

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

Present: Councillor Lovelock (Chair);
Councillors Page (Vice-Chair), Brock, Ennis, Hoskin, Jones, O'Connell, Pearce, Skeats, Stevens, Terry, Vickers, Warman and White

Apologies: Councillors Hacker and James

RESOLVED ITEMS

79. 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 80-82 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.

80. DECLARATIONS OF INTEREST FOR CLOSED SESSION ITEMS

Councillors Ennis and Lovelock declared pecuniary interests in item 82 - 'Homes for Reading', left the meeting and took no part in the debate or decision. Nature of interest: the Councillors were Directors of Homes for Reading Limited.

81. CONTRACT TO PROVIDE A HOUSING REACTIVE REPAIRS SERVICE TO WOKINGHAM BOROUGH COUNCIL

The Director of Environment and Neighbourhood Services submitted a report seeking approval to enter into a contract to provide a Housing Reactive Repairs Service to Wokingham Borough Council (WBC).

The report explained that the Council's Housing Property Services had provided WBC with a Housing Repair and Maintenance service since 2011. The original agreement had expired on 31 March 2017 but the Council had continued to deliver the service under a Letter of Intent, pending the agreement of a new contract. The parties had now agreed the terms and conditions of the new contract, to cover the three year period from 31 March 2017 ,with the option for WBC to extend by three further years.

Resolved -

That the Director of Environment and Neighbourhood Services, in consultation with the Lead Councillor for Housing, the Head of Legal and Democratic Services and the Head of Finance, be authorised to enter retrospectively into the Response Housing Maintenance and Response Housing Engineering Maintenance Partnering Agreement with Wokingham Borough Council for a

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

period of three years, expiring on 31 March 2020 and with the option to extend by three further years.

(Exempt information as defined in Paragraph 3).

82. HOMES FOR READING

Further to Minute 78 of the meeting held on 26 March 2019, the Chief Executive submitted a report to the Committee, acting as sole shareholder for Homes for Reading (HfR), on the proposed re-financing of HfR. The report sought approval for a Special Resolution on the reduction of share capital, which had been approved and recommended to the shareholder by the HfR Board meeting on 2 April 2019, and set out a Solvency Statement signed by the directors of HfR, in the prescribed form and containing information set out in Section 643 of the Companies Act 2006. The following documents were attached to the report:

- Appendix A - Minutes of the HfR Board Meeting held on 2 April 2019
- Appendix B - Special Resolution on the reduction of share capital, approved at the HfR Board meeting on 2 April 2019 and recommended by the Board to the Policy Committee as shareholder;
- Appendix C - Solvency Statement, completed and signed by the Directors;
- Appendix D - report to the Policy Committee meeting held on 26 March 2019.

Resolved -

- (1) That the Minutes of the HfR Board meeting on 2 April 2019 be noted;
- (2) That the Solvency Statement signed by all Directors, as attached to the report at Appendix C, be received and noted;
- (3) That the Special Resolution proposing the reduction of share capital and the repayment of £7M of equity to the shareholder be passed in the following terms:

HOMES FOR READING LTD COMPANY NUMER 10108064 ("The Company")

1. REDUCTION OF NUMBER OF SHARES

THAT authorised share capital of the Company be reduced from 15,000,000 to 5,327,000 by cancelling and extinguishing 9,673,000 shares of £1 each in the Company and the amount by which the share capital is so reduced be repaid to the holder of those shares.

Called up share capital is currently paid and part paid as follows:

Allotted Shares		Allotted Shares after reduction of number

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

		of shares
12,300,000	Ordinary Shares Fully Paid	5,327,000
2,700,000	Ordinary Shares Part Paid at 1p each	0
15,000,000		5,327,000

2. REDUCTION OF AMOUNT PAID UP

THAT the issued share capital of the Company be reduced from £15,000,000 to £5,327,000 by cancelling and extinguishing capital to the extent of 9,673,000 fully and part paid up ordinary shares, and the amount by which the share capital is so reduced be repaid to the holder of those shares.”

