SCRUTINY REVIEW PANEL 3 – FUTURE EALING

MINUTES

Thursday 30th November 2017

PRESENT: Councillors: Josh Blacker (Chair), Theresa Byrne, Paul Conlan, Tariq Mahmood, Gary Malcolm (Vice-Chair), Rajinder Mann, Dee Martin, Karam Mohan, Joy Morrissey, Swaran Padda and David Rodgers.

LBE Officers Present:

Harjeet Bains	- Scrutiny Review Officer
Lee Teasdale	- Democratic Services Officer
Anton Nisbeth	- Change and Transformation Officer
Keith Townsend	- Executive Director of Environment and Transformation

External Attendees:

Nicola Huckerby	- Communications Specialist, Co-operative Councils' Innovation Network (CCIN)
Jessica Studdert	- Deputy Director, New Local Government Network
Cllr Sharon Taylor OBE	- Chair of CCIN and Leader of Stevenage Borough Council

1. Apologies for Absence
(Agenda Item 1)

Apologies were received from Councillors Kate Crawford and Ian Proud.

Apologies were also received from officers Kieran Read and Lucy Taylor.

2. Declarations of Interest
(Agenda Item 2)

There were none.

3. Matters to be Considered in Private
(Agenda Item 3)

There were none.

4. Minutes (28.09.17)
(Agenda Item 4)

The minutes of the meeting of 28 September 2017 were considered by the Panel.

Resolved: That the minutes of the meeting of the Panel held on 28 September 2017 be agreed as a true and correct record.

5. Future Ealing – Commerciality and Assets Programme
(Agenda Item 5)

The Chair welcomed Keith Townsend (Executive Director of Environment and Transformation) and Anton Nisbeth (Change and Transformation Officer) to make a presentation to the Panel updating them on developments made in the Council's new commerciality and assets programme.

The Future Ealing programme was to be delivered through nine outcomes. To support these outcomes, three transformational and cross-cutting themes had been produced, one of which was commercialisation and assets.

The increasing signals from central government that beyond 2020 local authorities would be increasingly expected to run through self-sufficiency meant that the Council had to consider ways of thinking in a more commercial sense for revenue generation.

There was no 'end game' to this approach as different councils would be able to deliver upon many different types of opportunities, therefore no set government model was in place.

Taking this theme forward, Jessica Studdert, the Deputy Director of the New Local Government Network (NLGN) was invited to make a presentation to Panel Members on the work the NLGN had been undertaking with local authorities.

New Local Government Network

The Panel were advised that local authority profit and loss figures could not be compartmentalised in the same way as it would be in the private sector. Cost controls were in place, and a need to be sustainable on a cost neutral basis.

Some service areas and the use of certain assets would be easier than others. Demand led budgets would be a different order to those that had transactional led elements.

The NLGN had brought together those responsible for being the commercial lead in local authorities, and it had been found that there were three distinct approaches to commercialisation.

- A bottom up approach creating a permissive environment.

- A top down 'lightning' strategy with clear political leadership directing the authority to outsource services. Though it was stated that some who had taken this approach had now found a need to take back a level of control over some of the outsourced elements.

- The middle out strategy. This was the most popular approach, involving a core commercial team devising and leading a strategy, working with department heads to seek commercial opportunities, ways of working differently and identifying opportunities for cost control.

Examples were highlighted. Warrington Borough Council had developed a commercial skills programme for its employees. The programme looked at what it might mean to be more commercial. A co-produced model of understanding where costs lie was developed, as well as short term cost recovery and longer-term models for future sustainability.

Essex County Council had developed a Business Accelerator programme, council departments could apply to join the programme with ideas for spin-off trading companies. Six to Seven teams were invited to take part in each master planning session. A panel of senior officers would then vet the ideas and decide which would be most worth taking forwards.

Cultural priorities were then highlighted, it was stated that these could often be an afterthought in the drive for a commercial culture. Not everyone in the private sector was furiously entrupenural and when talk took place about commercialisation in local authorities it did not mean a whole Council full of people thinking about the commercial agenda. It was important instead that the rest of the Council was working to support the process. It could be hard to mandate a culture, and it needed to be demonstrated by behaviours and through leadership from senior levels of both officers and councillors. There was a need to instil a sense that it was ok to be experimental and take a few risks as long as it was managed well.

