

Overview and Scrutiny Committee (Special)

AGENDA

DATE: Wednesday 1 February 2017

TIME: 7.00 pm

VENUE: Committee Rooms 1 & 2, Harrow Civic Centre,
Station Road, Harrow, HA1 2XY

MEMBERSHIP (Quorum 4)

Chair: Councillor Jerry Miles

Councillors:

Ghazanfar Ali
Mrs Chika Amadi
Jeff Anderson
Jo Dooley

Richard Almond
Ameet Jogia
Chris Mote
Paul Osborn (VC)

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.)

Representative of Harrow Youth Parliament

Reserve Members:

- | | |
|---------------------------|----------------------------|
| 1. Ms Pamela Fitzpatrick | 1. Stephen Wright |
| 2. Kairul Kareema Marikar | 2. Lynda Seymour |
| 3. Ajay Maru | 3. Barry Macleod-Cullinane |
| 4. Aneka Shah-Levy | 4. Susan Hall |
| 5. Antonio Weiss | |

Contact: Frankie Belloli, Senior Democratic Services Officer
Tel: 020 8424 1263 E-mail: frankie.belloli@harrow.gov.uk

Useful Information

Meeting details:

This meeting is open to the press and public.

Directions to the Civic Centre can be found at:
<http://www.harrow.gov.uk/site/scripts/location.php>.

Filming / recording of meetings

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When present in the meeting room, silent mode should be enabled for all mobile devices.

Meeting access / special requirements.

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An induction loop system for people with hearing difficulties is available. Please ask at the Security Desk on the Middlesex Floor.

Agenda publication date: Tuesday 24 January 2017

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 disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Committee;
- (b) all other Members present.

3. REFERENCES FROM COUNCIL/CABINET (Pages 5 - 56)

The Committee is asked to consider the following references from the Cabinet:

- the Response to the Scrutiny's Review Challenge Panel's report on Homelessness;
- the LGA Peer Review - proposing scrutiny's role in shaping and delivering an action plan to address some of the key recommendations of the Peer Review and to monitor progress against delivery.

4. REGENERATION PROGRAMME FINANCING - SCOPE FOR THE SCRUTINY REVIEW (Pages 57 - 66)

Report of the Divisional Director of Strategic Commissioning.

AGENDA - PART II - NIL

Deadline for questions	3.00 pm on Friday 27 January 2017
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LONDON BOROUGH OF HARROW

OVERVIEW AND SCRUTINY COMMITTEE – 1 FEBRUARY 2017

REFERENCE FROM CABINET – 8 DECEMBER 2016

469. Response to Scrutiny's Review Challenge Panel on Homelessness

Having received representations from Members of the Scrutiny Review Challenge Panel in line with the Cabinet/Scrutiny Protocol, it was

RESOLVED: That the recommendations of the Scrutiny Review Challenge Panel be noted and the response to the recommendations set out in the report be agreed.

Reason for Decision: To respond to the Challenge Panel and approve the next steps.

Alternative Options Considered and Rejected: As set out in the report.

Conflict of Interest relating to the matter declared by Cabinet member/Dispensation Granted: None.

FOR INFORMATION

Background Documents:

None.

Contact Officer:

Daksha Ghelani, Senior Democratic Services Officer

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Email: daksha.ghelani@harrow.gov.uk

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REPORT FOR: CABINET

Date of Meeting:	8 December 2016
Subject:	Response to Scrutiny's Review Challenge Panel on Homelessness
Key Decision:	No
Responsible Officer:	Lynne Pennington, Divisional Director of Housing Services
Portfolio Holder:	Councillor Glen Hearnden, Portfolio Holder for Housing and Employment
Exempt:	No
Decision subject to Call-in:	No
Wards affected:	All Wards
Enclosures:	Homelessness Drivers and Land and Supply Issues in Harrow- A report by the Homelessness Scrutiny Review Challenge Panel October 2016

Section 1 – Summary and Recommendations

This report provides responses to the recommendations from the 'Homelessness Drivers and Land & Supply Issues in Harrow' report by the Homelessness Scrutiny Review Challenge Panel in October 2016.

Recommendations:

Cabinet is requested to:

- Note the recommendations of the Scrutiny Review Challenge Panel
- Agree the proposed actions in response to the recommendations as set out in this report.

Reason: (For recommendations)

The recommendations and responses are based on the outcome of the Scrutiny Review Challenge Panel exercise.

Section 2 – Report

Introductory paragraph

The scope of the Scrutiny Review Challenge Panel was:

1. To understand the drivers of homelessness in Harrow.
2. To examine whether the solutions currently being implemented effectively address these drivers
3. To scrutinise the local supply, land and site issues.

Options considered

The following options were considered by the Challenge Panel:

1. Linking employment and training opportunities with homelessness prevention;
2. Increasing density to improve housing supply;
3. Reviewing all potential land assets to increase housing supply;
4. Maximising the supply of affordable housing via Planning policy;
5. Reviewing financial options to support the council directly contributing to increasing housing supply;
6. Lobbying to minimise the impact of new legislation and highlight Harrow's need for affordable housing.

The table below sets out the recommendations relating to these and the council's response.

Background

A Scrutiny Review Challenge Panel on Homelessness was held on 12 October 2016. The outcome report was submitted to Overview & Scrutiny on 8 November and to Cabinet on 17 November 2016.

Other recent exercises focusing on homelessness include a roundtable discussion on 23 February 2016, a CSB Challenge Panel on 25 May 2016 and a Deep Dive Review on 17 August 2016. A Homelessness Task Force is taking forward a combined action plan arising from these exercises and will report early in the new calendar year.

Current situation

This report is a response to the recommendations in the report from the Scrutiny Review Challenge Panel on Homelessness.

Responses to the recommendations arising from the Scrutiny Review Challenge Panel on Homelessness

No.	Recommendation	Response
1	To request that officers provide clarity on what plans there are to build more quality housing; high density, high rise (similar to the Harrow on the Hill development)	<p>Over the course of the next 5-10 years, the Borough will receive significant levels of investment in housing– a substantial proportion of the £1.75bn of investment in the Harrow and Wealdstone area will be directed towards housing. Officers consider that high quality design is central to Building a Better Harrow. Developing a reputation for design quality in Harrow will raise ambition and attract talent, improving the quality of architecture across the Borough, and the quality of life for Harrow residents and workers.</p> <p>The Council is promoting and managing design quality in a number of ways; in 2015, the Council's first Head of Design and Regeneration was appointed; a long-standing agreement with the GLA provides an Urban Design Officer with design expertise to secure high quality development and; a Harrow Design Review Panel is being established to provide independent external advice on applications. These measures enable the council to insist upon high quality and challenge substandard development. These measures have already yielded tangible results – the planning permissions at College Road and Gayton Road car park are examples of high quality, high density schemes.</p> <p>High quality, high density mixed use and housing schemes are being developed by the Harrow Regeneration Unit at the existing Civic Centre site (Poets Corner), Leisure Centre (Byron Quarter) and</p>