Paid up share capital is currently paid and part paid as follows:

Current Allotted and Issued Shares		Current Paid up Share Capital	Paid up Share Capital after reduction of amount paid up
12,300,000	Ordinary Shares Fully Paid	£12,300,000	£5,327,000
2,700,000	Ordinary Shares Part Paid at 1p each	£27,000	£0
15,000,000		£12,327,000	£5,327,000

Reduction in amount paid up (share capital repaid to Shareholder)

£7,000,000

- (3) That the decision to approve and permit the re-financing of HfR in the 2018/19 financial year, as set out in Option 2 in the report to the meeting held on 26 March 2019, be confirmed;
- (4) That the Director of Resources and the Assistant Director of Legal and Democratic Services be authorised to make alterations to the equity split in future, if it was in the interest of the Council, and to take any other necessary steps to implement the re-financing of HfR.

(Councillors Ennis and Lovelock declared pecuniary interests in this item, left the meeting and took no part in the debate or decision. Nature of interest: the Councillors were Directors of Homes for Reading Limited. Councillor Page took the Chair for this item).

(Exempt information as defined in Paragraph 3).

83. MINUTES

The Minutes of the meeting held on 11 March 2019 were agreed as a correct record and signed by the Chair.

84. QUESTIONS

Questions on the following matters were submitted by members of the public:

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Simon Smart	Concessionary Bus Travel	Cllr Page
2.	Ayo Sokale	Brexit	Cllr Lovelock

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr White	Fly tipping in East Reading	Cllr James

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

85. PUBLIC HEALTH BUDGET CONSULTATION 2018

Further to Minute 43 of the meeting held on 29 October 2018, the Director of Adult Care and Health Services submitted a report summarising feedback gathered through a two-month consultation to identify issues of interest and concern to residents relating to the Council's Public Health responsibilities. The feedback had been taken into account in the development of plans for the use of Public Health Grant in 2019-20 (Minute 86 below refers) and the overall Council budget proposals, as agreed by full Council on 26 February 2019 (Minute 45 refers).

The report set out the consultation approach and a demographic analysis of the responders. Feedback from the consultation was summarised under the following areas:

- Support for physical activity and healthy weight
- Mental wellbeing
- Information, advice and guidance
- Smoking, drugs and alcohol
- Supporting child health
- Vulnerable groups
- Transport
- Housing
- Feedback on service quality, areas for improvement and gaps
- Next steps for healthy lifestyle support

Resolved -

That the public feedback on the Council's Public Health responsibilities, in particular the priorities and concerns highlighted by local residents, and the plans for further public engagement on these issues, be noted.

86. PUBLIC HEALTH BUDGET 2019-2021

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

The Director of Adult Care and Health Services submitted a report setting out the Public Health budget for 2019/20, 2020/21 and 2021/22 including the required re-profiling of the budget. The following documents were attached to the report:

- Appendix 1: Public Health Performance & prevalence data for services subject to budget change in 2018-19
- Appendix 2: Equality Impact Assessment

The report explained that, in response to partner and public feedback from the Public Health Budget consultation on the importance of support to prevent or reduce ill health (Minute 85 above refers), budget proposals had been prepared for 2019/20 through to 2021/22 which largely maintained the Council's level of expenditure on these services, but re-profiled the budget to ensure financial sustainability. The proposed Public Health Grant budget for 2019-20 reflected a 2.6% reduction in the central government grant.

The report stated that Public Health commissioners had worked with providers to explore in-year and future options whilst working within contractual constraints. This had resulted in some positive negotiations with providers in identifying ways to address the risks associated with funding reductions, and continued service delivery in areas of priority for Reading.

Resolved -

That the proposed use of the Public Health grant in meeting Public Health outcomes by the local authority from 2019/20 to 2021/22 be agreed.

87. REPLACEMENT OF WATER STORAGE, MAINS WATER SUPPLIES AND DISTRIBUTION PIPEWORK TO COLEY HIGH RISE TOWER BLOCKS AND INSTALLATION OF SPRINKLER FIRE SUPPRESSION SYSTEM

Further to Minute 69 of the meeting held on 19 February 2018, the Director of Environment and Neighbourhood Services submitted a report seeking approval to award a contract as part of the project to replace the existing water storage facility, water supply mains and distribution pipework at the Coley High Rise Flats in Wensley Road, incorporating the installation of a new fire suppression sprinkler system to each block of flats. The report also sought approval for a revised allocation of capital expenditure to the works.

