

# Overview and Scrutiny Committee

## AGENDA

**DATE:** Wednesday 20 July 2011

**TIME:** 7.30 pm

**VENUE:** Committee Room 5  
Harrow Civic Centre

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**MEMBERSHIP** (Quorum 4)

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**Chairman:** Councillor Jerry Miles

**Councillors:**

Sue Anderson  
Ann Gate  
Sachin Shah  
Victoria Silver

Kam Chana  
Barry Macleod-Cullinane  
Paul Osborn (VC)  
Stephen Wright

**Representatives of Voluntary Aided Sector:** Mrs J Rammelt/Reverend P Reece  
**Representatives of Parent Governors:** 2 Vacancies

(Note: Where there is a matter relating to the Council's education functions, the "church" and parent governor representatives have attendance, speaking and voting rights. They are entitled to speak but not vote on any other matter.)

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**Reserve Members:**

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1. Nana Asante
2. Varsha Parmar
3. Krishna Suresh
4. Sasi Suresh
5. Krishna James

1. Chris Mote
2. Tony Ferrari
3. Christine Bednell
4. Susan Hall

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# **AGENDA - PART I**

## **1. ATTENDANCE BY RESERVE MEMBERS**

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

## **2. DECLARATIONS OF INTEREST**

To receive declarations of personal or prejudicial interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Committee;
- (b) all other Members present in any part of the room or chamber.

## **3. MINUTES (To Follow)**

That the minutes of the meeting held on 5 July 2011 be taken as read and signed as a correct record.

## **4. PUBLIC QUESTIONS**

To receive questions (if any) from local residents/organisations under the provisions of Committee Procedure Rule 17 (Part 4B of the Constitution).

## **5. PETITIONS**

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

## **6. DEPUTATIONS**

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

## **7. REFERENCES FROM COUNCIL/CABINET**

(if any).

## **8. DEVELOPMENT OF COUNCIL PROPERTY ASSETS (Pages 1 - 8)**

Report of the Corporate Director of Place Shaping

**9. IMPLICATIONS OF THE BIRMINGHAM JUDGEMENT (To Follow)**

Report of the Director of Legal and Governance Services

**10. IMPLICATIONS OF HARROW ASSOCIATION OF VOLUNTARY SERVICE (HAVS) INVESTIGATION - CHALLENGE PANEL REPORT (Pages 9 - 26)**

Report of the Divisional Director of Partnership Development and Performance

**11. PROJECT SCOPE - SNOW CLEARANCE (To Follow)**

Report of the Divisional Director of Partnership Development and Performance

**12. DEBT RECOVERY PROCESS CHALLENGE PANEL SCOPE (Pages 27 - 32)**

Report of the Divisional Director of Partnership Development and Performance

**13. ANY OTHER BUSINESS**

Which the Chairman has decided is urgent and cannot otherwise be dealt with.

**AGENDA - PART II**

**14. IMPLICATIONS OF THE HAVS INVESTIGATION CHALLENGE PANEL REPORT (Pages 33 - 60)**

Appendix to the report of the Divisional Director of Partnership Development and Performance

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**REPORT FOR: OVERVIEW AND  
SCRUTINY COMMITTEE**

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**Date of Meeting:** Wednesday, 20 July 2011

**Subject:** Development of Council Property Assets

**Responsible Officer:** Andrew Trehern,  
Corporate Director Place Shaping

**Scrutiny Lead  
Member area:** Cllr Stephen Wright and Cllr Sue Anderson  
Sustainability, Development & Enterprise

**Exempt:** No

**Enclosures:** None

**Section 1 – Summary and Recommendations**

This report provides Members of the Overview and Scrutiny Committee, with an overview of the Transformation Programme – Development of Council Property Assets Project.

**Recommendations:**

Members of the Scrutiny Committee are asked to consider and comment on the content of this report.

## **Section 2 – Report**

### **Background**

At the meeting of Overview and Scrutiny Committee on Tuesday 5 April 2011, Members received an oral update in respect of ‘Civic Centre Renewal’. It was agreed that a further report would be submitted to the Committee to advise Members on progress in respect of the development of the Council owned sites within the Central Harrow Intensification Area.

The Corporate Plan 2010/11 included the flagship action: ‘to prepare an Area Action Plan to deliver future prosperity for the Heart of Harrow to help the Council, the community and developers, understand and provide new development that improves environmental quality, vitality and economic quality.’ The document also included service initiatives for Place Shaping – ‘Rationalise property assets across the Borough’ and ‘Plan for development of a new Civic Centre’.

The 2011/12 Corporate Plan includes the priority action - ‘Develop a clear vision to guide the future growth and regeneration of Harrow Town Centre’.

The 2011/12 Capital medium term financial strategy (MTFS), has provided resources for asset development, Civic Centre site development, land acquisition and the enhancement of public space at strategic sites.

### **Intensification Area Action Plan (AAP)**

The Council and the GLA are preparing a joint Area Action Plan (AAP) for the Harrow and Wealdstone Intensification Area – the Heart of Harrow.

The AAP will manage and guide the delivery of some 2,500 new homes and 3,000 additional jobs in central Harrow over the next 15 years, and the provision of the essential physical, social and community infrastructure to support a growing population, which is expected to increase by approximately 5,000 over the plan period.

As a major landowner within the area, the Council has a significant role in delivering development and using its land and property assets as a catalyst for regeneration.

The AAP will involve the preparation of a master plan for the whole Intensification Area and include, amongst other things, “mini briefs” for key sites, providing guidance on

- the type, quantum and mix of development
- built form, massing, height
- site layout
- phasing and implementation

This will be undertaken over the next few months, with the aim of presenting a draft master plan to the Major Developments Panel and Cabinet in early 2012.