		<p>Vaughan Road car park with planning submissions expected in 2017. Schemes by Origin Housing at Palmerston Road and Cumberland Hotel are either in the planning system or expected shortly. TfL are considering options for the redevelopment of the Harrow-on-the-Hill underground and bus station complex to provide improved access and high quality, high density housing. Land Securities/L&Q will begin to develop the Kodak Alaris site for high quality, high density housing and applications are expected in 2017/18 for these sites.</p> <p>Within Housing Regeneration the council is committed to increasing the supply of high quality higher density housing on sites within its ownership. Each site will be developed taking into account its individual characteristics and ability to take an increased density. For example the planning application for the Grange Farm regeneration project significantly increases the existing density with a range of different types and height of buildings which reflect the different characteristics across the site in relation to neighbouring housing.</p> <p>Action: To continue maximising high quality higher density housing taking into account individual site characteristics.</p>
2	<p>To request that clarity be provided as to the financing of the Council's housing portfolio expansion and to investigate whether this Council could borrow General Fund housing revenue to act as a funding stream</p>	<p>The council currently has two streams of new development.</p> <p>The first is within the Housing Revenue Account (HRA), and is largely comprised of infill development of small sites of spare land and disused or underused garage sites. This stream is constrained by the availability of development funding within the HRA, which has significantly reduced as a result of the requirement to reduce social rents by 1% per annum for a 4-year period. A December 2015 Cabinet report highlighted the significant increases in tender prices over recent years, and that the cost of building the approved programme would be higher than the original approved budget. We are currently reviewing the programme to assess how many new homes can be provided within the approved HRA budget, and the options for completing the programme. General fund borrowing could be an option for completing an extended infill programme as well as extending the property purchase initiative.</p> <p>The second stream is within the General Fund and is part of the Council's overall regeneration activity. This will entail building new housing for rent and sale and is likely to be funded from a combination of new General Fund borrowing (probably from the Public</p>

		Works Loans Board) and capital receipts from the sale of some newly-built assets to help cross-subsidise the overall development, including delivery of a significant amount of new affordable housing.
3	To request that the Leader of the Council raises with London Councils, concerns around the Homelessness Reduction Bill and the impact this will have locally if implemented	<p>Key issues and concerns regarding the Homelessness Reduction Bill will be raised with the Leader at the next monthly meeting. A range of possible financial impacts will be modelled in partnership with other councils, but it may take 6 months before sufficient clarity about the detail and impact of the Bill enables reasonable forecasting.</p> <p>Action: The Leader will lobby London Councils. Report back on modelling of the likely impact on homelessness in Harrow, demand for the housing needs service and the financial impact of the proposed new statutory duties once completed.</p>
4	To request that officers be instructed to investigate options around utilisation of green belt land and allotments; and rationalise where you could develop housing in green belt areas and swap land elsewhere	<p>Officers investigate all options to increase the supply of housing – there are planning restrictions on the use of green belt land and allotment land which combined with other lengthy statutory legal processes mean that these will always be long term options. The government is due to publish a Housing White Paper this year which will focus on increasing housing supply – at this time we do not know if this will allow for some opportunities to be taken forward which are currently restricted.</p> <p>Action: Review all council land assets for potential to increase housing supply. Report back on Housing White Paper when published.</p>
5	To request that officers advise as to the work being undertaken with families on low incomes, whether there is close working between departments working with families at risk of homelessness, and how effective this is	<p>For 2016/17 the council has secured funding to support households on low wages to increase their skills and wages. The performance for this financial year from the DCLG's Transformation Challenge Award Skills Escalator is as follows:</p> <ul style="list-style-type: none"> • 35 residents provided with independent Information Advice and Guidance • 17 residents entering training • 12 residents increasing their earnings. <p>Please note this is based on Q1 performance and there has been a change in staff with the broker role vacant from July-October.</p> <p>Harrow's Together with Families programme has referred 45 people, of which 12 have entered employment, 7 are now volunteering and 3 are in training.</p>

The council's Xcite employment programme is closely working with Housing. The Xcite programme has been featured in Homing In, the quarterly magazine for council tenants and leaseholders. Housing officers refer their clients to Xcite. Housing rent statements sent to council tenants have also advertised Xcite. Information about Xcite is included on key housing leaflets and web pages. Xcite has attended a range of housing events, including the summer housing fair for council tenants and leaseholders and recent residents meetings at the civic centre and in the community.

The Revenue and Benefits Service provides Xcite with list of Housing Benefit claimants affected by the Benefit Cap. As of September 2016 there were 175 households affected by the benefit cap in Harrow (as per the Economic Dashboard). Unemployed residents that secure employment are not subject to the Benefit Cap. In this financial year Xcite has supported 159 people into work, of which 117 were claiming Housing Benefit and/or Council Tax Support. 5 of these cases were direct referrals from Housing.

The Xcite project has seconded a worker to Central and North West London (CNWL) NHS Foundation Trust to support residents with complex mental health problems into work and a target of supporting 12 residents into work has been achieved.

Economic Development has worked with Home Group and Jobcentre Plus to secure money from the DWP Community Fund to provide ESOL training and support residents into employment and self-employment. The "In the Mix" project has only recently begun and it has engaged 91 residents, supported 5 into work, 2 into pre-apprenticeship training, 52 into ESOL provision and 14 into business start-up training.

In practice every council department is contributing towards the creation of job opportunities through procurement processes and application of social value criteria in the tender processes.

Action: The West London Alliance (WLA) has secured new ESF funds for the Skills Escalator. Contract to be signed with lead borough. Programme to be launched to relevant council services. Promotion to community and voluntary sector and Registered Providers (RPs). Continue to embed joint working with Housing Needs. Xcite to attend

		Housing events.
6	To request that officers provide data on the correlations between up-skilling the workforce, incomes, households on benefits and housing supply	In September 2016 the Housing Benefit caseload was 16,000 households (as per the Economic Dashboard). There are circa 91,000 households (DCLG Household Estimates) in Harrow so approximately 18% claim housing benefit. There are between 23-25% of Harrow residents in low paid jobs (ONS Annual Survey of Hours and Earnings 2011 – 2013).
7	To request that Cabinet and officers ensure that the maximum amount of affordable housing under planning policy is achieved	<p>The Planning and Housing teams work closely together to ensure that the maximum viable proportion of affordable housing is negotiated under planning policy. Financial viability assessments are required for all relevant planning applications and are independently scrutinised to ensure the maximum amount is provided – however this is much less than the policy target of 40% due to financial viability. Clawback mechanisms are considered in legal agreements so that any uplift in financial viability during the life of the development can be captured.</p> <p>Action: Current robust approach to continue. Appropriate clawback mechanisms to be included in all legal agreements where possible.</p>
8	To request that the Leader of the Council enters discussions with the Mayor of London on housing supply issues, highlighting that average wages in Harrow are low, so the Council has to ensure access to a supply of genuinely affordable housing	<p>Officers meet regularly with colleagues in the GLA and brief them on Harrow’s specific requirements for affordable housing. Housing supply issues are discussed in Housing Zone Board meetings.</p> <p>Action: Discussions to continue with the GLA highlighting Harrow’s specific circumstances to maximise funding opportunities for increasing the supply of affordable housing.</p>
9	To request that consideration be given to the resourcing of the housing needs and housing regeneration teams in the event that these teams require extra resources in order to maintain and build on progress to date, particularly on homelessness prevention	<p>As a result of the CSB Challenge Panel on Homelessness Demand CSB agreed extra staffing provision for Housing Needs and recruitment is underway.</p> <p>The Housing Regeneration team has increased its resources to ensure delivery of current development programmes. However it has proved difficult to recruit suitably skilled and experienced staff on the grades agreed through the job evaluation process.</p> <p>Action: Resource levels in both teams to be kept under review and increased where proved necessary. Continue current recruitment process.</p>

10	To request that clarity be provided as to the impact of the additional resources in the housing needs team approved by the Corporate Strategic Board	Once all the additional staff are recruited, separate monitoring for these posts will be carried out in order to demonstrate the impact on performance (homelessness prevented or relieved) and the savings generated, as a result of the additional resources agreed by CSB. This will be reported using a dashboard.
11	To request that Cabinet make representations to the Government concerning the impact on the Council's finances of the changes to the treatment of the Temporary Accommodation Management Fee.	<p>Officers have responded to consultation regarding the government's proposal to change the subsidy given for temporary accommodation and accommodation used for homelessness prevention. The West London Housing Partnership has been actively involved in the consultation.</p> <p>Action: The Leader will lobby London Councils for the details of the new formula to be released as soon as possible and/or once the details of the new scheme are confirmed and the likely impact on Harrow has been modelled.</p>

Conclusion

The members of the Scrutiny Challenge Panel scrutinised the work of the Housing Needs and Housing Regenerations teams and challenged officers. Panel members made recommendations to which officers have responded above and subject to Cabinet approval of the actions noted, officers will now action these, where appropriate. Additional resources and staffing in Housing Needs and Housing Regeneration are not required at this time, above what has already agreed with CSB. Performance in relation to the additional resources and staff already agreed will be monitored and reported.