The Chair thanked Ms Studdert for her presentation and invited Panel Members to comment and ask questions.

Questions

Councillor Rodgers opened the questions. He stated that with cuts of over 60% taking place, the benefits would only be there if a service generated a profit that could be fed back into the Council. Residents would not necessarily pay for something that a local authority could no longer afford to supply, could an example be given of a successful venture generating additional funding?

It was stated that examples were in place on a small scale, the Essex Business Accelerator had seen the development of an Environment Planning Consultancy Service which was now independently sustainable. Kent County Council legal services was cited as another example. The service had needed to fundamentally change and had now become ‘Invicta Law’ which was operating independently of the Council.

Councillor Rodgers asked if Invicta Law, presumably practicing as a limited partnership, generated an income directly for the Council?

It was advised that Invicta Law sold services back to the Council at a reduced rate, and that it generated some income for the Council.

Councillor Rodgers asked if Kent County Council would bear the risk if Invicta Law failed.

It was advised that Kent County Council did bear the risk, and this was why it was important to ensure proper scrutiny of these services, ensuring that they were broadly in line with rest of the Council, but also subject to proper commercial governance.

Councillor Byrne asked about how a private/commercial company set itself up to deal with any major conflicts that may arise with the strategy and ideals of the larger Council. How could Kent County Council for example feel it was getting proper independent legal advice if they also potentially had another client bidding to take work from the Council?

It was advised that such scenarios would be identified ahead of the venture proceeding. Declarations of interest and risk registers would always need to be closely monitored.

The Executive Director of Environment and Transformation cited the example of Broadway Living, which was independent but owned by Ealing Council. Directors on the board included independent members and Council nominated officers to ensure that all sensitivities could be broached accordingly.

Councillor Mahmood asked if there were any planning consultancy services that had gone independent. It was advised that Barnet Council had entered into such an agreement.

Councillor Martin asked about the level of value these ventures really contributed? Were any significant gaps caused by cuts actually being filled by commercialised services? She expressed concern that there was a danger that commercialisation would just become another by-word for the outsourcing of services and the opportunity to charge for services once provided for free. With regards to the limited companies and the liabilities involved, were there any ethical issues regarding residents and the use of their monies?

It was advised that limited companies would only ever be set up in relation to discretionary services rather than statutory services. At this stage a full picture could not be given of the contributions such service were making in the addressing of local authority deficits.

This was a huge challenge that had not really been detailed to the public yet, so in turn the public did not have a full understanding of what local authorities were going to have to do in future to be sustainable. There were obviously risks in this territory, but there were also many risks involved in trying to maintain the current status quo.

Councillor Joy Morrissey asked if this approach related to the models currently being used in Dagenham for social services, and in Leeds for social housing with protected rents?

It was advised the commerciality covered an incredibly broad range of services and approaches, it could be as small as charges in car parks and as big as working with major developers on housing outcomes.

Councillor Malcolm made reference to training and education programmes like those offered in Warrington. Had any Ealing officers undergone such training yet?

Officers were not familiar with any specific offer, but there was an awareness of a number of seminars available now, which could help to lay the groundwork for this way of thinking. Such training programmes would help officers to think about the bigger picture, and not just opportunities within Greater London.

The Chair asked if there were any examples of where attempts at commercial ventures had not worked? And could learnings be taken from why they failed?

It was advised that local authorities were likely to be cagey about ventures which had failed, however there had been some high-profile failures.

An authority in Southern England had tried to set up a care provider through a different model of social care that had not worked, this was maybe a lesson that some areas of a council's work should not be experimented with. This was why the Essex County Council approach of starting small scale may be a good thing. There were also risks of public backlash, such as that seen when Spelthorne Borough Council bought up assets and made investments in relation to Heathrow Airport.

The Council's Commercial Strategy

Officers were forming what would eventually become the Council's commercial strategy. In forming the strategy, officers also needed to consider how any future changes in political leadership would impact upon it.

