

Overview & Scrutiny Committee – Meeting held on Monday, 24th November, 2008.

Present:- Councillors Basharat (Vice-Chair in the Chair), Davis, Haines, Matloob, Munkley and Walsh.

Also present under Rule 30:- Councillors Anderson, S Chaudhry, Long, Maclsaac, Parmar, Plimmer and Swindlehurst.

Apologies for Absence:- Councillors Coad, Dodds and Grewal.

PART I

43. Declarations of Interest

None were declared.

44. Minutes

The minutes of the meetings of the Committee held on 17th September and 9th October, 2008 were approved as a correct record and signed by the Chair.

45. Minutes of Scrutiny Panels

The minutes of the following Scrutiny Panels were noted:-

- Education and Children's Services of 1st September, 2008.
- Neighbourhoods and Renewal of 2nd September, 2008.
- Community, Leisure and Environment of 16th September, 2008.
- Health of 18th September, 2008.

46. Health Scrutiny Panel - Appointment to Vacancy

The Committee was requested to formally approve the appointment of Councillor Cryer to the Health Scrutiny Panel following the recent resignation of Councillor P Choudhry.

Resolved - That Councillor Cryer be appointed to the vacancy on the Health Scrutiny Panel.

47. Revenue Budget Strategy - 2009/10 and Future Years

The Strategic Director of Resources made a comprehensive presentation to the Committee setting out the latest assessment of the Council's budget projection for 2009/10 and future years and considering the opportunities and threats facing the authority in the short and medium term. He advised Members in particular that, without corrective action, there would be a significant budget gap, currently estimated at some £8.5m, in the next financial year and, for this reason, early decisions about savings and

Overview & Scrutiny Committee - 24.11.08

efficiencies were required so that a full year's financial effect could be achieved. The objective of the financial strategy was to work out how the Council wanted to structure and manage its finances and to ensure that this fitted with and supported the direction of the Council's stated objectives. There were two elements to this – firstly to set a balanced budget responding to year on year changes and supporting business continuity; and using the budget strategy to support and enable the transformation of services so that they matched the Council's priorities.

His presentation outlined the current revenue budget position and referred to the capital investment strategy as it was essential that the revenue implications of the capital programme were taken into account. The Council was currently in the middle of a three year budget cycle and knew that its growth in central government funding in each of the next two years would be set as £914,000 and £820,000 respectively. To meet ongoing commitments and continue to deliver business continuity of current services, whilst investing funds into the Council's new priorities, it would be essential for substantial savings to be identified both in this year and in future years.

He outlined the action that had been taken to date by Departments to identify a range of savings options for Members' consideration. Wherever possible, these savings derived from increased efficiency or the deletion of vacant posts. However, given the scale of the anticipated budget gap, there would inevitably be some reductions in service levels as well as potential redundancies. The Council would use its redeployment process to try to minimise the impact of the latter. It was being recommended that the savings options proposed in the presentation were approved without delay, rather than await the Council Tax setting meeting in February so that the savings could be achieved at the earliest opportunity. Further options to bridge the budget gap were being considered by Officers and would be reported back to the January cycle.

The Director then went on to outline the budget consultation process over the coming weeks with a range of methods being utilised to consult local residents, the business community, other stakeholders and staff. He advised that the Council had a good track record on consultation which had been held up as best practice by central government. Feedback from the consultation would be reported to Cabinet in January and taken into account before the budget was agreed by the Council in February, 2009.

The Director cautioned that, given that the potential budget gap in 2009/10, there was still an urgent need to identify further efficiencies and savings beyond those already presented if the gap was to be bridged.

Members raised the following issues in the subsequent debate:-

- Clarification was sought as to what work was currently being done in respect of the lobbying campaign on Slough's population figures. The Director advised that a great deal of work was ongoing and he referred to the acceptance by government earlier this year that the basis upon which

Overview & Scrutiny Committee - 24.11.08

the mid-year population estimates were compiled was inaccurate. Regrettably, the Department for Communities and Local Government had not been prepared to change the basis of the current financial settlement. However, the issue was being looked at in detail by government and, in addition, Slough had been selected for the carrying out of a sample survey to test the practices and procedures to be put into place for the 2011 census. This would give the authority the opportunity to influence the approach adopted by the Office for National Statistics (ONS), ensure that it was responsive to Slough's needs and also test the Council's own practices and learn locally for the census exercise. The ONS proposed to conduct a sample survey of 8,000 properties at the beginning of March, 2009, carrying out a full mini-census including address checks, recruiting local staff, carrying out the required publicity and door knocking on non-returned forms with the aim of learning as many lessons as possible. They were particularly interested in looking at houses in multiple occupation as well as individuals living in sheds or other temporary accommodation, etc.