The report explained that a full design, specification and schedule of works documents had been carried out and planning approval obtained. A procurement exercise had been undertaken using the Fusion21 Framework, which was specific to the type of works which the Council wished to carry out and gave direct access to pre-approved specialist contractors. Unfortunately only one tender return had been received, from United Living, in the sum of £3,354,375. Following the Grenfell Tower fire there had been a continued growth in demand for this type of large volume works, and contractors had a shortage of available resources to tender and undertake works. There had consequently been an increase in the expected costs of the new water storage facilities and the sprinkler installations and various associated works from specialist nominated suppliers.

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

The report explained that a retendering exercise via the framework could be undertaken, but that it was unlikely that a better response or cheaper tender would be received, and given the urgent nature of the works it was not an option to wait and see if the market would rebalance at a future date. Where only one or limited tender responses had been received the framework agreement allowed for a post tender value engineering process, and the tenderer had indicated that they would be open to this process, for which there would be no cost to the Council.

The report therefore sought authority to enter into a value engineering exercise with United Living and, subsequently, to award the contract for the works. A reduction in spend would be sought without compromising the effectiveness of the systems, but spend approval was sought up to the full tender sum. Works on site were expected to commence in June 2019 and the contractors had proposed a reduced contract period to complete the work within 12 months.

Resolved -

- (1) That the Head of Housing and Neighbourhood Services, in consultation with the Lead Councillor for Housing, be authorised to enter into a negotiation and value engineering exercise for the works as tendered and award the contract for the replacement of water storage, mains water supply and distribution pipework and the installation of fire suppression sprinkler systems at flats at Coley High Rise, Wensley Road;
- (2) That a revised capital expenditure of up to £3.35m in the Housing Revenue Account across the financial years 2019/20 and 2020/21 be approved.

88. FINANCIAL ASSISTANCE FOR RESIDENTIAL LEASEHOLDERS

The Director of Environment and Neighbourhood Services submitted a report seeking approval to establish a framework for financial assistance options to be offered to Council residential leaseholders, with regards to major works undertaken by the Council in relation to fire safety.

The report noted that the Council retained legal ownership of a large number of leasehold dwellings previously sold under the Right to Buy scheme (RTB) and consequently retained obligations to provide, maintain, refurbish and improve shared communal services and facilities and the structure and exterior of blocks of leasehold flats. Leaseholders had a responsibility under the terms of their leases to pay a proportion of those costs via annual service charges, and in cases of major works the charge could be considerable. Currently there were 215 leaseholders in Council flatted blocks in total and eight in the Coley High Rise blocks; the number would continue to increase as properties were sold under RTB.

The general provisions for the recovery of service charges and major works liabilities were set out in the respective leases of individual leaseholders and the Council could,

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

under the terms of most of its leases, also collect an annual payment towards a sinking fund, so that where the charges might be considerable, a sum had already been set aside to minimise the cost to the leaseholders.

The report explained that the Council could assist leaseholders to meet their repayment obligations through a statutory right to a loan for leaseholders. There were also additional discretionary powers available under the Social Landlords Discretionary Reduction of Service Charges (England) Directions 2014 (the Directions) to assist leaseholders facing large bills, including providing a range of repayment and loan options to leaseholders, the ability to purchase equity shares and offer equity loans, and, on application and in exceptional circumstances, to waive or reduce the service charge by an amount the Council considered to be reasonable. The Directions set out criteria which should be considered by the Council and factors to consider relating to exceptional hardship.

The report proposed that the Council adopt the Directions to provide additional options for financial assistance to leaseholders facing large bills for major works in relation to the current fire safety programme and replacement cladding. It summarised the criteria for leaseholders to qualify for assistance and the repayment options that would be offered, which were: a loan with a variable interest rate as set under the statutory scheme; an interest free loan over 36 months, provided payments were made by direct debit; a five year payment plan with 36 months interest free and 24 months at interest as set under the statutory scheme, provided payments were made by direct debit; and a Legal Charge entered into by the leaseholder and registered against the title of the property, with the Council's outstanding sum to be recovered when the property was subsequently sold. It was also proposed to adopt the process for dealing with exceptional hardship as set out in the Directions.