Performance Issues

There are no specific performance issues relating to this report but performance in relation to the additional resources and staff already agreed will be monitored and reported.

Environmental Implications

There are no specific environmental issues relating to this report.

Risk Management Implications

The recommendations and responses contained in this report do not have any risk implications at this time, although it is noted that the Homelessness service is included on the Community Directorate risk register and is currently rated A2.

Risk included on Directorate risk register? Yes
 Separate risk register in place? No

Legal Implications

The recommendations and responses contained in this report do not give rise to any specific legal implications at this time.

Financial Implications

The recommendations and responses contained in this report do not have any financial implications at this time.

Equalities implications / Public Sector Equality Duty

It is considered that there are no specific implications arising from the recommendations in this report on equalities, or as a result of the Public Sector Equality Duty, although it is considered that generally the impact on protected groups would be positive. Equalities impact will be considered separately for actions or proposals that develop out of the actions recommended in this report.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

The Scrutiny Challenge Panel on Homelessness incorporates the administration's following priorities:

- Making a difference for the vulnerable
- Making a difference for families.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 14 November 2016		
Name: Baljeet Virdee	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 14 November 2016		

Ward Councillors notified:	NO, as it impacts on all Wards

EqIA carried out:	NO
EqIA cleared by:	An EqIA is not required because this report is responding to the recommendations of the Scrutiny Challenge Panel on Homelessness and is not proposing any changes at this time.

Section 4 - Contact Details and Background Papers

Contact: Meghan Zinkewich-Peotti, Housing Strategy Project Manager, 020 8424 1346, meghan.zinkewich-peotti@harrow.gov.uk

Background Papers:

The Homelessness Scrutiny Review Challenge Panel report submitted to 17 November 2016 meeting of Cabinet

<http://moderngov:8080/ieListDocuments.aspx?CId=249&MId=62839&Ver=4>

Homelessness pressures were recently discussed at Overview & Scrutiny in June and the papers can be found here:

<http://moderngov:8080/ieListDocuments.aspx?CId=276&MId=62886&Ver=4>

Housing finances were discussed at Performance & Finance in September and the papers can be found here:

<http://moderngov:8080/ieListDocuments.aspx?CId=817&MId=62965&Ver=4>

Call-In Waived by the Chair of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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Overview and Scrutiny

HOMELESSNESS DRIVERS AND LAND AND SUPPLY ISSUES IN HARROW

**A report by the Homelessness Scrutiny Review
Challenge Panel**

October 2016



Contents

Chair’s Foreword.....Page 3
Scope of Review.....Page 4
Executive Summary.....Page 4
Methodology.....Page 4
Executive Summary.....Page 4
Recommendations.....Page 4
National Context.....Page 6
Local Context.....Page 7
Challenge Panel Meeting.....Page 12
Membership.....Page 14
Contact Details.....Page 14
Background Papers.....Page 14
AppendixPage 15

Chair's Foreword



Homelessness is a growing problem, both nationally and in London, and is a major issue in Harrow. More and more people are becoming homeless and face living in cramped conditions or in bed and breakfasts, sofa surfing with friends and relatives, being relocated to areas they have no connection to or social networks of family or friends in, or sleeping rough.

Homelessness is on the rise for a number of reasons: reforms to the welfare system, the austerity measures of the current government, high and increasing levels of rent, and high house prices - all coupled with the low wage levels in Harrow. It is noted the main reason for homelessness in Harrow is the loss of private rented accommodation which has steadily increased from 61 families in 2011/12 to 363 families in 2015/16. All of this gives rise to the consequent unaffordability of accommodation for many people. All of these factors add to the significant pressure on the Council to find affordable accommodation for families, as well as on the Council's budgets in the current financial climate.

This report sets out the evidence presented at the Homelessness Scrutiny Review Challenge Panel and a number of recommendations as to how the Council and its partners can improve their response. The recommendations are intended to allow members and officers to improve their ability to examine homelessness and its causes, to better understand the supply side issues that relate to London and to Harrow, and to strengthen the ability of the council to respond to the challenges which the issue presents.

I wish to thank the officers who attended the Challenge Panel, prepared the briefing and presentation, and provided critical information, and also the members of the Homelessness Scrutiny Review Challenge Panel for their valuable input and robust scrutiny on this issue.

A handwritten signature in black ink, appearing to read 'J Anderson', written over a faint horizontal line.

Councillor Jeff Anderson

Homelessness Scrutiny Review Challenge Panel Chair

Scope of Review

1. To understand the drivers of homelessness in Harrow
2. To examine whether the solutions currently being implemented effectively address these drivers
3. To scrutinise the local supply, land and site issues.

Executive Summary

Homelessness has risen to its highest level for nearly a decade. The most common reason for losing a home is now the ending of a tenancy in the private rented sector. Department of Communities and Local Government figures show that nationally 15,170 households were classified as newly homeless in the first quarter of the year and around a third of these are in London.

The Council is developing some new homes, but is constrained by the fact that it has reached its Housing Revenue Account borrowing cap. Harrow has a small social housing stock with a very low turnover of properties. There is a high demand for housing with increasing levels of homelessness. The number of families in B&B has risen dramatically over the last 5 years.

The Council relies heavily on the private rented sector. Private rents have risen but incomes have not kept pace. While most of the cost of homelessness to the Council originates from Housing Needs there is also spend on emergency and temporary accommodation, deposits and rent in advance in Children's Services.

The main reasons for homelessness in Harrow are the loss of rented or tied accommodation due to termination of assured short hold tenancy; parents/other relatives/friends no longer willing or able to accommodate; mortgage or rent arrears; and violent relationship breakdown involving a partner. The shortage of rented accommodation has caused large increases in market rents. Both subsidy payments made to councils to provide temporary accommodation and Local Housing Allowance levels have fallen behind actual market rents charged by landlords, and the gap is increasing.

The Homelessness Scrutiny Review Challenge Panel was established to discuss these issues, and the Challenge Panel's aim was to understand the drivers of homelessness in the local area and examine whether or not the solutions currently being implemented effectively address these drivers; and to scrutinise the local land and supply issues.

Key themes emerged in terms of the issues faced and potential solutions; and the group formed recommendations around these themes: housing supply, registered providers, finance, staffing, local impact and strategy.

Methodology

Challenge Panel

Internal officers were invited to provide expert opinion on the subject areas, supplemented by a briefing paper which was circulated prior to the meeting. The meeting was split into 3 parts (1) briefing, background and preparation; (2) questioning officers; (3) forming recommendations.

Recommendations

Please note that the context around each recommendation is set out further on in the report.