All land owners and developers will be expected to conform to the guidelines set out in the AAP in bringing forward development proposals.

## **Council owned Strategic Sites within the Intensification Area**

The Civic Centre site, the Byron Park site (this includes the Leisure Centre, car park, and derelict driving centre site), the Greenhill Way car park and the Gayton Road site (this includes the ex Gayton Road library site & Gayton Road car park), have become known as the 'Council's Four Strategic Sites'.

The four strategic sites in the Council's ownership make up approximately 30% of the land available for development in the Intensification Area. They occupy prominent positions in Harrow town centre, Wealdstone and Station Road and, whilst they vary in character and development potential, their size and location will require that some or all will need to be brought forward to achieve identified housing and employment targets, or meet requirements for social and community infrastructure. Between them they can do much to shape the spatial development of the entire Intensification Area.

In their current state, all four sites are under utilized with large areas of surface car parking or vacant land.

The AAP will provide the broad planning policy framework to guide the future development of the four strategic sites within the AAP area. To maximize the development potential however, will require;

- detailed commercial master planning to place the Council, as landowner, in the same position as private developers; and
- the likely involvement of a joint venture partner, to coordinate proposals and the phasing of development in order to drive commercial value consistent with wider corporate objectives.

## **Transformation Programme – Strategic Project Development of Council property Assets**

The Development of Council Property Assets Project has been initiated to:-

- Lead the adoption of the Intensification Area, Area Action Plan
- Coordinate the Council Operational Facilities Rationalisation Programme
- Development Proposals and delivery projects for the Council's four strategic sites within Central Harrow
- Bring forward the development proposals for other key Council owned sites across the Borough.

The long term benefits of the project are summarised as:-

- Stimulating growth in the local economy
- Making a substantial contribution to new housing supply.
- Making a substantial contribution to economic and spatial development objectives.
- Ensuring a substantial revenue benefit for the Council.
- Informing the infrastructure requirements to support new development and to modernise existing assets.

The initial product of this project will be used to inform the development of the 2012/13 MTFS revenue and capital.

## **Four Strategic Sites Commercial Master Plan**

The commercial master planning work related to the Four Strategic sites has commenced and is intended to report to Cabinet in early 2012.

The commercial master plan will consider various development configurations for each of the four Council owned sites and recommend how development could be taken forward based on appropriately balanced spatial development, social, environmental and commercial considerations.

## **Consolidation within Civic 1**

The majority of Council office facilities will be consolidated within the Civic 1 building by 31 March 2014.

The Teachers Centre and Central Depot remain largely unaffected by the above initiative, although the Teachers Centre has recently provided the base for a new pupil referral unit which was previously located at 80/82 Gayton Road.

The possible introduction of Mobile and Flexible working technology supported by a cultural change programme could potentially create additional capacity to facilitate the co-location of partners within Civic 1.

It is intended to initiate a 'Green Travel Plan' review and the product of this review will be reported at the end of 2011.

Completion of the above initiatives could facilitate commencement of phased development on the Civic Centre site, when market conditions are appropriate.

## **Disposals Programme 2011/12**

Cabinet on 19 May 2011 approved Phase 1 of the current year's Property Disposals Programme. Work is ongoing to progress disposal of the relevant properties.

Phase 2 of the programme is being considered at Cabinet on 21 July.

The MTFs capital receipts target is £11.788M.

## **Financial Implications**

The Capital Programme MTFs, agreed at Council on 10 March 2011, has allocated resources for Civic Centre modernisation, Civic centre site development, Asset development, Land acquisition and Strategic sites – public space enhancements.



Capital expenditure is governed by Corporate Strategy Board and the Capita Forum. Governance rules require detailed business cases to be developed prior to the allocation of capital budget to project cost centre codes.

The Civic 1 Consolidation project will cost a maximum of £2.5m over three years. Revenue efficiency gains in the order of £460k pa will be realised from 2014/15.

The capital allocation for the development of the Civic Centre site and asset development will fund the preparation of the necessary commercial master plan which will ultimately drive the commercial value of the Council's strategic land holdings within Central Harrow. The master plan will be subject to approval at Cabinet.

## Performance Issues

The development of the Four Strategic Sites will in the long term contribute to the delivery of new homes, new jobs and new social infrastructure within the Central Harrow Intensification Area:-

Which performance indicators will be impacted by Development Plan Documents	What is the current performance of those indicators?			Potential impact
	Target 09/10	Actual 09/10	Target 10/11	
NI154 Net additional homes provided	400	460	400	The Site Allocations DPD and the AAP will identify and designate sufficient sites for new housing to meet Harrow's strategic housing requirement
NI155 Number of affordable homes delivered (gross)	165	143	165	The Development Management Policies and the AAP will seek to secure the maximum affordable housing provision from individual sites of 10 and above units.
NI159 Supply of ready to develop housing sites	100%	100%	100%	The Site Allocations DPD and the AAP will identify and designate sufficient sites for new housing to meet Harrow's strategic housing requirement
NI171 VAT Registration rate	No specific data set	88.4%	No specific data set	All three DPDs seek to retain and support existing and new businesses either through allocating or safeguarding sites or buildings for employment use.

NI186 Per capita reduction in CO2 emissions in the LA area	7.5%	4%	7.5%	The AAP and Site Allocations DPDs will ensure new housing is located in areas of high public accessibility and through requirements in the Development Management Policies for higher sustainable building design standards.
NI188 Adapting to climate change	Level 1	No data	Level 1	The Development Management Policies and the AAP seek to address the impacts of climate change through requirements for sustainable building design, while the Site Allocations DPD ensures sensitive development is not located in areas subject to flood risk.

