MINUTES OF
OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 30 April 2019
(7:00 - 8:20 pm)

Present: Cllr Jane Jones (Chair), Cllr Dorothy Akwaboah, Cllr Toni Bankole, Cllr Princess Bright, Cllr Rocky Gill, Cllr Olawale Martins, Cllr Ingrid Robinson and Cllr Paul Robinson

Also Present: Cllr Evelyn Carpenter and Cllr Dominic Twomey

Apologies: Cllr Andrew Achilleos and Cllr Phil Waker

48. Declaration of Members' Interests

There were no declarations of interest.

49. Minutes (2 April 2019)

The minutes of the meeting held on 2 April 2019 were confirmed as correct.

50. How well is the Council supporting a good start for its youngest children?

The Cabinet Member for Educational Attainment and School Improvement introduced a report on how well the council was supporting a good start for its youngest children, ages nought to seven, through the Early Years Service.

Following the recent OFSTED inspection, it had become clear that many of the nurseries in the Borough were finding children attending who were not toilet trained and had poor language skills. It was important to ensure children got the best start in life and were prepared for school and it was noted this could only been achieved through partnership working with the Early Years Service.

The Group Manager for Early Years then gave a detailed presentation to the Committee on the Early Years Service, in which the Committee noted that the Joint Health and Wellbeing Strategy 2019-23 included a priority theme ‘Best Start in Life’, which was aligned with the Corporate Plan 2018-2022.

The presentation provided an overview of early years, the strengths of the current service in the current challenging climate, areas for improvement and opportunities.

The Early Years manager also advised that the current priorities in Early Years, which focused on:

- Working with families, early years, health, education and community partners to narrow the ‘inequality gap’ at the end of the Early Years Foundation Stage, to support more children into early education and to raise attainment for all children; and

- Building an approach to place-based working which supported greater
opportunities for coherent partnership work across early years settings, health, education and community services during pregnancy, the early years and beyond.

In response to questions following on from the presentation, the Committee were advised that:

- Due to a reduction in birth rates within the Borough, there were some vacancies with school provided nurseries. There were also some issues with the timings of nursery sessions for parents and the availability of funding made available by the Department for Work and Pensions (DWP);
- Childhood obesity issues were complex; however, it was often reported that parents were providing a balanced diet and that portion sizes were actually the main issue. Children needed small portions regularly, rather than larger meals;
- Integration between different partners for the Early Years Service was difficult as it was proving hard to get the partners around a table at the same time due to pressures on services reducing availability; and
- Children were assessed on their progress through 17 learning goals, rather than a test, at the end of Reception Class.

The Committee noted that there were still issues with reaching some of the parents and children who could benefit the most from services offered and it was often harder to get chaotic and/or struggling families to attend and stay at play sessions. Furthermore, it was found that parents often disengaged from services as the child got older.

The report was noted.

51. Be First Audited Accounts

The Chief Operating Officer introduced a report on the Be First audited accounts.

In November 2016, Cabinet approved a proposal to establish Be First, a 100% Council-owned company, to drive through LBBD’s ambitious regeneration programme, with the aim of speeding up the planning and regeneration process.

In September 2017, Be First became contractually obliged to meet the key income target of £10.3m to the Council from 2021 onwards. At this time, it was noted there were several high-level risks to the achievement of this target, including further changes to the calculation of New Homes Bonus, an adverse economic climate, restrictions on Council funding and delays to completing projects, particularly by third party private developers over which Be First had little control.

The initial Be First Business Plan anticipated a potential loss in its first trading year 2017/18, recognising peaks and troughs in cash flow as the company became operational. However, the latest management accounts position for 2018/19 reported an indicative pre-tax profit in the region of £500k. This did not however reflect accounting adjustments required as part of final account preparation that were needed to comply with company reporting requirements. Adjustments to the accounting value of defined benefit pensions were one such technical adjustment that would be required. The scheme was available to the 55 LBBD staff who
transferred over to Be First under the Transfer of Undertaking Regulations (TUPE) in October 2017.

The Committee were advised that the overall direction of travel on company performance was improving and was summarised as follows:

- Progress had been made across the investment programme, resulting in the proposed delivery of additional units. 3,088 units were forecast to be delivered compared with 2,200 last year;
- Programmes had been brought forward. 29 projects are now under development compared with 21 planned a year ago;
- Additional work had been undertaken on LBBD’s capital works programme; and
- Overhead expenditure was below plan, due to unfilled vacancies and control of general overheads.

Be First remained committed to achieving a target income of £10.3m by 31 March 2021 and had the ingredients in place to deliver its commitment such as:

- Many of the schemes were in the later stages of design;
- The planning team was satisfied that, given the designs, tenure mix and current briefs of the proposed schemes, consent should not be a major issue;
- Funding had been approved to support the expenditure as part of the Councils approved budget strategy; and
- Contractors were currently engaged on 75% of the schemes due to start this year and a further two were out for tender.

Pat Hayes, Managing Director of Be First, then addressed the Committee, advising that:

- The loss was smaller than the business had planned for;
- Be First were currently performing above target;
- £10.3m stated was genuine new income coming back into the Council;
- Be First was not yet at staffing capacity; and
- There were significant projects being undertaken at the moment by Be First.

The Cabinet Member for Finance, Performance and Core Services welcomed the Committee’s decision to scrutinise the audited accounts and reiterated that it was known from the outset that Be First carried some risk.

Be First allowed the Council to present a vision of how the Borough should look which included the provision of homes with affordable rent levels for tenants. Through Be First, the Council would be able to achieve the target of 70% affordable housing as set out by the Mayor of London.

In response to questions and challenges on the report, the Committee were advised that:

- The auditors were changed following a London-wide procurement exercise for local authorities;
• The late filing of the accounts was not the fault of any one party and could be contributed to the Council, Be First and the auditors at the time, KPMG;
• The £3m opening pension liability as stated on the accounts as a loss was a notional value and was required to be included in the accounts under international accounting standards; and
• The bulk of income for Be First was the management fee charged to the Council, however it was noted that this was substantially below the market rate.

The Committee noted the report and requested an update report be provided in one year.