1. To request that officers provide clarity on what plans there are to build more quality housing; high density, high rise (similar to the Harrow on the Hill development)
2. To request that clarity be provided as to the financing of the Council's housing portfolio expansion and to investigate whether this Council could borrow General Fund housing revenue to act as a funding stream
3. To request that the Leader of the Council raises with London Councils, concerns around the Homelessness Reduction Bill and the impact this will have locally if implemented

4. To request that officers be instructed to investigate options around utilisation of green belt land and allotments; and rationalise where you could develop housing in green belt areas and swap land elsewhere
5. To request that officers advise as to the work being undertaken with families on low incomes, whether there is close working between departments working with families at risk of homelessness, and how effective this is
6. To request that officers provide data on the correlations between up-skilling the workforce, incomes, households on benefits and housing supply
7. To request that Cabinet and officers ensure that the maximum amount of affordable housing under planning policy is achieved
8. To request that the Leader of the Council enters discussions with the Mayor of London on housing supply issues, highlighting that average wages in Harrow are low, so the Council has to ensure access to a supply of genuinely affordable housing
9. To request that consideration be given to the resourcing of the housing needs and housing regeneration teams in the event that these teams require extra resources in order to maintain and build on progress to date, particularly on homelessness prevention
10. To request that clarity be provided as to the impact of the additional resources in the housing needs team approved by the Corporate Strategic Board.

Additional recommendation (Please note that this recommendation was added by the Overview and Scrutiny Committee on 8 November)

11. To request that Cabinet make representations to the Government concerning the impact on the Council's finances of the changes to the treatment of the Temporary Accommodation Management Fee.

National context

Homelessness has risen to its **highest level** for nearly a decade. The most common reason for losing a home is now the **ending of a tenancy** in the **private rented sector**. Department of Communities and Local Government (DCLG) figures show that nationally, 15,170 households were classed as newly homeless in the first quarter of 2016/17, with around a third of these are in London.

Figures from DCLG show that 45,000 council homes have been sold nationally under the Right to Buy (RtB) since the discount amounts were raised in 2012. Only 7,000 replacement homes have been started.

Harrow Council is developing some new homes but is constrained by the fact that it has reached its Housing Revenue Account (HRA) borrowing cap. The Council supports Registered Providers (RPs) and has an Affordable Housing Policy for new build developments, but this is no longer significantly increasing the supply of affordable rented housing due to issues of scheme viability i.e. **developers are consistently able to prove in their feasibility studies that the finances of new housing schemes cannot support a significant proportion of affordable housing**.

Welfare and housing policy changes are having an impact on the supply and affordability of housing, such as the 1% decrease in social housing rents, Housing Benefit freeze, the new reduced Benefit Cap and the emphasis on home ownership in national housing policy.

The Housing and Planning Act 2016 introduced a range of changes which will deplete the affordable housing available locally to households in housing need. Regulations have not all been published to date, but the Starter Homes requirement, Mandatory Rents for High Income Social Tenants (Pay to Stay), the voluntary Right to Buy for housing association tenants and the sale of Vacant Higher Value Local Authority Housing will potentially decrease the supply of affordable housing needed to help homeless households.

Bob Blackman MP (Harrow East) has submitted a Private Members' Bill to Parliament, the **Homelessness Reduction Bill**. If successful, it will introduce new duties for local authorities to help prevent people at risk of losing their homes from becoming homeless, including securing temporary accommodation for up to 56 days for homeless people who are not in priority need. Officers expressed concern about the additional financial pressures that these new duties would create; the Challenge Panel asked that they model the Bill's likely impacts on Harrow. The second reading of the Bill is scheduled for 28 October 2016.

Update on Homelessness Reduction Bill as requested by the Overview and Scrutiny Committee of 8 November 2016

The Homelessness Reduction Bill was presented to Parliament on 29 June 2016 under the Ballot procedure. The Bill had its second reading debate on 28 October 2016. A Money Resolution on the Bill will be considered on 14 November 2016. The Bill has been committed to a Public Bill Committee which will meet on 30 November 2016 and in early December. The Public Bill Committee will then report to the House. The progress of the Bill can be tracked online using this link <http://services.parliament.uk/bills/2016-17/homelessnessreduction.html>

The Government is proposing to change the subsidy given for temporary accommodation and accommodation used for homelessness prevention. From 1 April 2017, rather than all subsidy being paid through Housing Benefit, the Housing Benefit portion will be reduced and a separate Temporary Accommodation grant will be paid to the Council. The Government has not finalised the details yet but DCLG have been consulting informally on the Temporary Accommodation Management Fee Replacement. While DCLG has given assurances that no local authority will lose out in Year 1 the impact in subsequent years depends on the method chosen for the distribution of the funding. One concern is that DCLG have indicated that the allocation will be based on data for Temporary Accommodation from the P1E quarterly data returns from local authorities on homelessness which would exclude families in some forms of Temporary Accommodation (HALD- Housing Association Leasing Direct and PSL- Private Sector Leasing) for which the management fee is currently paid). Another concern is the backlog of pre-Localism Act cases in Temporary Accommodation. Officers hope that the final decision will take into account homelessness prevention, the high ongoing costs of providing Temporary Accommodation and the number of existing and historic cases. There is also concern that the grant will be fixed, and will not rise even if homelessness pressures cause an increase need for temporary accommodation.

Local context

Harrow has a **small** social housing **stock** with a very **low turnover** of properties. There is a **high demand** for housing with increasing levels of homelessness. The number of families in B&B has risen dramatically over the last 5 years, although it is now in decline.

The Council **relies heavily on the private rented sector (PRS)**. Private rents have risen but incomes have not kept pace. While most of the cost of homelessness to the Council originates from Housing Needs there is also spend on emergency and temporary accommodation, deposits and rent in advance in Children's Services.

There are approximately 4,880 council homes and 4,070 registered provider homes in Harrow (as at 1 April 2015), one of the smallest social housing stocks in London.

Half of the Council's original stock, of around 10,000 homes, have been sold since the Right to Buy (RtB) was introduced in 1979; home ownership has declined since April 2013, and the private rented sector has increased in size over the same period.

Year	1979-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
RTB Sales	4,010	0	14	36	37	34

Many ex RtB homes are now let as privately rented accommodation at market rents, contributing to the upward pressure on Housing Benefit (HB) and having an impact on the management of estates. Currently 46% of Harrow leaseholders are non-resident.

1. Drivers of homelessness

Definition of homelessness

A person is homeless if they have no home anywhere in the world that is available, affordable, suitable and reasonable to occupy, for the applicant and family members who would reasonably reside with them. The homelessness assessment process takes into account homelessness, eligibility, priority need, intentionality and local connection.

The original duties to homeless people were placed on local authorities by the Housing (Homeless Persons) Act 1977. The current duties are set out in the Housing Act 1996, amended by the Homelessness Act 2002.

Homeless households are accommodated in shared B&B, other Emergency Accommodation or other forms of longer term temporary accommodation. This is costly and may not always be in the local area. Since 9 November 2012, a household to whom we accept a full duty to house in settled accommodation can be offered an assured short hold tenancy, in the PRS, rather than a council or housing association tenancy, to "discharge" or end the homelessness duty. Further, this accommodation must be suitable and for a fixed term of at least a year.