The Commercialisation and Assets programme had a savings target of £4.8m to deliver over the course of the Council's Medium Term Financial Strategy (MTFS). The programme would aim to generate new income, reduce costs and attract external investment. In order to achieve these aims, the programme sought to drive commercial development of the Council's assets, and develop more innovative and effective collaboration between commercial, local authority and public-sector partners.

A scope had been established which comprised of eight key components. The components were deliberately broad-ranging and aimed to drive and enable a new entrepreneurial and commercial culture supported by new organisational thinking, planning and skills development across the Council. The eight key components were:

- Developing sales and marketing functions
- New commercial trading models
- Trading, shared services
- Market testing, development and investment opportunities
- Collaborative market testing and procurement
- Developing and commercialising assets
- New income streams and pricing strategy
- Commercial training and culture change

New commercial trading models had already been broached in a number of guises, as evidenced through Gunnersbury Park and the Pitzhanger Manor Trust. Commercialisation opportunities had to have a purpose, and be driven by sought outcomes and not simply by ideology.

Answers had to be sought for many questions. How would the Council develop and market test other opportunities? With regards to developing new income streams – what would it actually cost to provide that service? There needed to be conscious commercial choices made about how the Council's prices would operate.

There were potential opportunities around picking up on the training piece. Council officers had been presenting on commercialisation in seminars, could the Council be allowed to charge for this? With regards to developing sales and marketing opportunities, historically Councils have not been very good at this, for example commercial waste could be sold much more robustly.

The programme was split into two phases:

- Phase 1 – Development of recommendations and options
- Phase 2 – Implementation of approved recommendations and options

The programme board set out to deliver phase 1, and following a competitive process, had commissioned Ernst and Young to shape the programme. The key deliverables for this phase were to develop a clear set of recommendations and options for the Commerciality and Assets Board to best achieve the goal of a minimum £4.8million savings contribution and the enabling of a more commercial culture in the Council.

The Council was looking at all of its assets closely. How could the Council best make use of its assets? Were there some assets the Council no longer needed? But in doing so, the Council also needed to be fully aware that “once an asset is gone, it’s gone”, therefore exploration also needed to take place on how value could be added to existing assets. Any mature strategy would need to take a perspective considering both approaches.

The Greenford Depot was cited as such an asset. The Depot was a significantly sized asset, but it already fulfilled key functions for the Council, including most of its environmental needs. However, due to the size, was there scope for creating some commercial units at the depot alongside the existing functions?

The next steps would see individual projects taken through the necessary governance processes to ensure inclusion within the wider Future Ealing programme and medium term financial strategy. These projects would be overseen and supported by the Commercialisation and Assets Board to ensure the Council’s wider commercialisation approach was adopted throughout the organisation.

The Board was committed to developing the Commercial Strategy, and it would help to underpin and set the direction for a whole-organisational approach to commercialisation. This included joint-work with the People and Organisational Development team, ensuring that the commercial skills and principles could be embedded into the Council’s workforce.

The Chair thanked the Officers for their presentation and invited Panel Members to comment and ask questions.

Questions

Councillor Malcolm stated that when suggestions are taken forward, it would be through the formal Cabinet process, which in reality most residents would not get involved with. Could the Council be more active in community dialogue consultation? It was felt important to ensure a default proactive position when it came to communicating information regarding the use of assets, etc. to the borough’s residents.

It was explained that consideration of the residents' position would be woven into the thinking on each asset. Each asset would be considered on what it represented on a case by case basis each time, and of course residents had options around anything deemed to be an asset of community value through Localism Act powers.

Councillor Martin expressed concerns around commercialisation as a term, stating that it could be interpreted broadly and draw in elements that elected members and residents had not anticipated; therefore, the language would always need to be absolutely clear when putting suggestions forward. It was imperative that commercialisation was not forced upon assets not geared towards commercialisation such as community centres. It was understood that there was a need for modern ways of thinking, however, there needed to be care not to run away from the Council's core values.

Members were assured that the Commercial Strategy was not going to be developed into a big plan detailing how to use every asset being pushed through the Cabinet. A commercial strategy was needed however to give a shape of what the Council was looking to achieve. It would be a framework type strategy, and provide a general sense of direction.