## Environmental Impact

The satellite buildings around Civic 1 are particularly wasteful in terms of energy use with poorly insulated buildings and ageing inefficient heating, lighting and control systems. The programme will lead to the demolition of the most inefficient buildings and an upgrade to the insulation, heating and lighting in Civic One, greatly reducing our “Carbon Emissions” and helping with our target to reduce emissions overall by 4% a year. An environmental programme will be undertaken, in tandem with the consolidation project, in order to improve the energy efficiency of Civic 1, the cost of which will be met from the LDA supported Re Fit Programme.

Development of the Byron Leisure Park site will enable the commissioning of a new leisure centre. Although much has been done to improve the energy efficiency of the existing facility in previous years, the effectiveness of these improvements is constrained by the now out dated design and construction of the building.

New development will ensure the most efficient use of resources and minimise ‘Carbon Emissions’.

## Risk Management Implications

Risk analysis for all projects will be developed as initiatives are taken forward.

## Corporate Priorities

The development of the Civic centre site will contribute to the Corporate Priorities:-

- **Keeping neighbourhoods clean, green and safe:** by promoting a better quality built environment and public spaces, and considering options for enhancing green infrastructure and access to open spaces.
- **United and involved communities - a Council that listens and leads:** Engagement with the community as part of the Area Action Plan will seek to respond to the community's concerns about the state of Harrow town centre and seeks to ensure that the development and growth within the Intensification Area reflects the priorities and preferences of residents.
- **Supporting our Town centre, and local shopping centres and businesses:** The development of the Four Strategic Sites will provide a positive opportunity for the development and growth of Central Harrow.

## Section 3 - Statutory Officer Clearance

		on behalf of the
Name: Kanta Hirani	√	Chief Financial Officer
Date: 7 July 2011		
		on behalf of the
Name: Jessica Farmer	√	Monitoring Officer
Date: 7 July 2011		

## Section 4 - Contact Details and Background Papers

**Contact:** Andrew Trehern, Corporate Director Place Shaping  
Email: [Andrew.trehern@harrow.gov.uk](mailto:Andrew.trehern@harrow.gov.uk)  
Tel : 0208 424 1590

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**REPORT FOR: OVERVIEW AND  
SCRUTINY COMMITTEE**

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<b>Date:</b>	20 <sup>th</sup> July 2011
<b>Subject:</b>	Implications of the HAVS Investigation Challenge Panel Report
<b>Responsible Officer:</b>	Alex Dewsnap, Divisional Director, Partnership Development and Performance
<b>Scrutiny Lead Member area:</b>	Cllr Nana Asante, Safer and Stronger Communities, Performance Scrutiny Lead Member Cllr Chris Mote, Safer and Stronger Communities, Policy Scrutiny Lead Member
<b>Exempt:</b>	No but with Part II Appendix - by virtue of Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
<b>Enclosures:</b>	Appendix 1 - Report from the Implications of the HAVS Investigation Challenge Panel Appendix 2 – Audit Report (Part II)

## **Section 1 – Summary and Recommendations**

This report accompanies the report from the challenge panel which considered the implications of the Harrow Association of Voluntary Service (HAVS) investigation

**Recommendations:**

Councillors are recommended to:

- I. Agree the report from the challenge panel
- ii. Refer the report to Cabinet in September for consideration

## **Section 2 – Report**

This report outlines the findings of the implications of the HAVS investigation challenge panel which took place on 22<sup>nd</sup> and 29<sup>th</sup> March and 31<sup>st</sup> May 2011.

The panel was commissioned by the Overview and Scrutiny committee to examine the implications for the Council of the findings of the HAVS investigation.

### **Financial Implications**

There are no financial implications associated with this report

### **Performance Issues**

The review is making recommendations with regard to monitoring high risk projects and inclusion of relevant performance indicators in documentation considered by the council's improvement boards.

### **Environmental Impact**

There is no environment impact associated with this report

### **Risk Management Implications**

The report has considered the implications of the events that took place at HAVS and makes recommendations to minimise the risk of similar occurrences in future.

### **Equalities implications**

There are no equalities implications directly associated with this report. However, the development of an overarching strategy for the delivery of grants and the development of an effective relationship with Harrow's voluntary sector which will help to address the concern identified from the events at HAVS, the council will need to be cognisant of our equalities duties, particularly in the light of recent equalities judgements.

### **Corporate Priorities**

Ensuring an effective relationship exists with the voluntary sector can help to deliver all of the council's corporate priorities:

- Keeping neighbourhoods clean, green and safe
- United and involved communities: a Council that listens and leads
- Supporting and protecting people who are most in need
- Supporting our Town Centre, our local shopping centres and businesses

## **Section 3 - Statutory Officer Clearance**

Not required for this report.

## **Section 4 - Contact Details and Background Papers**

**Contact:** Lynne Margetts, Service Manager Scrutiny, 020 8420 9387

**Background Papers:** None

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**July 2011**

**Overview and Scrutiny Committee**

Implications of HAVS Investigation  
Report from the Challenge Panel

**Members of the Challenge Panel**

Councillor Nana Asante (Chairman)  
Councillor Susan Anderson  
Councillor Kam Chana  
Councillor Paul Osborn  
Councillor Sachin Shah

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# **1. Chairman's Introduction & Acknowledgements**

This is the report from the Implications of the HAVS Investigation Challenge Panel which took place on 22 March and 29 March 2011 and 31<sup>st</sup> May. The Overview and Scrutiny committee commissioned the Challenge Panel to consider the longer term implications for the Council of the issues which occurred at Harrow Association of Voluntary Services (HAVS).

The panel comprised of:

Councillor Nana Asante (Chairman)  
Councillor Sue Anderson  
Councillor Kam Chana  
Councillor Paul Osborn  
Councillor Sachin Shah

We received evidence from Cllr Rekha Shah, Community and Cultural Services Portfolio Holder, 2010 – 11 and her successor Cllr David Perry, who very kindly attended a meeting and provided invaluable feedback. We would also like to thank officers from the Council's Legal Department, the Audit Section and the Communities and Cultural Services Department, who helped us understand the impact of the proposals on the Council.

