeting on 25 November 2021 the BFfC Board had resolved to appoint, subject to the approval of the Council, the Council's s151 Officer and Finance Director as an additional Executive Director. This appointment would be enabled by way of seconder to BFfC for

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20% of their time, and the agreed duties to be covered through the secondment were listed in Appendix 1.

The report proposed that the Committee acting as sole member consent to the appointment of the additional Executive Director for a maximum of six months to facilitate the review and appointment of a new permanent Executive Director of Finance and Resources. It noted that the proposals would have an impact on capacity to oversee the Finance transformation programme currently underway within the Council and that there might therefore be a need to bring in additional resource to ensure that this work did not slip.

Resolved -

- (1) That the secondment of the Council s151 Officer and Finance Director to act as the interim Executive Director for Finance for BFfC for 20% of his time for a maximum of 6 months, to facilitate the appointment of a new permanent Executive Director of Finance and Resources, be endorsed,
- (2) That the requirement in the Articles for the interim Executive Director of Finance to be an employee of the Company be waived for a maximum of 6 months to allow for the appointment of a new permanent Executive Director of Finance and Resources;
- (3) That the Committee confirm to the Board of Brighter Futures for Children Ltd that it did not view the role of interim Executive Director for Finance to generally be in conflict with the role of Director of Finance and section 151 officer for the Council, and that for the purposes of Article 19.2 of the Articles of Association, the interest should not reasonably be regarded as one giving rise to a conflict of interest;
- (4) That the requirement for the transformation work already underway within the RBC Finance Team, including the implementation of a new financial system, to continue at pace, and that this might necessitate additional resources, be noted.

(Councillor Ennis declared a non-pecuniary interest in this item on the basis that he was the Chair of the Reading Youth Offending Service which was overseen by Brighter Futures for Children.)

58. APPOINTMENT OF DIRECTORS TO READING TRANSPORT LIMITED

Further to Minute 10 of the meeting held on 14 June 2021, the Deputy Chief Executive submitted a report to the Committee, acting as shareholder of Reading Transport Limited, making recommendations for the appointment of new Board members to Reading Transport Ltd. A short biography of each successful candidate was included in an Appendix to the report.

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The report noted that at its meeting on 14 June 2021 the Committee had agreed to the recruitment of a new board of Non-Executive Directors (NEDs) to take effect from 1 January 2022. Recruitment consultants had been appointed to assist the Council, working alongside the Council's HR team to specify the requirements for the NEDs and Chair, and a national campaign had been conducted with over 70 applicants expressing an interest in the roles. The shareholder interview Panel of Councillors Page, Lovelock and Skeats had met six candidates for Chair / NED and a further 12 candidates for NED.

The report explained that, following the interviews, a new Chair and four new NEDs were recommended for appointment. Two existing NEDs who had applied to be re-appointed were also recommended to continue on the Board.

Resolved -

- (1) That Peter Milhofer be appointed as Non-Executive Director and Chair of the Board for a period of 4 years starting on 1 January 2022;
- (2) That Ian Feast, Robert Pinkett, Pam Turton and Gursharn Uppal be appointed as Non-Executive Directors to the Board for a period of 4 years starting on 1 January 2022;
- (3) That the continued service of Patricia Thomas and Cllr Stanford-Beale until the expiry of their appointments in 2023 and 2022 respectively be noted;
- (4) That the outgoing Directors of the Board be thanked for their dedicated service to the Company over many years and their many achievements noted: David Sutton (Chair), Francis Connolly, Chris Gavin, Keith Moffatt and Cllr Rose Williams;
- (5) That the Assistant Director of Legal and Democratic Services be authorised to take any further consequential actions and issue any such notices on behalf of the Council as Shareholder under the Articles of Association as were necessary to give effect to the Board changes outlined above.

59. 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 60 & 61 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.

60. AWARD OF CONTRACT FOR HEXAGON PANTOMIME PRODUCTION SERVICE - ADDITIONAL INFORMATION

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The Executive Director of Economic Growth and Neighbourhood Services submitted a report setting out an ITT Evaluation and Scoring Matrix and Procurement Scoring Consensus, which provided background information to the proposal for the Award of Contract for Hexagon Pantomime Production Service (Minute 53 above refers). The documents contained commercially sensitive information and were therefore submitted separately.

Resolved -

That the ITT Evaluation and Scoring Matrix and Procurement Scoring Consensus for the Award of Contract for the Hexagon Pantomime Production Service be noted.

(Exempt information as defined in Paragraph 3).

61. CEDAR COURT HOT AND COLD WATER SERVICE RE-PIPE

The Executive Director of Economic Growth and Neighbourhood Services submitted a report providing an update on the dispute resolution between Wilmot Dixon Housing Limited and Reading Borough Council. The report set out the need to re-pipe both the hot and cold water supplies at Cedar Court and sought approval to accept the tender from the successful bidder.

Resolved -

- (1) That the overall allocation of £1.05m of Housing Revenue Account spend to remedy the defects associated with the Extra Care Housing scheme at Cedar Court be approved;**
- (2) That the contract for the required works to Cedar Court be awarded as specified in the report to Hydro Heating Solutions Ltd;**
- (3) That the information on the amounts claimed and in particular the total amount of damages claimed be noted.**

(Exempt information as defined in Paragraph 3).

(The meeting started at 6.30 pm and closed at 8.20 pm)