With regards to community centres, it had previously been a policy decision to reduce subsidies, the Council had sought to identify those centres that could operate where they were located without an ongoing subsidy from the council, unfortunately not all centres were in a position to be able to do this.

Councillor Martin stated that if the Council had its own form of business accelerator process in place it might have been in a position to help give the struggling community centres help and support to have worked towards becoming self-sustainable.

Councillor Joy Morrissey concurred with what Councillor Martin had said and made reference to potentials around social housing and social rents. All the forward-thinking work on this appeared to be taking place outside of London, instead London Councils appeared to be sitting on their housing assets or selling properties off to commercial developers. Would Broadway Living only be looking at the intermediate market? And could it not also be used to lead on looking at long term social rents?

It was advised that councils were increasingly aware of the need to use a breadth of opportunities and methods. There was interest in looking at other funding models, and how the Council could use right to buy receipts more effectively to fund other projects for example. All the thinking was currently happening behind the scenes, but there was an awareness that at some point the Council would require a revised overall housing strategy for the future.

The Chair referred to outcomes based budgeting and how this directed the Council's thinking around setting prices. Was there a way to set prices by taking into account the impact of certain activities? Leisure facilities for example, could the cost of these be reduced if it could help produce savings in future through public health benefits?

Officers agreed, stating that there was a need to understand the local market. The Core offer at Gurnell Leisure Centre for example was swimming, so the Council would not want a provider charging too much for swimming, but instead they could charge more for lesson programmes and functions/parties as a compromise to keep the general price down. These things would not be easy, but they were considered possible.

Councillor Byrne expressed concern following complaints raised to her about Ealing's Summer festivals from stallholders. There had been some perceptions that entrance fees had been kept low at the expense of stallholders who were being charged high fees. It was felt that the Council needed to think carefully about who it 'punished' with higher fees, as it appeared unfair that groups representing the local community were being charged the same as commercial companies.

Officers stated that they would look carefully at the example cited as it certainly did not sound consistent with the Council's approach.

Councillor Byrne stated the need for reviews and to listen to feedback from the public and councillors.

Co-operative Councils' Innovation Network (CCIN)

The Chair then invited Councillor Sharon Taylor OBE (Chair of CCIN and Leader of Stevenage Borough Council) and Nicola Huckerby (Communications Specialist, CCIN) to talk to the Panel about the work of the CCIN.

The CCIN was a special interest group of the Local Government Association. It acted as a non-party political hub for co-operative policy development, innovation and advocacy. It was committed to finding better ways of working for, and with, local people for the benefit of their local community. CCIN helped councils to identify services that could be delivered more imaginatively, cost-effectively and co-operatively.

The Network comprised 22 councils which were driving global municipal co-operative policy development with a common belief in the values and principles. Network members collectively governed six million people promoting the 'co-operative difference' in their initiatives. The co-operative difference was about working together to learn, share and develop innovative new approaches to turning co-operative principles into local practice that made a tangible difference across communities.

Councillor Taylor stated that the CCIN believed that councils should be facilitators and enablers, and not seen as the "dead hand of the community". The concept of taking back control had become a thread across the country, it had become increasingly apparent that people felt like they no longer had any say over decision making even at a local level. Alongside this, a real renaissance had been seen in co-operative thinking, and the principle that community designed and led services could work better. The Network was not to be thought of as a thinktank, as it was operating in real time in real communities.

Three case studies were highlighted to show successful programmes operated by local authorities acting within the CCIN:

- South Tyneside Community Asset Transfer Programme – South Tyneside was in the midst of a major programme of community asset transfer which was empowering communities and charity groups to take over the running of local public assets. Steps had been taken to prioritise community partnership initiatives and cooperative models of working, including developing a new Cabinet Portfolio for the Voluntary Sector, Partnerships and Cooperatives.

- Greenwich Leisure Limited – Greenwich Council established Greenwich Leisure Limited (GLL) in 1993 as a model to save its leisure centres in the face of budget cuts. Seven centres were transferred to GLL, new jobs were created and new services added to the existing centres. In 1996 the service had proved so successful that it began expanding outside Greenwich and now ran all kinds of community services and spaces throughout the UK.