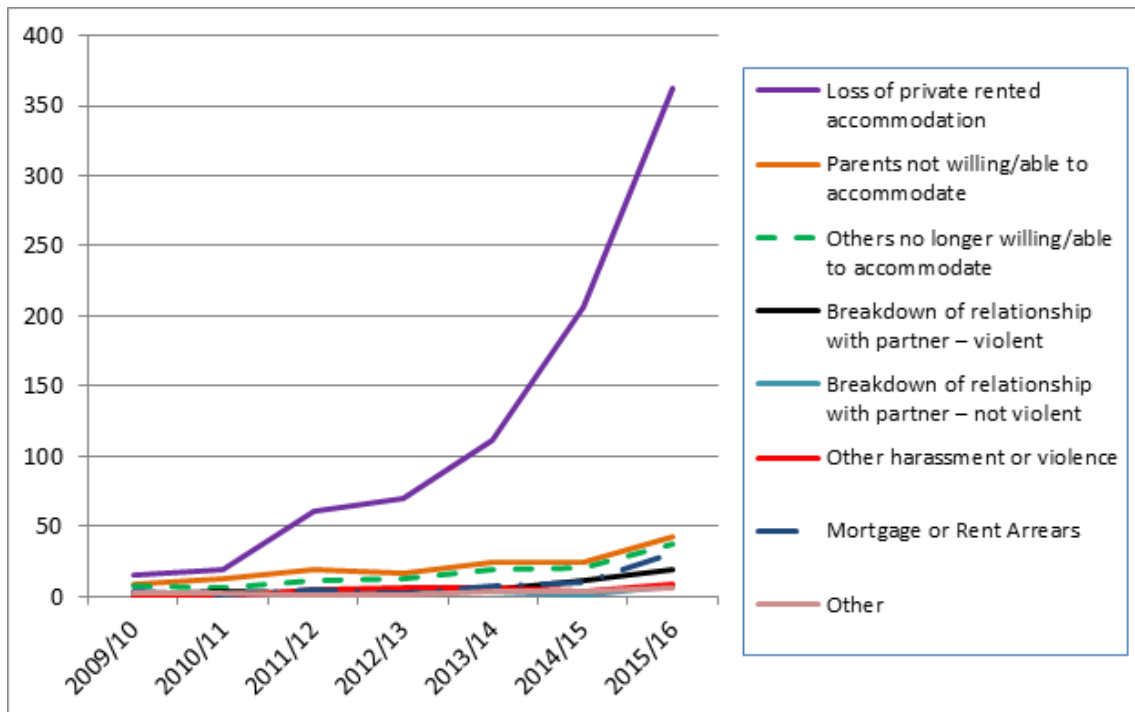
Reasons for homelessness

The main reasons for homelessness in Harrow are:

- Loss of rented or tied accommodation due to termination of assured short hold tenancy
- Parents/other relatives/friends no longer willing or able to accommodate
- Mortgage or rent arrears
- Violent relationship breakdown involving partner.

Reason for Acceptance	2011/12	2012/13	2013/14	2014/15	2015/16
Loss of private rented accommodation	61	70	112	207	363
Parents not willing/able to accommodate	19	17	24	24	42
Others no longer willing/able to accommodate	12	13	19	20	38

Breakdown of relationship with partner – violent	2	3	5	12	19
Breakdown of relationship with partner – not violent	4	3	4	1	8
Other harassment or violence	5	6	6	3	9
Mortgage or Rent Arrears	5	2	7	10	31
Other	1	1	3	3	6
Total	109	115	180	280	516



The shortage of PRS accommodation has caused large increases in market rents. Both subsidy payments made to councils to provide temporary accommodation and Local Housing Allowance levels have fallen behind actual market rents charged by landlords, and the gap is increasing. As a result it is increasingly difficult to access the PRS to prevent or end homelessness, or lease accommodation for temporary accommodation. Landlords can get higher rents elsewhere, so often evict tenants on Local Housing Allowance and now often will not work with councils to house homeless households.

People Profiles/Family sizes

At 18 May 2016	1 adult + 1 child	1 adult + 2 children	1 adult + 3 children	1 adult + 4 or more children	2 adults* + 1 child	2 adults* + 2 children	2 adults* + 3 children	2 adults* + 4 or more children
B&B and annexes	55	26	24	6	44	41	27	27

*2 adults or more

Currently the largest household size is 2 adults (or more) + 7 children.

2. Effectiveness of responses and initiatives

The recent roundtable and deep dive exercises undertaken have closely reviewed the Housing Needs service and demonstrated that current controls are effective in preventing homelessness. The Scrutiny

Review Challenge Panel highlighted that homelessness pressures were increasing and the lack of local affordable housing meant that it was very difficult for the Council to continue to meet its duties and support families to remain in the local area¹.

Recommendations that were made now form part of the combined action plan which is being taken forward by the **Homelessness Task Force**. Additional resources were also agreed on a **'spend to save'** basis, focusing on **homelessness prevention** (casework and working with families affected by the reduced benefit cap), procurement of local accommodation and private sector leasing arrears.

Officers continue to work with colleagues in Planning to ensure they are **negotiating** the **maximum** amount of **affordable housing** under planning policy.

Officers also work closely with the **Housing Benefit** team to **minimise delays, prevent rent arrears** and evictions and **maximise income** for the Council.

An **Out of London** Resettlement team is in place and being expanded to achieve a greater number of moves out of London and reduce the costs of temporary accommodation. Xcite are assisting in identifying employment opportunities in other areas.

Officers also regularly consider incentives to encourage prospective, new and existing PRS landlords to work with us and provide properties to which we can nominate tenants; and have regular liaison meetings with Private Sector Licensing and Enforcement colleagues.

In order to meet the Council's statutory duties and achieve its ambitions, the priority for the service is to access **400 new homes by April 2018**, above the existing supply and the current pipeline.

Homelessness Challenge

The **independent expert** who facilitated the Homelessness Demand Challenge Panel in May 2016 reported that the exercise demonstrated that the Housing Needs Division is **up to the challenges of delivering a responsive and accountable service** in this tough and demanding environment.

The **service** was found to be **well led**, with **committed, knowledgeable officers** and to be **up to date** with all the latest initiatives in the sector. The team was judged to have **clarity** in the **purpose of their service**. The service understood that there was not just one solution to the rapid increase in homelessness acceptances, but that a series of diverse initiatives to prevent homelessness and divert applicants from unavailable council housing were essential components.

The presentations and responses from officers also established their breadth of knowledge and range of activities and their readiness to open their service to scrutiny. The Challenge Panel noted the findings of the Homelessness Demand Challenge Panel, which commended the work of the Housing Needs team—and asked that that Panel's findings be attached to this Scrutiny Review (see appendix). Given the pressures that the Housing Needs are under, they are clearly delivering very well. It was queried whether they were sufficiently resourced and whether extra resources earmarked by the Corporate Strategy Board should be released to them now.

Prevention

In 2014/2015 officers reported 1426 cases of homelessness prevention and relief (1404 prevention and 22 relief). Homelessness prevention means helping people to address housing issues and avoid homelessness. Homelessness relief means helping someone secure accommodation when it has not been possible to stop homelessness, even when they were not in priority need or intentionally homeless.

¹ [Appendix 8. Risk Register 2016-17 to 2018-19](#) p. 4: "The Council is purchasing some properties on the open market to try to help ease the pressure on the budget, and in undertaking a programme of new build within the Housing Revenue Account, but these are expected to at best slow down the growth in demand for the service. The longer term prospects are likely to be improved once the Council's Private Rented Sector new build programme and the Housing Zone construction projects get under way in earnest, but this is unlikely to make a significant contribution until around 2018 onwards."

Homelessness prevention includes **family mediation, conciliation** with family or friends threatening exclusion, **financial assistance, debt advice**, resolving **Housing Benefit** problems, resolving rent or mortgage **arrears, negotiation** with private rented sector landlords, **Sanctuary Scheme** measures for domestic violence, resolving general management, disrepair and tenant behaviour issues and working with a range of partner services and agencies.

New proposals

Recent proposals to address homelessness and meet our priority of accessing 400 new homes by April 2018 include:

- Adopting a different Lettings Strategy for the new Private Rental Scheme units to accommodate families to whom we want to discharge duty into the Private Rental Scheme and families in need of Temporary Accommodation as well as key workers (e.g. Social Workers, Teachers) instead of letting these units on the open market.
- Speeding up the delivery of new Private Rental Scheme units by using modular construction.
- Purchasing additional properties as part of our acquisition programme
- Purchasing and managing our own B&B or hostel.

These proposals are all still under consideration.