- The Director reminded the Committee that the basis upon which the current settlement had been made was that Slough had a population of just under 120,000 and that there were some 41,000 properties in the town.
- A Member noted the demand on the Council in respect of care packages and asked whether the care home re-provision would bring down costs. The Director advised that there would be a one-off pressure during the transfer from the existing to the new care homes as there would be an element of dual funding whilst both were still in operation. However, this one-off pressure had been taken into account in the figures.
- The Director confirmed that there would need to be reductions in the current anticipated capital programme, given the revenue implications of a programme of over £71m. Again, it would be necessary for the Council to prioritise its key capital schemes based on the Council's spending priorities.
- In respect of the savings, a total of £5.2m had already been identified in 2009/10 but further work was ongoing to identify further savings to meet the budget gap. A Member asked whether any indication could be given at this time as to the possible number of redundancies that may result. The Director commented that it was not possible at this stage to put a figure on any redundancies as it would be necessary to examine Departmental structures in detail before such a figure could be arrived at. However, work was ongoing to identify such savings between now and February, 2009. Members were also advised that, wherever possible, vacant posts would be deleted as would non-essential posts currently filled by agency staff. Redeployment would be offered to any redundant staff wherever possible.

Overview & Scrutiny Committee - 24.11.08

- The Director confirmed that work was ongoing to identify further savings and a further report would be submitted to the Committee and to its Scrutiny Panels in January/February, 2009 prior to consideration by the Cabinet and Council in February. This would contain more detail for Members' consideration.
- The Leader of the Council stressed that, whilst the government had accepted that the current population figures were flawed, as no additional funding had been passed to the authority, the Council had no option but to live within its means and set a balanced budget for 2009/10. There was no ability to use balances, given that these were set at a prudent level and it was inevitable that the capital programme would have to be reduced. Even with the level of savings already identified, further work was required to ensure that the savings target was achieved.
- A Member asked whether the current administration's growth of some £0.5m in respect of improved recycling facilities and community wardens for every ward could be justified in the light of the current financial situation. The Leader responded that these were priority areas identified as part of its manifesto commitments and as such would proceed.

Resolved - That the current position be noted and that the Officers keep the Committee informed of ongoing progress in respect of the current budgetary situation and the work being undertaken to set a balanced budget.

48. Performance, Financial & HR Reporting for 2008/09

The Strategic Director of Resources presented his report highlighting the Council's overall performance from delivery of service to financial management. The report focused on performance management, the latest Human Resources statistics, the revenue monitoring position, the capital programme, a financial systems update and central debt management for the Council. He also advised of the Council's deposit of £2.5m in Heritable Bank, now in administration, and the actions already taken and to be taken in respect of the Treasury Management strategy in light of the current turmoil in the money markets. The report also included the annual report on the performance of the Investigations and Overpayments Unit in line with the recommendations of the KPMG report on "Countering Benefit Fraud". The Director also referred to the Balanced Scorecard which gave a rounded view of the Council's performance as it focused on five perspectives to achieve the authority's strategic priorities. He advised that a full scorecard would be submitted to the next meeting.

Members raised the following issues in the discussion:-

- With regard to the monies invested in the Heritable Bank, it was noted that the outlook appeared more optimistic as the administrators were hoping to sell the Bank as a going concern and it may result in the Council's assets being released.

Overview & Scrutiny Committee - 24.11.08

- A Member referred to the Council Tax collection rate and sought clarification as to whether the figure of 57.4% collected at the end of September was on target. The Director responded that this was the highest percentage collection rate achieved at this stage in the financial year. He also referred to the target of 99% collected which the Council had not yet achieved although it had gone very close during the last financial year. Members were advised that 95% had been collected in year during 2007/08 but that outstanding arrears continued to be pursued in the following years so that as high a collection figure as possible was achieved. Reference was also made to the action taken in respect of benefit frauds and it was confirmed that where prosecution were successfully pursued, the Council would recover monies back from the government.
- The Leader of the Council referred to the continuing high rates of return on the Council's investments and, in particular, the excellent performance of the Treasury Management Team over the past ten years which had secured the Council additional income of some £4.5m. Notwithstanding the recent problem with the Heritable Bank, the Treasury Management function continued to perform excellently.
- A Member sought an assurance that the highways maintenance programme would be achieved within the current financial year, given the good performance in 2007/08. The Commissioner for Neighbourhoods & Renewal advised that much of the spend on highways work was incurred during the latter part of the financial year and he did not expect the authority to fall short in respect of highway improvement schemes in the current year.