We are also grateful to the witnesses named in the report for attending the panel and contributing to our investigation.

We are grateful too for the written submissions we received. They have highlighted the importance of properly naming our reviews in future as the submissions, although interesting did not relate to the subject of our enquiry. As a Challenge Panel, we would urge that greater care is taken in naming reviews in future to avoid misunderstandings.

We feel that the challenge panel has been able to make a number of helpful observations and on behalf of all the Members involved, I commend this report.

**Councillor Nana Asante  
Chairman of the Challenge Panel**

## 2. Background

The Harrow Association of Voluntary Services (HAVS) was a second tier, umbrella organisation for the voluntary and community sector in Harrow. It operated in the borough for many years and provided support to voluntary organisations through a range of services, including capacity building support to small groups, fund raising advice, Criminal Records Bureau checks, recruitment and support with management of volunteers and facilitating representation of the views of the voluntary sector to statutory agencies.

HAVS also played a key role in the Harrow Strategic Partnership including organising the voluntary and community sector forum; representing the views of the sector at meetings of the Harrow Chief Executives, the management committee of the Harrow Strategic Partnership and Harrow Strategic Partnership Board.

Most boroughs have an organisation like HAVS delivering the services of a Council for voluntary services. In June 2010 Harrow Council engaged PricewaterhouseCoopers (PWC) to undertake an investigation into HAVS following concerns raised by the HAVS auditor during the audit of the 2008/9 financial records.

The scope agreed by Overview & Scrutiny for this project was such that the challenge panel did not concern itself with the specifics of HAVS and the PWC investigation, but with the underlying issues, the lessons to be learned as far as the Council was concerned and in particular

- The mechanisms that the Council has in place to monitor the use of public funds within voluntary sector organisations in order to ensure that there is sufficient transparency, probity, organisational accountability and quality assurance;
- The role of the Council in ensuring that organisations entrusted with public funds have good governance arrangements;
- The extent to which the Council should support the voluntary sector in accessing support in the area of governance; and
- Evaluating the Council's responsibility in supporting local infrastructure bodies in Harrow.

The challenge panel also considered whether voluntary sector groups should have an explicit whistle blowing policy for the voluntary sector.

Excluded from consideration were:-

- The role of the Council as charitable trustee
- Going over old ground in terms of undertaking further work in areas already reviewed by scrutiny or others
- Specifics of the HAVS investigation
- Specifics of grants awarded by the Council in the past

In order to assist and inform the work of the Challenge Panel, the following individuals were invited to attend as witnesses:

- **Councillor Rekha Shah**, Portfolio holder , Community & Cultural Services
- **Susan Dixson**, Service Manager, Internal Audit
- **Mike Howes**, Service Manager, Policy & Partnerships
- **Jessica Farmer**, Head of Legal Practice
- **Marianne Locke**, Divisional Director, Community & Culture
- **Kashmir Takhar**, Head of Service, Community Development

The Panel also interviewed the following as witnesses representing the voluntary sector:-

- **Alex da Costa**, Angola Civic Communities Alliance **and Harrow Refugee Forum**
- **Jill Harrison**, **Citizens Advice Bureau (CAB )**

The Panel received written submissions from

- **Councillor Bill Phillips**, Harrow Council Representative, HAVS
- **Russian Immigrants Association**

Whilst the Panel welcomed the interest in the review, it noted that the written submissions did not relate to the scope of our enquiry.

An internal audit review was requested by the Overview and Scrutiny Committee to consider the way in which the Council's Grants Programme operates, in particular in relation to the grants round that ended with awards made in April 2010, and this was agreed by Internal Audit for inclusion in the 2010/11 Internal Audit Plan as an emerging risk. The report produced as a result of the Internal Audit review was given a red assurance rating indicating the grants system represents a high risk to the authority and needs immediate attention to improve the control environment. Overall 36% of the expected controls were found to be in place and operating effectively, 5% were substantially operating, 43% were partially in place with a further 16% were not operating. No impropriety was identified however a number of governance issues were identified in the systems in place highlighting a requirement for more transparency within the processes operated. 34 recommendations were made to address the weaknesses identified, 33 of which have been agreed by management and the GAP Panel for implementation. Internal Audit will follow-up the implementation of the recommendations in due course. This report is a substantial part of our evidence and we commend its recommendations.

The review took the form of three question and answer sessions, one for internal and one for external witnesses and one with the current and previous portfolio holders, during which Members questioned witnesses on the potential impact of the investigation on their organisation or service. Based upon these discussions and written evidence submitted, members of the Challenge Panel have made a number of observations which are detailed in the next section.

### **3. Observations**

In summary, our observations are as follows:-

There appears to be a lack of clear direction within the Council as regards the assessment and payment of grants and there is a lack of transparency. The officers who administer this process have inadequate training on the monitoring of grants and do not appear to have awareness of the rules regarding personal and prejudicial interests. However the panel notes the commitment of the Divisional Director to address shortcomings in this area and looks forward to an improved service. There is insufficient awareness among Council officers and members of what the Voluntary Sector Compact is. During the course of the review, the panel was made aware of a challenge undertaken under the terms of Compact documentation which means that there is now legal status to the Compact. In these circumstances we suggest further review of the Harrow Compact is undertaken to ensure its currency. We would similarly urge that the significant implications of the Judicial Review of Birmingham City Council's decision to change FACS criteria are considered by the Council. We recommend that training on the Compact and on the implications of these rulings is provided for all Councillors and Officers. Our review revealed that not all panel members assessing the recent grant applications had been trained on the Compact.