3. Supply and land issues

New supply

The number of new affordable rented homes completed is relatively low in Harrow and it is only these homes which directly impact on our use of B&B and other forms of Temporary Accommodation. Additionally some of the rented homes may be for specialised supported housing which is not available as housing for homeless families. For example in 2015/6, 28 of the 61 completed affordable rented homes were for an extra care housing scheme. Looking ahead, whilst the overall number of affordable homes increases as a result of major development schemes coming forward (Kodak, Lyon Road, College Road, Origin sites) the majority are for intermediate shared ownership.

Very few intermediate homes are sold to households in Temporary Accommodation or in existing social housing and some purchasers will be from out of the borough.

Where affordable homes are built for rent on housing regeneration schemes, some will be replacement homes so will not contribute to increasing the net new supply.

The **London Plan** sets out overall annual housing supply targets for each borough (Annual Monitoring Target) based on estimated housing capacity. For Harrow the target is 593 housing units. Applying the Council's Affordable Housing Policy (40% of new homes to be affordable) produces an annual target of 237 affordable housing completions.

The Council has not met this target in recent years. This is primarily due to developers proving on **viability grounds** that they cannot afford to deliver significant levels of **affordable housing**. Whilst the target is estimated to be met from 2017/18 onwards, the balance is towards shared ownership rather than rented.

In addition the estimated affordable housing delivery on the council's key strategic sites (Poets Corner, Byron Quarter) is in the design process. These schemes are also likely to be caught by the Starter Homes Initiative which takes priority over delivery of affordable rented housing and will therefore reduce the most useful tenure in terms of managing homelessness.

The current London **Mayor** is keen to increase the overall target for **affordable housing to 50%** as a long term strategy. However this is unlikely to be deliverable without increase in grant to support it and we continue to meet with GLA colleagues regularly so that we can input into emerging strategy on this.

We also need to take into account the loss of rented social housing stock through RtB and in the future through the RtB being extended to housing association tenants. Registered Providers also sell properties

under their stock rationalisation programmes, although the Council can purchase these where suitable, under the property purchase programme.

Affordability is a key issue and work on new supply needs to take this into account. Affordability is based on the household spending a maximum of 40% of net income on housing costs, the industry norm.

LHA and PRS Rent Comparison May 2016 (weekly)		
Number of bedrooms	LHA rate	Average PRS rent
Shared room rate	£87.40	£124.85
0 Bedroom (studio/bedsit) shared kitchen/bathroom	£87.40	£124.85
0 Bedroom (studio/bedsit) own kitchen/bathroom	£185.81	£179.77
1 Bedroom (self-contained)	£185.81	£235.15
2 Bedrooms	£242.33	£301.15
3 Bedrooms	£303.00	£367.15
4 Bedrooms	£374.40	£499.62

(Private Rental Market Statistics May 2016 - mean rents)

Grange Farm Regeneration

The Grange Farm Regeneration Project is underway. The proposal is for 549 new homes (237 affordable rent and 312 private sale), predominantly flats with some houses. There are currently 282 total existing housing units on site (includes 20 owned by Genesis Housing Association and various properties sold under the RtB). The expected start on site to demolish first phase and commence building is spring 2017. The plan is to deliver in two phases with final completion around end of 2020-21.

Infill sites

The Council has identified 13 sites that form the first phase of the infill programme that will deliver 50 new homes, mainly family houses on small sites/ so called “hidden homes” locations. The Council has secured planning permission for 49 homes that include Chichester Court. Three sites are under construction and the first family sized, new homes will be available for letting in the spring of 2017.

Payments in lieu of affordable housing on private development sites is being used to help fund this infill development programme, which is providing additional affordable housing supply.

Acquisitions

The Council has recently purchased 8 homes from the Housing Revenue Account for permanent housing and we are in the process of purchasing up to 100 homes from the General Fund for use as temporary accommodation (these 100 homes will eventually be transferred into the Limited Liability Partnership being set up by the Council). The Council purchased three homes under this programme in 2015/16; and purchased 28 to date in 2016/17 with a further 27 in the pipeline (as at 12 October 2016). Officers aim to complete at least 60 purchases by financial year end.

Challenge Panel Meeting

Members met on Wednesday 12 October 2016 to consider the issues in hand. They heard from Jon Dalton (Head of Housing Needs) who provided a synopsis of the local and national position in relation to homelessness and an overview of the work being undertaken locally. They then heard from Alison Pegg (Head of Housing Regeneration) on the local land and supply issues.

Members were in **agreement** on the following points:

- **Prevention** is key and resources need to be allocated accordingly
- The Council requires a **longer term strategy** around **increasing supply** and especially supply of **genuinely affordable housing**
- The Council should be **lobbying** against potentially unfunded components of the Homelessness Reduction Bill.

Members questioned both officers and the following **key points of discussion** and **questions** were raised; the **recommendations** made following discussion are also set out:

Housing Supply

- Resources allocated to the purchase of properties
- Building the right type/size of housing to meet housing need
- How officers in the housing and planning teams integrate and work collaboratively

Recommendations:

1. ***To request that officers provide clarity on what plans there are to build more quality housing; high density, high rise (similar to the Harrow on the Hill development)***

Registered Providers

- Disposals by Registered Providers in Harrow and impact on nominations
- ex RtB buy backs forming part of the acquisition programme (In Harrow and outside of Harrow)
- Whether new acquisitions are subject to the RtB
- Discussion about Housing Association voluntary RtB, single homeless, office to residential conversions, new towns, building at higher density
- Structure and composition of the LLP
- Timescale for the infill sites
- Registered Providers' approach to homelessness prevention and evictions

Finance

- The need to regularly review the Council's long term business plans and debt reduction strategy
- The financial implications of the Homelessness Reduction Bill
- RtB discounts/rules; RtB in Harrow, non resident leaseholders etc.
- Incentives for landlords and impact of changes to tax relief etc. for landlords on their behaviour
- The Council's borrowing capacity - discussion about Housing Revenue Account versus General Fund
- Discussion around Harrow's Council Tax Scheme. Discussion around rent arrears, council tax arrears and bailiffs.

Recommendations:

2. ***To request that clarity be provided as to the financing of the Council's housing portfolio expansion and to investigate whether this Council could borrow General Fund housing revenue to act as a funding stream***

Strategy

- The need to consider population estimates and to plan and model for what housing is needed long term 15-20 years
- Discussion around releasing green belt, allotments, land swaps

- Opportunities for collaborative work undertaken with other boroughs on land, consortiums and suitable sites outside of Harrow
- Discussion around proposal for new lettings strategy for new Private Rental Sector units
- Suggestion of lobbying DCLG, GLA, London Councils and West London Alliance to influence reform
- Officers' work with families to increase their income levels - discussion around upskilling and in-work benefits (if salary goes up, Housing Benefit goes down etc)

Recommendations:

- 3. To request that the Leader of the Council raises with London Councils concerns around the Homelessness Reduction Bill and the impact this will have locally if implemented**
- 4. To request that officers be instructed to investigate options around utilisation of green belt land and allotments; and rationalise where you could develop housing in green belt areas and swap land elsewhere**
- 5. To request that officers advise as to the work being undertaken with families on low incomes, whether there is close working between departments working with families at risk of homelessness, and how effective is this**
- 6. To request that officers provide data on the correlations between up-skilling the workforce, incomes, households on benefits and housing supply**
- 7. To request that Cabinet and officers ensure that the maximum amount of affordable housing under planning policy is achieved**

Local impact

- Impact of moving people out of London on local employment in Harrow
- Impact on families of moving them out of London (employment, education, health)
- Length of stay in Temporary Accommodation
- Benchmarking with other West London boroughs and statistical comparators Redbridge and Merton
- In relation to recommendation 8 below, officers have suggested suggest that the estimate should be made within two months of Government Regulation being published.