Resolved - That the report be noted.

49. Shared Services for Transactional Back Office Functions

The Strategic Director of Resources presented a report to be submitted to Cabinet shortly seeking approval to the programme business case to commence a joint procurement with two other local authorities and select a private sector partner to enable the creation of a Local Government Shared Service Joint Venture. He advised that shared service arrangements would link to the effective and efficient running of transactional functions within the Council the aim being to deliver top quartile performance and lowest quartile costs. Shared services were not a new practice, with this authority already having a number of shared service arrangements with the Berkshire authorities going back to 1998 when the former Berkshire County Council services were disaggregated. However, recent government initiatives linked to the Gershon efficiency review had been forcing local authorities to consider further shared services, particularly for back office functions as a way of driving down costs. This authority was keen to be at the forefront of such arrangements, if they were right for the Council, to enable it to have maximum influence over what they looked like, rather than to be forced into an arrangement that may not suit the authority's needs. Officers had been

Overview & Scrutiny Committee - 24.11.08

looking into options for shared service arrangements and had been working closely with another Berkshire unitary. However, other opportunities had been kept under review and the proposal now was to enter into a proposed shared service arrangement with two other local authorities elsewhere in the country which presented a very exciting opportunity for Slough to be at the forefront of shared service arrangements. A copy of the full business case had been circulated to Committee Members in the Part II agenda and, if Members wished to discuss this in any detail, it would be necessary to exclude the press and public.

Whilst this provided a very exciting opportunity for Slough to be at the forefront of shared service arrangements, there were significant risks involved and it was important that Members understood what was being proposed, and challenged the assumptions before considering whether the Council should press ahead with such an arrangement.

The Director outlined the next steps, assuming the Cabinet approved the Officer recommendation. The initial stage would be to advertise for a private sector partner and the proposal for a preferred supplier would be brought back to Cabinet with the aim of setting up the joint venture by 1st April 2010.

The strategic risks of this proposal had been identified and were set out for Members' consideration. A risk register had been compiled and this was to be reviewed in a workshop of key stakeholders every six months at which the probability and impact of each risk was considered and any new risks identified. However, the view of Officers was that the proposal contained significant potential benefits for the authority to improve its efficiency in a number of back office transactional arrangements as well as driving down costs and it was accordingly being recommended to Cabinet on that basis.

Members raised the following issues in the subsequent debate:-

- In response to a Member question, the Director advised that the two other local authorities were already working jointly and discussions had been held with them with a view to a joint venture of three authorities. It may be possible for other authorities to join at a later date which would give rise to greater economies of scale. It was felt to be important for Slough to become involved at an early stage as the government would be requiring participation in such ventures in the future and the authority may have less influence at that stage.
- Some Members expressed concern at the figure of £1m capital expenditure to fund the procurement project at a time when the Council was having to reduce its capital programme. There was concern that such expenditure may be difficult to justify as against the other Council service priorities. The Director responded that whilst there was indeed an element of risk involved in any venture of this nature, the Council needed to make improvements to its processes in any case and this was likely to cost even more if the Council went it alone. This joint venture would mean that the cost of the procurement was shared with two other authorities. In addition,

Overview & Scrutiny Committee - 24.11.08

the anticipated year on year efficiency savings shown were set at a prudent figure and it was anticipated that a higher level of savings may in fact be achieved. Moreover, as referred to earlier, if other authorities became involved, the likely savings would be even higher. Officers were firmly of the view that the joint venture would bring significant benefits and that, notwithstanding the element of risk which would be managed, the Council had little option in the long run but to undertake this exercise. Members were also reminded that the cost of not driving down costs and improving efficiency also needed to be balanced in the equation.