There is an unco-ordinated approach to the award of grants, which are given by different arms of the Council according to differing processes and rules, with little awareness of what other areas of the Council are doing, which may even lead to duplication of payments in some cases. Some of these processes go before members, some, including very large awards are made by officers with no reference to any members. This is undemocratic and not transparent, it is our view that members should be involved in every case where a grant is awarded.

We were advised of a lack of resources to support the monitoring of grants made. We acknowledge this is a difficulty for the organisation and we would welcome officers' and the portfolio holder's opinion on how to:

- a) streamline the support given to local organisations by different parts the Council
- b) consolidate the processes of awarding this support perhaps through the institution of a commissioning regime.

This we feel could maximise and make best use of resources available to support the sector at the same time as ensuring a more co-ordinated and transparent approach to providing financial support. The Panel hopes that in introducing change, care will be taken to bring the voluntary and community sector along.

In this context we were pleased to hear from the portfolio holder of the establishment of the register of awards which will hopefully mean that in future there is greater clarity with regard to the support being offered to individual groups from different parts of the Council. We would however, seek assurance that this register is effectively monitored and owned at both a political and managerial level

We feel that a more proportionate approach to the monitoring process might also be appropriate. Identifying the growing risk at an early stage through a 'traffic light' system with appropriate and associated levels of monitoring would mean that at an early stage, concerns could be flagged up and monitoring could be set at an appropriate level. We are also of the opinion that monitoring of high risk investments and Service Level Agreements in the voluntary sector via the improvement board process could be helpful. The Council has been offered an opportunity to tailor how it manages its own

performance with the abolition of Comprehensive Area Assessment and the National Indicator Set. Identification of high risk, or potentially poor performing but high profile projects and monitoring them at the highest possible level of the organisation may safeguard the organisation from future failures, similar to those which occurred at HAVS. We suggest that the findings of the scrutiny review of performance management are considered in this context.

The perception by the voluntary sector of the Council is not good. Organisations are not clear about how the Council operates, to some it is simply a question of submitting an application form, hope for the best and await 'smoke signals' from the Civic Centre. Furthermore the Voluntary and Community Sector believes that some groups are favoured over others, often for political reasons, regardless of which party is in power.

There appears to be little correlation between the award of grant and the degree to which the grant provides value for money. There is little monitoring of the performance of voluntary organisations. By the time previous years' accounts are submitted (if they are submitted) it is too late to rectify any problems. There does need to be some in year monitoring by the Council; this in our view can be carried out relatively easily, by obtaining a simple mid-year statement, this is especially true of larger organisations who generally receive the largest grants. This is especially true in the current financial climate of public sector financial cutbacks, which are set to continue during the next 3-4 years.

It is the view of the panel that every voluntary organisation should have its own whistle-blowing policy or that the Council's own whistle-blowing policy should be strengthened to make it explicit that, where public money is concerned, the policy does also cover employees of voluntary sector organisations.

The Council should encourage enhanced standards of governance within voluntary organisations, whether by providing training directly or by encouraging /facilitating others. There is an independent voluntary sector management tool especially produced for the voluntary sector known as PQASSO which should be utilised more. We would suggest that the appropriate level of PQASSO accreditation should be a prerequisite to the award of grant (or contract in a commissioning context).

In our view, there are certain governance issues within the Council that need to be addressed. Committee and panel chairs do not always appear to be adequately briefed on their agendas before these are dispatched. It is also our view that there is some confusion surrounding Council nominations and appointments to outside bodies. These governance issues need to be tightened up, in the interests of enhanced performance. Trustees appointed by the Council do not always appear to be aware of their powers and duties, perhaps because of a lack of training by the Council.

There are occasions when a grant application recommended for approval by the officers is refused by members, sometimes the opposite happens. Where such a decision is made, it is the view of the panel that the reasons for this ought to be explicit in the minutes, as they are in the case of a planning application, in the interests of transparency and accountability. The panel observed that the difficulties which are experienced in this context are not reflected in the relationship between other advisory panels and the relevant portfolio holder. The reasons for this are not clear and do not relate to any specific political administration. Experience from this year's Edward Harvist Trust awards would suggest that where there is clarity and cross party agreement with regard to the principles upon which award decisions are made, there is

a much more effective award making process. Where there is scope for interpretation there is also scope for disagreement. We therefore hope that the experience with regard to the Edward Harvist Trust awards can in future be replicated.

We also hope that a constructive relationship can be developed between the current and future portfolio holders in order that honest dialogue can avoid difficult disagreements going forward. We appreciate that the panels are 'advisory' and as such the portfolio holder may need to be at arms length from the panel's deliberations but we hope that a flexible and productive relationship is not constrained by rules and regulations and that this key relationship can become more effective,

In the panel's consideration of how the Council might provide support for the voluntary sector going forward, we were made aware of the 'One 4 One' scheme which allows officers with technical skills which could be of benefit to the voluntary sector to make their skills available. For every hour of their own time given to the voluntary sector, the Council will allow officers to give an additional hour of their working time to the sector. We commend this scheme in principle and would urge that an evaluation be undertaken so an effective scheme and other innovative means of supporting local organisations, are promoted by the Council.

Much work has been done in the past to try to improve the Council's relationship with our voluntary sector partners. The panel acknowledges that this work is now being consolidated and we look forward to hearing from officers about their strategic proposals for revitalising our relationship with the sector. In this context, we would observe that there is now significant evidence available upon which to build this longer term strategic relationship and we would urge colleagues to consider the work which has been undertaken previously, in particular the scrutiny review 'Delivering a Strengthened Voluntary and Community Sector for Harrow'. We would also urge that future strategy reflects the performance of 'class leaders' in order that innovative solutions operated by other boroughs can be reflected in our own practice.