Recommendations:

- 8. To request that the Leader of the Council enters discussions with the Mayor of London on housing supply issues, highlighting that average wages in Harrow are low so we need to ensure access to a supply of genuinely affordable housing** (please refer to final bullet point above).

Staffing

- Headcount and skills of the staff working in housing regeneration
- Opportunities to improve homelessness prevention and whether there is a sufficient budget (versus for acquisitions)
- In relation to recommendations 10 below, officers have confirmed that the posts were recruited on spend to save basis, and monitoring is in place.

Recommendations:

- 9. To request that consideration be given to the resourcing of the housing needs and housing regeneration teams in the event that these teams require extra resources in order to maintain and build on progress to date, particularly on homelessness prevention**
- 10. To request that clarity be provided as to the impact of the additional resources in the housing needs team approved by the Corporate Strategic Board.** (Please refer to final bullet point above).

Additional recommendation

- 11. To request that Cabinet make representations to the Government concerning the impact on the Council's finances of the changes to the treatment of the Temporary**

Accommodation Management Fee. (Please note that this recommendation was added by the Overview and Scrutiny Committee on 8 November).

Membership

Councillor Jeff Anderson (Chair)
Councillor Barry Kendler
Councillor Barry Macleod-Cullinane
Councillor Kairul Marikar
Councillor Anne Whitehead

Section 4 - Contact Details and Background Papers

Contact: Rebecka Steven (Policy Team – Strategic Commissioning)

Background Papers:

Homelessness pressures were recently discussed at [Overview & Scrutiny in June](#)

Housing finances were discussed at [Performance & Finance in September](#)

Briefing available via [SharePoint](#)

Appendix – observations and recommendations from the Independent Expert

The CSB Homelessness Demand Challenge Panel took place on 25 May 2016 and the subsequent report set out the observations and recommendations from the independent expert Michele Davies, who has held a range of senior housing roles including manager of Camden's Housing Advice Service.

The feedback from the CSB Challenge Panel members was that they found the presentation very interesting, they were reassured about our approach to dealing with homelessness demand and they are keen to all work together to help address this issue.

The independent expert observed that the Homelessness Challenge demonstrated that the Housing Needs Division is up to the challenges of delivering a responsive and accountable service in this tough and demanding environment. The service is well led, with committed, knowledgeable officers and is up to date with all the latest initiatives in the sector and the team seem to have clarity in the purpose of their service.

The service understands that there is not just one solution to the rapid increase in homelessness acceptances, but that a series of diverse initiatives to prevent homelessness and divert applicants from unavailable council housing are essential components.

The time allocated to the exercise was too brief to drill down and fully test the effectiveness of some practices and initiatives but the benchmarking data from other councils with similar make up demonstrates that the service's outcomes stand up to scrutiny. The presentations and responses from officers also established their breadth of knowledge and range of activities and their readiness to open their service to scrutiny.

The Challenge's key outcomes were very positive and the exercise provided a template which could be duplicated in other departments although the independent expert would recommend a longer timeframe. Homelessness is not going away any time soon and a new legislative framework will make the delivery of the services even more challenging and difficult that it already is.

The independent expert made some recommendations. These did not arise from any criticism of the service but reflect areas that were not examined due to the constraint of time and the overarching nature of

the challenge. The independent expert also drew from her experience and knowledge of working in other boroughs. Some of these ideas and processes were already in train.

The independent expert concluded that Harrow Council can be proud of having an excellent service operating in a very difficult environment. The Challenge exercise would have fulfilled its purpose even if it had only highlighted the scope of its activities and demonstrated the section's expertise and positive dedication to try and find solutions.

However no council can be complacent and there is always room for improvement even in the best performing departments. This is a changing environment in which the council needs to rely on the sheer hard work of its officers and approach all the new challenges in a purposeful manner. To do that it needs a clear framework which relies on solid performance based on "what works" and what will work in a new era without deterring innovation.

The Challenge's outcomes and the on-going examination of service delivery should deliver improvements to the provision of affordable services, ensure continuity and sustainability and foster and improve much needed internal and external communications.

The recommendations from the CSB Homelessness Demand Challenge Panel and the previous roundtable exercise are being taken forward by a Homelessness Task Force using a combined action plan. This group will report to CSB and Cabinet in due course.

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LONDON BOROUGH OF HARROW

OVERVIEW AND SCRUTINY COMMITTEE – 1 FEBRUARY 2017

REFERENCE FROM CABINET – 8 DECEMBER 2016

482. Peer Review

RESOLVED: That

- (1) the Peer Review report be noted;
- (2) the Overview and Scrutiny Committee be requested to work with Members and officers to help shape and deliver an action plan to address some of the key recommendations and monitor progress against delivery.

Reason: To support the Council in continuous improvement

Alternative Options Considered and Rejected: As set out in the report.

Conflict of Interest relating to the matter declared by Cabinet member/Dispensation Granted: None.

FOR CONSIDERATION

Background Documents:

None.

Contact Officer:

Daksha Ghelani, Senior Democratic Services Officer

Tel: 020 8424 1881

Email: daksha.ghelani@harrow.gov.uk

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REPORT FOR: CABINET

Date of Meeting:	8 December 2016
Subject:	Peer Review
Key Decision:	No
Responsible Officer:	Michael Lockwood, Chief Executive
Portfolio Holder:	Councillor Sachin Shah, Leader of the Council and Portfolio Holder for Strategy, Partnerships and Devolution
Exempt:	No
Decision subject to Call-in:	No
Wards affected:	N/A
Enclosures:	Peer Review Report June 2016

Section 1 – Summary and Recommendations

This report sets out the Peer Review report and recommendations from the LGA.

Recommendations:

Cabinet is requested to:

1. Note the Peer Review report

2. Ask Overview and Scrutiny Committee to work with Members and officers to help shape and deliver an action plan to address some of the key recommendations and monitor progress against delivery

Reason: To support the council in continuous improvement

Section 2 – Report

Introductory paragraph

This report sets out the Peer Review Feedback report from the Local Government Association and the Peer Review Team. The report concludes that Harrow is a good council and makes a series of recommendations for how we can improve further. The Council needs to consider how we will take forward and respond to these recommendations in order to support the continuous improvement of the Council.

Options considered

1. Do nothing. Harrow Council's last Peer Review was in 2007. The LGA guidelines advise it is good practice to have them every 4-5 years. This option was therefore not recommended.
2. To have the peer review at a different time – The Peer Review was timed to enable any feedback to be able to influence the development of key agendas like Regeneration and Commercialisation, therefore this option was not recommended.
3. Commission an LGA Peer Review to review into how we are performing as a Council and where we can focus in order to continue to improve as part of good governance and self-improvement. This was the recommended option.

Background

Peer Challenge is a core element of the Local Government Association's sector-led improvement offer to local authorities and is offered for free. A Corporate Peer Challenge is not an inspection but an independent and objective team of councillors and senior managers from other Councils across the country that act as critical friends to identify the strengths of the council and help highlight how the council can improve further.

The Peer Review team were invited by the Leader and Chief Executive to conduct a peer review of Harrow Council which took place from Tuesday 14th June to Friday 17th June. Their remit was to look at:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?

2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
4. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?
6. Regeneration: Does the council have the appropriate resources to enable delivery of its £1.75bn regeneration programme?
7. Commercialisation: Is the council doing the right things, with the right skills and capacity, in this arena? Is risk appropriately understood and managed?

The Peer Review concluded that Harrow Council is a good council. That we had made great strides in recent years resulting in having a clear vision for the borough, active and engaged councillors, passionate and committed staff, and well-respected member and officer leadership. It also praised the way we have embraced new ways of working and are enthusiastically pursuing a commercial agenda.