- It was stressed that the types of processes to be included initially within the venture were of the “back office” type including payroll, some Human Resources functions and financial processes. The three authorities used a similar financial IT system and it would be advantageous for there to be a single platform for these types of processes. There was also the advantage of business continuity should one authority suffer IT issues. There was also the opportunity for the Council to act as a pilot for the rest of the country and this was advantageous for the reasons stated earlier.
- Members asked whether sufficient safeguards were in place to ensure that there was no slippage in the programme and that all three authorities gave the project the same priority. Officers responded that all three authorities were like-minded and there would be agreed and fit for purpose governance arrangements and a signed partnership agreement which would include milestones to be achieved by certain dates. All three authorities were very firmly fixed on those milestones. The Officer view was that although the programme was ambitious it was achievable.
- A Member asked whether there were exit strategies in place should the programme not deliver as anticipated. The Officer confirmed that exit strategies would be included as part of the partnership agreement.
- With regard to the possible co-location of staff, it was noted that in most cases there would be a “virtual co-location”, although some rationalisation would probably be necessary.
- A Member asked whether, should the arrangement prove beneficial, it would be possible to extend the agreement beyond the ten years proposed. The Officers responded that the initial arrangement with an external partner would be for ten years and it would then be necessary to re-procure if this was the desire of the authorities.
- A Member asked whether this venture, if it continued to evolve, could lead to a loss of some independence by the authority. Officers confirmed that only the three authorities entering the arrangement would be involved in managing the process and they would have the major influence in how it progressed. This was one of the advantages of entering the arrangement early. Similarly, there were no concerns about the political dimension as regards Members’ influence over matters as the arrangement would be purely about driving out costs and introducing efficiencies in back office

Overview & Scrutiny Committee - 24.11.08

processes and ensuring that best practice was achieved. In this regard the three authorities would work together with the private partner to design best practice in each area, challenging the current practices and procedures and arriving at a more cost effective approach to the functions in question.

- A Member referred to the fact that the Leader of the Council worked for a company that was currently working for the other two authorities and asked whether this could lead to a conflict of interest. Officers responded that Slough would not be involved with that contract and there would be a full procurement process for the private sector partner for the joint venture which would be fully transparent. In the event that the company in question was the preferred bidder, then the Leader and anyone else who had any connection would not be involved in the process, in accordance with normal practice.
- The Leader of the Council stressed that all authorities would be forced to enter such arrangements in due course and, as it was essential to improve processes in any case to drive down costs, it was indeed advantageous to be involved at this early stage. He confirmed that this was not in relation to the customer-facing services but purely in respect of back office functions. The great advantage for the Council was that it would give rise to significant economies of scale which should assist the Council in becoming ever more efficient.
- A Member expressed his ongoing concerns at the upfront costs of procurement and the period over which these costs would be recouped. Whilst he had no doubt that such arrangements could be to the best interests of both residents and staff, he was uncertain from the information provided whether the costs would not in fact be higher than those shown in the report. He requested that further consideration be given to the detailed business case in the Part II agenda and this was agreed. However, he did ask that the tangible benefits estimated at saving £2.9m over four years from the service commencement were in fact the total savings for all three authorities rather than simply for Slough as this was unclear in the report.
- The Committee agreed to give further consideration to the business case in the Part II agenda.

Resolved - That the report be noted.

50. **Heart of Slough - Update on Scheme Progress and Approval of Bus Station Scheme and Key Terms with Development Partner**

The Strategic Director of Resources provided an update on the current position with the Heart of Slough project and in particular the bus station quadrant and discussions with Development Securities. He reminded the Committee of the background to the scheme and its objectives. In addition, he referred to the withdrawal of Berkeley Homes from the scheme prior to the submission of the master plan. Negotiations had continued with Thames

Overview & Scrutiny Committee - 24.11.08

Valley University since then to negotiate that their element of the TVU site was brought forward with the Council's part of the site to deliver the whole site as part of the master plan. Berkeley Homes had no commitment to build on site until market conditions were appropriate, so in the current circumstances there was no delay to the delivery of the scheme and there was time to tender for a developer. Discussions with TVU were ongoing and positive although there was always a risk that they would not bring the site forward due to current market circumstances or until the value of the site had risen. This could in itself delay English Partnerships' commitment to commence the highway infrastructure.

The Committee was updated on negotiations with First Bus Group who had an occupational licence to use the current bus station until 2018. To ensure that the development proceeded, the Council needed to negotiate a surrender of this agreement and some detailed discussions had now taken place around the design and layout of the new bus station and about offering them a new lease and licence on similar terms to those that currently exist. Whilst negotiations were still ongoing, and in order to protect the Council's position, it was being suggested that Officers investigate using compulsory purchase powers to acquire First Buses' interest as a fallback position in the event that negotiations failed.

The Committee was also updated on negotiations with Development Securities who had verbally confirmed that they remained committed to the project. Maintaining the support of a key commercial partner in the current market was considered key to maintaining momentum and confidence in the Heart of Slough. Particular reference was made to the state of the property market at the present time and the effect that this was having on the scheme. The dramatic slowdown of the commercial property market had inevitably had a significant impact on the viability of new speculative development and Development Securities, whilst still committed to the project, were no longer able to proceed on the previously agreed financial terms.