## 4. Recommendations

We would like to make the following recommendations

1. *Cabinet should consider the Grants Advisory Panel and other advisory panels terms of reference in greater detail.*
2. *There should be greater internal checks made by officers during the grants process.*
3. *The Harrow Compact should be reviewed in order to ensure that it reflects recent judicial rulings and events locally.*
4. *Training on the Compact and the implications of the recent rulings should be made available to Councillors and Officers.*
5. *Care should be taken to communicate with the Voluntary and Community Sector so they fully understand the Council's decision-making process and the mechanism for communicating concerns they may have.*
6. *Voluntary sector groups, when applying for grant, should be asked what they would do with part award of grant, e.g. if they applied for £500 and were awarded £250, what would they do with it? Would it be any use? 50% and 75% could be possible benchmarks to use.*
7. *Members should be involved in every grant award.*
8. *Chairmen of all committees and panels should be properly briefed and consulted on every agenda.*
9. *The long term aim of a grant should be to make the voluntary organisation sustainable in the long term. The Council should agree a policy on this and communicate it.*
10. *There should be monitoring of voluntary organisations throughout the year. A mid year extract from management accounts should enable the Council to make a financial health check on each organisation and avoid any future problems (such as occurred at HAVS). Monitoring should however be proportionate and sector independence needs to be respected.*
11. *Consideration should be given to the development of a 'traffic light' system to facilitate a proportionate approach to monitoring and further consideration should be given to incorporating the monitoring of high risk projects and Service Level Agreements into the improvement board process.*
12. *Monitoring information should be reviewed by those with an understanding of the information presented.*
13. *There should be a general re-examination of all Council external appointments to ensure these are fit for purpose and are still needed.*
14. *The Council should agree what governance standard is required for each grant or contract e.g. PQASSO level 1 for small grant awards or contracts, level 3 for medium grant awards or contracts level 5 for large grants or contracts*

15. *All organisations in receipt of grant monies from the Council should have their own whistle-blowing policy*
16. *The grants process should be non political and be seen to be as such. The development and agreement of clear principles for the payment of grant will support this. A constructive dialogue between the Grants Advisory Panel and Community and Cultural Services portfolio holder and Cabinet should be fostered to ensure that this key relationship can flourish and ensure that difficulties between parties are fully understood.*
17. *Appeals should be held before any grants are finalised*
18. *The grants process should be timed so that voluntary organisations know their financial status before the financial year commences*
19. *Voluntary organisations could be offered specialist support from within Council resources, such as legal, financial or IT help, as an add on extra, always recognising that many organisations needed a core grant to be able to function. The 'One 4 One' scheme and other innovative approaches to supporting the sector should be evaluated and promoted by the Council if they are seen to offer a credible alternative support.*
20. *In consolidating the work previously undertaken and developing a longer-term strategic approach to partnering with the voluntary sector, the Council should ensure that it reflects the learning from other, best practice boroughs and the findings of other internal reviews which have been undertaken including the scrutiny review 'Delivering a Strengthened Voluntary and Community Sector for Harrow', 2008*
21. *Members and Officers need to be clearer about declaring interests and withdrawing from meetings or decisions where the interest may be prejudicial. Additional training should be given to Members and officers involved in the Grants process including real world examples.*
22. *That Internal Audit keep the Overview & Scrutiny committee informed on the progress of the implementation of their recommendations in the Grants to Voluntary Organisations report.*

## **5. Conclusion**

The experiences of the events at HAVS have been difficult for the Council. They have shone a light, yet again on the Council's grant making process and shown the need for improvement. They have also offered us another opportunity to address our weaknesses and to develop the kind of long-term relationship we need to have with our partners in the Voluntary and Community sector, a relationship based on principles, transparency and respect. We hope that this report will go some way to supporting the development of this relationship.

**Councillor Nana Asante (Chairman)**

**Councillor Susan Anderson**

**Councillor Kam Chana**

**Councillor Paul Osborn**

**Councillor Sachin Shah**

# **APPENDIX ONE:**

## **IMPLICATIONS OF HAVS INVESTIGATION – CHALLENGE PANEL SCOPE**

1	<b>SUBJECT</b>	Implications of HAVS Investigation – Challenge Panel
2	<b>COMMITTEE</b>	Overview and Scrutiny Committee
3	<b>REVIEW GROUP</b>	Cllr Nana Asante Cllr Christine Bednell Cllr Kam Chana Cllr Barry Macleod-Cullinane Cllr Susan Anderson Cllr Paul Osborn Cllr Sachin Shah
4	<b>AIMS/ OBJECTIVES/ OUTCOMES</b>	The aim of the review is to make recommendations in respect of: <ul style="list-style-type: none"> <li>• The mechanisms that the Council has in place to monitor the use of public funds within voluntary sector organisations, in order to ensure that there is sufficient transparency, probity, organisational accountability and quality assurance</li> <li>• The role of the Council in ensuring that organisations entrusted with public funds have good governance arrangements. For example ensuring that Councillors nominated as trustees or acting in an ‘ex officio’ capacity are properly equipped to fulfil the role and understand the nature of potential conflicts of interest that could arise.</li> <li>• The extent to which the Council should support the sector in accessing support in the area of governance, for example best practice, while respecting the independence of the sector and having regard to Compact principles</li> <li>• Evaluating the Council’s responsibilities in supporting local infrastructure bodies in Harrow</li> </ul>
5	<b>MEASURES OF SUCCESS OF REVIEW</b>	<ul style="list-style-type: none"> <li>• Project assists the Council in responding to any risks highlighted by the internal audit review.</li> <li>• Project group makes recommendations with regard to Council mechanisms that enable the sector to demonstrate fitness for purpose.</li> <li>• Project informs Better Deal for Residents programme – specifically projects consulting on and reviewing future levels of support to the voluntary and community sector from across the Council.</li> </ul>
6	<b>SCOPE</b>	<ul style="list-style-type: none"> <li>• Audit review – in particular monitoring processes, by examining the results of the review by internal audit</li> <li>• Training for Councillors acting as charitable trustees, including accountability of trustees</li> <li>• Consideration of the future for sector-wide infrastructure support, for later discussion with the sector, with specific emphasis on what the Council’s role should be with regard to</li> </ul>