Resolved -

- (1) That the Financial Assistance Guidelines outlined in section 4.2 of the report, which set out the repayment options which may be offered to leaseholders being charged for major works undertaken by the Council on residential blocks of flats in relation to its fire safety and replacement cladding programme, be approved;**
- (2) That, where leaseholders were unable to pay a major works invoice for works relating to the fire safety and cladding programme in full within 28 days of receipt, they be entitled to apply for assistance under the Financial Assistance Guidelines, and that applications be assessed based on the qualifying eligibility criteria as set out in the report;**
- (3) That the Head of Finance and the Head of Housing and Neighbourhood Services be authorised to operate the Financial Assistance Guidelines and the assessment process;**
- (4) That the Council adopt the process for dealing with exceptional hardship as set out in The Social Landlord's Discretionary Reduction of Service**

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

Charges (England) Directions 2014 outlined within paragraph 4.2.1 of the report.

89. BRIGHTER FUTURES FOR CHILDREN BUSINESS PLAN 2019-2021

The Director of Resources submitted a report to the Committee, in its capacity as sole member for Brighter Futures for Children Limited (BFfC/the company), seeking approval for the company's Business Plan for 2019-2021. The report also provided an overview of the arrangements provided for within the contract with BFfC for monitoring Children's Services, and the progress with setting up these arrangements and contract implementation. The following documents were attached to the report:

- Appendix 1 - BFfC Business Plan 2019-2021
- Appendix 2 - Current Contract KPIs
- Appendix 3 - RBC/BFfC Contract Management Group Terms of Reference

The report noted that at the meeting of full Council on 16 October 2018 (Minute 29 refers), it had been agreed to transfer the delivery of the Council's children's services to a newly established, wholly owned subsidiary Company of the Council, Brighter Futures for Children Limited (BFfC). The Service Delivery Contract and other relevant arrangements had been finalised to allow the transfer of Children's Services (excluding Fostering) to BFfC on 1 December 2018, with Fostering subsequently transferred on 1 March 2019 following BFfC's successful registration with Ofsted.

The report explained that the Council had 100% ownership of BFfC, which was run by a senior management team reporting to the Company board of directors. In turn the Board reported to the Council, with Policy Committee acting as the sole member/owner. Under the Company's Articles of Association, the adoption of the Business Plan was a 'reserved matter' that required the approval of the Council. The Company's proposed Business Plan for 2019-2021 was therefore attached for approval at Appendix 1. The report noted that the finances and Contract Sum were in line with the Medium Term Financial Strategy which had been agreed by Council on 26 February 2019 (Minute 45 refers).

The report summarised the agreed contract monitoring and governance framework, which included an annual performance report and an annual report on the Company's business plan to Policy Committee, and reports to the Adult Social Care, Children's Services and Education Committee. There was also monthly performance monitoring of Children's Services service delivery through the Children's Services Improvement Board, monthly financial monitoring through the contract management function, and bi-monthly Contract Management Group meetings to review the overall BFfC contract performance and the performance of support services provided to BFfC by the Council. The Contract Management Group Terms of Reference were attached to the report at Appendix 3, and the report summarised the procedure and timescale for financial and performance reporting to the Group.

The report explained that, underpinning the contract monitoring and governance arrangements was a set of contract Key Performance Indicators, which was attached to the report at Appendix 2. The drafting of the Service Delivery Contract reflected the

POLICY COMMITTEE MEETING MINUTES - 8 APRIL 2019

intention for the current contract KPIs to be reviewed, to ensure that they were meaningful and appropriately aligned to the desired service outcomes, and the report therefore proposed that the Company's Managing Director and Council's Chief Executive be authorised to finalise the contract KPIs.

The report further explained that the set-up of BFfC had been undertaken on the basis that the Company would 'buy back' the majority of support functions from the Council for a minimum of two years from 1 April 2019. An over-arching Managed Services Agreement acted as an umbrella contract for the individual Service Level Agreements between the Company and the Council, which were listed in the report. The report also summarised a number of matters still to be finalised and/or implemented, including property leases and FM SLAs, novation of relevant third party supplier contracts from RBC to the Company, and agreement of an exit plan.

Resolved -

- (1) That the BFfC Contract governance arrangements and progress with their implementation be noted;**
- (2) That the BFfC Business Plan for 2019-2021 be agreed;**
- (3) That the Managing Director of Brighter Futures for Children and the Council's Chief Executive, in consultation with the Lead Councillors for Children and Education be authorised to finalise the revised contract KPIs.**

(The meeting started at 6.30 pm and closed at 7.55 pm)