The Heart of Slough, like many complex regeneration schemes, required a medium view to be taken on returns and values. In addition, Development Securities were still some way off being able to commence development on the Brunel site as this depended on the location of the bus station. Whilst it was clear that no speculative development was likely to commence in the immediate short term, and views were mixed as to when activity would improve within the property sector, it was important that steps were taken to enable early development of the site once the market conditions improved.

Progress was being made on the scheme generally and it was hoped that planning permission for the new bus station and Phase I of the Development Securities scheme would be granted early in 2009 with a resolution to grant planning permission for the master plan soon after this. Discussions were ongoing with other landowners and stakeholders including First Bus.

Overview & Scrutiny Committee - 24.11.08

Obtaining control of the Compair House site would enable the Council to commence on site with the new bus station during 2009 which would reflect positively on Slough's image at a time of national downturn.

Members raised the following issues in the subsequent debate:-

- Clarification was sought as to whether the withdrawal of Berkeley Homes had undermined the Heart of Slough scheme. The Director reiterated that it did not as the housing scheme had not been programmed for any particular timeframe and it would be possible to discuss with TVU alternative proposals and bring forward a scheme on a phased basis if necessary.
- Members also sought an assurance that the verbal commitment of Development Securities to remain involved would be honoured. The Director commented that he believed that they continued to be committed to the scheme and had devoted a great deal of time and money on the project.
- A Member asked whether the University would continue to have a presence on site and was advised that the current University buildings were not fit for purpose and the plan was to provide a new purpose-built University building as part of the master plan.
- With regard to the bus station site, a Member stressed that if at all possible, the roadway between the railway station and the new bus station should be traffic free and asked whether this was feasible. Officers responded that the intention was that there should only be low traffic usage by for example buses and taxis but that the aim was indeed to make the area much more pedestrian friendly. Reference was also made to the desirability of improving cycle facilities in the area with prominent cycleways included as part of the scheme. Officers responded that the encouragement of the use of cycles was indeed included within the scheme but the comments of Members to make cycleways as prominent as possible would be taken back for further consideration.
- Members also raised a number of issues with regard to the ongoing negotiations with First Bus to which Officers responded. The current contractual and on-site arrangements at the bus station were noted and the options being considered and discussed with the company were outlined. Members would be kept advised of the outcomes of the ongoing negotiations.

Resolved - That the report and the current position be noted.

51. Proposed Scrutiny Visit to Select Committee

The Scrutiny Officer sought the views of the Committee on whether they wished her to organise a visit to view a Parliamentary Select Committee or a meeting of the Greater London Assembly undertaking scrutiny. Members

Overview & Scrutiny Committee - 24.11.08

expressed their willingness to undertake such a visit and the Officer undertook to write with further details and dates shortly.

Resolved - That a visit for Members be arranged to observe either a Parliamentary Select Committee or a meeting of the Greater London Assembly and that full details be circulated to all Committee Members.

52. Forward Agenda Plan

The Committee noted its agenda plan for future meetings.

53. Exclusion of the Press and Public

Resolved - That the press and public be excluded from the meeting during consideration of the item in Part II of the agenda as it involves the likely disclosure of exempt information relating to the financial and business affairs of any particular person (including the authority) as defined in paragraph 3 of Part I of Schedule 12(A) of the Local Government Act 1972 (as amended).

PART II

54. Shared Services for Transactional Back Office Functions

(The following is a summary of the discussion in the Part II agenda).

The Strategic Director of Resources responded to a number of questions raised by Members on the detailed business case presented including further information on the full costs of the joint venture; the likely savings and efficiencies; and potential redundancy costs if required.

Particular reference was made to the pension rights of any transferred staff and Officers responded that, given that the three authorities were in different geographical areas of the country, it would be necessary for the three partners to choose which pension scheme any transferred staff should be included within, with the most advantageous being chosen. It was noted that any transferred staff would have a right to remain in the Local Government Pension Scheme but that it would be closed to any new employees of the joint venture. This was the arrangement that had occurred with other TUPE arrangements including with Slough Community Leisure Ltd. Following further discussion, the Officer undertook to provide further detailed information for the Member on the pension arrangements for Slough Community Leisure Ltd and People 1st (Slough) Ltd.

Resolved - That the position be noted.

Chair

(Note: The Meeting opened at 6.30 p.m. and closed at 9.40 p.m.)