		<p>determining infrastructure available to the sector and how it is provided.</p> <ul style="list-style-type: none"> <li>The Council's relationship with the sector in respect of governance – including the Council's role with regard to governance, financial control, best practice and advice and support.</li> </ul>
7	<b>SERVICE PRIORITIES (Corporate/Dept)</b>	Draft corporate priority: United and involved communities – a Council that listens and leads
8	<b>REVIEW SPONSOR</b>	Brendon Hills, Corporate Director, Community and Environment
9	<b>ACCOUNTABLE MANAGER</b>	<p>Management of review – Lynne Margetts, Service Manager Scrutiny</p> <p>Management of service – Marianne Locke, Divisional Director Community and Cultural Services</p>
10	<b>SUPPORT OFFICER</b>	Heather Smith, Scrutiny Officer
11	<b>ADMINISTRATIVE SUPPORT</b>	Heather Smith, Scrutiny Officer
12	<b>EXTERNAL INPUT</b>	<p><b>Stakeholders</b></p> <ul style="list-style-type: none"> <li>Relevant Director</li> <li>Relevant Portfolio Holder</li> <li>Internal Audit</li> <li>Legal and Governance</li> <li>Policy and Partnerships</li> </ul> <p><b>Experts/Advisors</b></p> <ul style="list-style-type: none"> <li>Charity Commission – policy evidence</li> <li>NAVCA – policy evidence</li> <li>Local Government Improvement and Development – best practice</li> </ul>
13	<b>METHODOLOGY</b>	<p>Proposed stages for the review</p> <p>Stage 1 – Scoping meeting</p> <p>Stage 2 – Review of evidence</p> <ul style="list-style-type: none"> <li>Findings of audit review</li> <li>Best practice with regarding good governance arrangements and commissioning of infrastructure groups</li> </ul> <p>Stage 3 – Challenge panel meeting</p> <p>Stage 4 – Formulation of report and recommendations</p>
14	<b>EQUALITY IMPLICATIONS</b>	The challenge panel should consider how equality implications have been taken into consideration in current policy and practice and consider the implications of any recommended changes.
15	<b>ASSUMPTIONS/ CONSTRAINTS</b>	<p>To include:</p> <ul style="list-style-type: none"> <li>The way in which funding policy impacts on approaches to monitoring and the proportionality of monitoring arrangements.</li> </ul>

		<ul style="list-style-type: none"> <li>• The role of Councillors as trustees</li> <li>• Future of infrastructure support to the sector</li> <li>• Whistle-blowing arrangements for groups to report concerns about use of Council funds</li> </ul> <p>To exclude:</p> <ul style="list-style-type: none"> <li>• The role of the <u>Council</u> as a charitable trustee</li> <li>• Going over old ground in terms of undertaking further work in areas already reviewed by scrutiny or by others</li> <li>• Specifics of the HAVS investigation</li> <li>• Specifics of Grants awarded by the Council in the past</li> </ul>
16	<b>SECTION 17 IMPLICATIONS</b>	The challenge panel will need to have regard to any possible community safety implications arising from any recommendations.
17	<b>TIMESCALE</b>	<p>For completion by Christmas 2010 and to report to O&amp;S on 27 January 2011.</p> <ul style="list-style-type: none"> <li>• Scoping meeting – 20 October 2010</li> <li>• Review of evidence – after O&amp;S 23 November 2010</li> <li>• Challenge panel – early December 2010</li> <li>• Formulation of report – mid December 2010</li> <li>• [Progress review – Delivering a strengthened voluntary sector – P&amp;F 18 January 2011]</li> <li>• Final report to O&amp;S – 27 January 2011</li> </ul>
18	<b>RESOURCE COMMITMENTS</b>	<ul style="list-style-type: none"> <li>• Scrutiny Officer – policy support, research, administration, report writing</li> <li>• Internal Audit – carrying out audit review</li> <li>• Community Development– evidence</li> <li>• Legal and Governance – evidence</li> <li>• Policy and Partnerships – evidence</li> </ul>
19	<b>REPORT AUTHOR</b>	Heather Smith, Scrutiny Officer
20	<b>REPORTING ARRANGEMENTS</b>	<p>Outline of formal reporting process:</p> <p>To Service Director            [ x ]    December 2010  To Portfolio Holder            [ x ]    December 2010  To O&amp;S                                [ x ]    27 January 2011  To Cabinet                         [ x ]    10 February 2011</p>
21	<b>FOLLOW UP ARRANGEMENTS (proposals)</b>	Monitoring by Performance and Finance scrutiny sub-committee after 6 months and then on a 6 monthly basis by exception.

**REPORT FOR: OVERVIEW AND  
SCRUTINY COMMITTEE**

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<b>Date of Meeting:</b>	20 <sup>th</sup> July 2011
<b>Subject:</b>	Debt Recovery Process Challenge Panel scope
<b>Responsible Officer:</b>	Alex Dewsnap Divisional Director, Partnership Development and Performance
<b>Scrutiny Lead Member area:</b>	Cllr Jerry Miles, Corporate Effectiveness Policy Lead Member Cllr Tony Ferrari, Corporate Effectiveness Performance Lead Member
<b>Exempt:</b>	No
<b>Enclosures:</b>	Appendix One: Scope for Debt Recovery Process Challenge Panel Scope

**Section 1 – Summary and Recommendations**

This report accompanies the scope for the Debt Recovery Process Challenge Panel

**Recommendations:**

Councillors are asked to:

- Consider and agree the scope for the challenge panel.