- Four Greens Community Trust – The Four Greens Community Trust was for people living in the north west of Plymouth, an area of traditionally high unemployment and deprivation. Residents were invited to sign up for a scheme that could unlock careers, opportunities and skills. Plymouth City Council had set aside property and land with room for a solar ray and a community allotment site worth around £3 million which could be run by the community. Working together with stakeholders, residents had the opportunity to look at how they wanted assets to be used and how they would organise.

The CCIN had drawn up a procurement framework, was setting up two new policy laboratories during 2017 and was looking at health and social care via co-operative routes in Europe such as those seen in the Netherlands and Italy.

The Chair thanked Councillor Taylor OBE and Ms Huckerby for their presentation and invited Panel Members to comment and ask questions.

Questions

Councillor Byrne asked if Councillor Taylor thought that co-operatives allowed for more creative ways of looking at the benefits of projects.

Councillor Taylor answered that since working with the CCIN she had been thinking about the social dividends as well as the financial ones. There was not going to be a 'magic money tree' given to councils at any time soon. However, it was not enough to worry about this in isolation, authorities needed to consider the social aspects such as fuel poverty and increasing food bills. It was important to show councils that there was a way to get this extra dividend on top of the financial dividend.

Councillor Rodgers spoke of his vision for Ealing in relation to the work of the CCIN. He stated that this way of working needed to be embedded in the Council's thinking. This was a necessary area of cultural change and the Council should be thinking about how it could reduce demand for council services by enabling communities to become more resilient and self-reliant.

As the Chair of a Scrutiny Co-operatives Panel, he had led on a recommendation for supporting the credit union in Ealing as this would have helped to provide a possible way for Ealing's residents to become more resilient. With credit unions being used in times of need rather than riskier alternatives such as payday lenders and pay weekly companies such as BrightHouse. Was this development of self-reliance felt to be something that was part of the CCIN vision as well?

It was advised that the development of self-reliance was fundamentally part of what the CCIN sought to do. Building such self-reliance required a lot of work from both sides as it did not happen overnight. Preston City Council had a model of a local economy which kept money circulating within the local community, this was seen as vitally important.

Councillor Conlan stated that the Council needed to look at how it could incorporate such ways of thinking into the commercialisation strategy and within the banner of Future Ealing. He also queried whether the appetite was always in place for public involvement, as getting the wider public involved with neighbourhood planning for example had been very hard work.

Councillor Taylor stated that Stevenage Borough Council had been having the same planning issues with its residents group also being typical of the 'core group'. Colleagues at Stevenage contributed to developing a 'teddy bears picnic' event which attracted a lot of young families for example, officers at Stevenage then encouraged them to take part in the neighbourhood planning part on the event. Council's also now had all the benefits of technology to find ways to get views from residents.

Councillor Rodgers asked about how much it would cost Ealing Council to join the CCIN. It was advised that membership was on offer at present for £5,027 per annum. It was suggested that this may be something that could be included within the final recommendations of the Panel.

The Chair again thanked all attendees for their contributions and drew the item to a close.

Resolved: That

(i) the presentation by the New Local Government Network be received;

(ii) the presentation on the Council's new Commerciality and Assets Programme be received; and

(iii) the presentation by the Co-operative Councils' Innovation Network be received.

6. Panel Operations 2017-2018
(Agenda Item 6)

The Chair advised Panel Members that the next meeting of the Panel would consider how the Council would achieve continuous service improvement, staff development and organisational efficiencies under the Modern Council programme. This would also include consideration of the outcomes and recommendations of the recent peer review.

Councillor Martin stated that ahead of the meeting it would be helpful to know which of the Council's services were in-house and which were outsourced.

Discussion also took place regarding a possible visit to a Council already ahead in the Modernisation Agenda; Wigan Metropolitan Borough Council was cited as a possible location.

Resolved: That

(i) the Panel note that updated work programme;

(ii) a list detailing the Council's in-house and outsourced services be requested by the Panel; and

(iii) the Scrutiny Review Officer be asked to arrange a visit to Wigan Council and inform Panel Members accordingly.

7. Date of Next Meeting
(Agenda Item 7)

The Panel were advised that the next meeting of the Panel would take place on 22 February 2018.

Councillor Josh Blacker, Chair.

The meeting ended at 9.20pm.