## **Section 2 – Report**

### **Background**

This project derives from the considerations of the Corporate Effectiveness Lead scrutiny councillors who were concerned that the council's application of its debt recovery procedures appeared to be having an adverse impact on our more vulnerable residents. Initial analysis undertaken by the Lead Councillors suggested that the council's policy on debt recovery is no more rigorously applied than other London boroughs but anecdotal evidence suggests that uniform application of the policy may be resulting in a disproportionately adverse impact on a small number of vulnerable residents. The aim of this panel therefore, is to identify the scope for the development of a more sensitive application of the policy in specifically identified circumstances.

During the lead councillors' consideration of the issue, it became apparent that there are a number of debt recovery processes operating across the council and therefore the panel also wishes to investigate the advantages and disadvantages of co-ordinating these different processes.

At its scoping meeting on 5<sup>th</sup> July, the group nominated Councillor Tony Ferrari to chair the project.

### **Financial Implications**

The costs of delivering this project will be met from within existing resources.

### **Performance Issues**

The panel will wish to have regard to the need to maintain high council tax collection rates.

### **Environmental Impact**

There are no environmental impact issues associated with this review.

### **Risk Management Implications**

There are none specific to this report.

### **Equalities implications**

Was an Equality Impact Assessment carried out? Yes ( ) No (  )

The review itself will not have any equalities implications. However, the findings and recommendations of the review may support the service to identify any potentially adverse impacts of its debt recovery processes

### **Corporate Priorities**

This review will contribute to the delivery of the following corporate priority:

- Supporting and protecting people who are most in need



### **Section 3 - Statutory Officer Clearance**

Not required for this report.

### **Section 4 - Contact Details and Background Papers**

**Contact:** Lynne Margetts, Service Manager, Scrutiny. 020 8420 9387

**Background Papers:** None

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**SCRUTINY COMMITTEE****DEBT RECOVERY CHALLENGE PANEL - DRAFT SCOPE****VERSION NUMBER - 2****VERSION HISTORY**

**6<sup>th</sup> June 2011 to Corporate Director of Finance**  
**5<sup>th</sup> July, scoping meeting**

1	<b>SUBJECT</b>	Debt Recovery Challenge Panel
2	<b>COMMITTEE</b>	Overview and Scrutiny Committee
3	<b>REVIEW GROUP</b>	<p><b>Councillors</b></p> <ul style="list-style-type: none"> <li>• Cllr Kam Chana</li> <li>• Cllr Tony Ferrari</li> <li>• Cllr Jerry Miles</li> <li>• Cllr Sachin Shah</li> </ul> <p><b>Co-optees</b></p> <ul style="list-style-type: none"> <li>• Anne Diamond</li> </ul>
4	<b>AIMS/ OBJECTIVES/ OUTCOMES</b>	To consider the council's debt recovery policy and examine the feasibility of aligning all recovery policies and to make recommendations to secure a proportionate and sensitive application of the policy.
5	<b>MEASURES OF SUCCESS OF REVIEW</b>	Project completed in accordance with project plan Panel recommendations able to assist the application of council policy
6	<b>SCOPE</b>	The project will not consider changes to the debt recovery policy but to its application.
7	<b>SERVICE PRIORITIES (Corporate/Dept)</b>	
8	<b>REVIEW SPONSOR</b>	Julie Alderson, Corporate Director Finance
9	<b>ACCOUNTABLE MANAGER</b>	Fern Silverio, Divisional Director - Collections & Housing Benefits
10	<b>SUPPORT OFFICER</b>	Lynne Margetts, Service Manager Scrutiny
11	<b>ADMINISTRATIVE SUPPORT</b>	
12	<b>EXTERNAL INPUT</b>	Best practice boroughs National advice agencies Residents

13	<b>METHODOLOGY</b>	<ul style="list-style-type: none"> <li>• Challenge panel – single meeting with relevant witnesses</li> <li>• Two components: <ul style="list-style-type: none"> <li>○ Application of the policy with regard to vulnerable residents <ul style="list-style-type: none"> <li>▪ Consideration of evidence gathered previously</li> <li>▪ Discussion of case studies with relevant officers</li> <li>▪ Discussion of case studies with residents</li> <li>▪ Consideration of guidance from national bodies re flexibility of application of debt recovery policy</li> </ul> </li> <li>○ Potential to align the differing collection processes <ul style="list-style-type: none"> <li>▪ Consideration of policy with regard to national best practice</li> <li>▪ Discussion with relevant managers from Corporate Finance and Housing</li> </ul> </li> </ul> </li> </ul>
14	<b>EQUALITY IMPLICATIONS</b>	The review may wish to consider the potential impact of the unilateral application of the policy on more vulnerable residents whose capacity to pay is limited as a result of disability or age.
15	<b>ASSUMPTIONS/ CONSTRAINTS</b>	
16	<b>SECTION 17 IMPLICATIONS</b>	None specific
17	<b>TIMESCALE</b>	To report in the autumn
18	<b>RESOURCE COMMITMENTS</b>	The project will be resourced from within the scrutiny budget
19	<b>REPORT AUTHOR</b>	Lynne Margetts, Service Manager Scrutiny
20	<b>REPORTING ARRANGEMENTS</b>	Outline of formal reporting process: To Service Director            [√]     September 2011 To Portfolio Holder           [√]     September 2011 To CSB                                [ ] To O&S committee           [√]     October 2011 To Cabinet                         [√]     November 2011
21	<b>FOLLOW UP ARRANGEMENTS (proposals)</b>	Monitored by Performance and Finance Scrutiny sub-committee six months after recommendations agreed, if appropriate.

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