The report also concluded that the council has potential to be a great council and made a number of recommendations for us to consider that covered issues such as:

- improving political relationships;
- building on the passion and commitment of our excellent staff;
- creating space for informal discussions between Cabinet Members, and also between Cabinet Members and the Corporate Strategy Board, for early discussion, shared thinking and joint policy development;
- providing space for effective cross-party policy development and critical friend challenge;
- clarifying the way in which the regeneration and commercialisation programmes contribute to council finances
- Ensuring that risk assessment processes are robust,
- Ensuring that regeneration initiatives are planned within the context of the whole Borough,
- Building capacity and capability across the council,
- Not taking our eye off the ball

It is now up to the Council to consider the report and decide how it wishes to take forward any of the recommendations made. Officers have started work on developing a draft action plan and it is suggested that scrutiny be asked to work with Members and officers to help shape and deliver parts of that action plan that address some of the key recommendations and monitor progress against delivery. This would enable the follow up to be cross-party, which is one of the recommendations made in the report.

Implications of the Recommendation

In considering how to respond to the recommendations the Council needs to be mindful of organisational capacity and resources. It should also be noted that in the Peer Review report the LGA does offer additional support, advice and guidance on a number of the areas and a follow up visit in 12-24 months time.

Risk Management Implications

The Peer Review is not currently on the Corporate Risk Register, but consideration will be given as to whether or not it should be included now the report has been published.

Legal Implications

There are no legal implications from this report or the Peer Review report

Financial Implications

Given the Council's financial position there is no specific budget available for the implementation of the peer review recommendations. Any follow up activity would have to be funded from within existing resources.

Equalities implications / Public Sector Equality Duty

There are no equalities implications arising from this report

Council Priorities

The report helps to council to deliver against the Council's vision of Working Together to Make a Difference for Harrow and each of the priorities of the Harrow Ambition Plan: Build a Better Harrow, Be More Business-Like and Business Friendly and Protecting the Vulnerable and Supporting Families.
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Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 8 November 2016		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 11 November 2016		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	The report is for noting not for decision.

Section 4 - Contact Details and Background Papers

Contact:
Rachel Gapp
Head of Policy
Tel: 0208 416 8774
Rachel.gapp@harrow.gov.uk

Background Papers:

- LGA Peer Review Report (see enclosure)

**Call-In Waived by the
Chair of Overview and
Scrutiny Committee**

NOT APPLICABLE

*[Call-in does not apply as the
recommendation is for noting
only]*

Corporate Peer Challenge **London Borough of Harrow**

14-17 June 2016

Feedback Report

1. Executive Summary

The view of the Corporate Peer Challenge peer team is that London Borough of Harrow is a good council that has been energised by the new values recently agreed for the authority, which have been strongly led by the Chief Executive and are well-understood by staff. The Leader of the Council, new in post, is well-respected and is developing clear ownership of the ambitions for the council and the place. There are strong working relationships between Cabinet Members and senior officers, and individual Cabinet Members have a good sense of ownership of their portfolios.

The council has committed and passionate staff who understand the challenges faced by the organisation, and who have enthusiastically embraced the authority's commercialisation objectives. There are a number of major projects underway which have the potential to make a meaningful financial contribution to help meet the financial challenge that the Council faces, and the council's regeneration ambitions articulate well what is needed for Harrow, the place. However, there is work to do to turn these ambitions into actions which will lead to positive outcomes for local residents.

There is a risk that some corporate processes could impact on the council's ability to deliver its strategic priorities with the pace it needs to meet future financial and service pressures. For example, while there is now a clearer overarching approach to organisational development there is a need to underpin this strategic vision with detailed plans for how the workforce will develop over time. While the peer team recognises that the council has work planned on this, the pace should increase so that the council can be confident that it has the skills it needs in place.

LB Harrow has made great strides in strengthening its financial base since 2006 and has recently moved to setting a three-year budget enabling a more strategic approach to budget setting. Although progress has been made recently, there is more work to do across some financial processes, which while compliant with legislation, are not in line with best practice and could be improved. Furthermore, increasing opportunities for member scrutiny of budget information, including more detail on how proposed savings are to be delivered, would help promote cross-party, non-executive engagement in budget setting and help to tackle challenges in political culture referred to below.

Customer access and response is becoming an issue: the council's website is perceived by some residents as being challenging to navigate, it is difficult to log complaints and get issues resolved, and consequently members are receiving increasing numbers of complaints directed to them. While the organisation has significant ambitions around commercialisation and regeneration and the peer team saw evidence that these have been fully grasped by all those officers they met, the council might wish to consider whether 'big ticket' projects are diverting attention away from the day job, i.e. meeting local people's day to day needs.

Harrow enjoys strong, active community engagement by councillors at ward and community level, however there is an incoherence about how non-executive councillors devise and influence policy and priority setting. There is an opportunity to review the role

of overview and scrutiny to enable the council to benefit from constructive challenge and policy development from non-executive councillors.

LB Harrow is seen as a good local partner by a range of partners, including the Police, colleagues from health organisations, and others engaged with the wider borough agenda. There is a strong desire from both within and outside the council for Members to provide clearer, more visible leadership; staff and partners alike are keen to hear from Members about their ambitions.

LB Harrow has ambitious regeneration plans that are looking to maximise housing and future income opportunities, which are underpinned by strong enthusiasm from both Cabinet and officers across Directorates. Within the report we make some recommendations for how this programme of work could be strengthened, for example framing the regeneration programme within the wider context of the borough and how the whole borough will change and benefit as a result.

The peer team consider that the council is 'doing the right things', it is building the right skills and capacity and there is a pragmatic, if not fully tested and developed, approach to understanding and managing risk. However, it should be noted that capacity is currently stretched and will require further investment.

There are significant problems of political culture at LB Harrow – particularly between the political groups, and between a few senior members and some senior officers – accumulated over successive changes of administration. These can diminish the effectiveness of both executive and scrutiny functions and undermine the customary opportunities for productive cross-party working. This situation is a substantial impediment to moving the authority forward at the pace the Council itself desires, and preventing it becoming a 'great' Council.

There are a number of recommendations throughout this report that will help the council get closer to great. We look forward to coming back to Harrow in a year's time to see the progress that has been made in making Harrow a great council.

2. Key recommendations

Our key recommendations, outlined in more detail in the body of this report, are as follows:

- It is imperative that all members work to improve political relationships and that this is supported by all senior officers
- Build on the passion and commitment of your excellent staff
- Create space for informal discussions between Cabinet Members, and also between Cabinet Members and the Corporate Strategy Board, for early discussion, shared thinking and joint policy development
- Improve governance arrangements to provide a space for effective cross-party policy development and critical friend challenge
- Ensure that there is detail within the Medium Term Financial Plan on how savings will be achieved over the period of the Plan, and clarity about the way in which

the regeneration and commercialisation programmes contribute to council finances

- Ensure that the risk assessment process is robust, effective and gives confidence to the whole organisation
- Ensure that regeneration initiatives are planned within the context of the whole Borough, and be clear about how regeneration of key sites will benefit all residents
- Build capacity and capability across the council, ensuring an agile workforce to deliver against corporate priorities
- Don't take your eye off the ball – don't forget the day job!

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at LB Harrow were:

- Ged Curran, Chief Executive, LB Merton
- Mayor Jules Pipe, LB Hackney
- Cllr Rob Light, former Leader of the Conservative Group, Kirklees Council
- Angela Probert, Strategic Director of Change & Support Services, Birmingham City Council
- Louise Fradd, Strategic Director of Place, Bath & North East Somerset Council
- Dave Fergus, LGA Associate & commercialisation specialist
- Chrissie Farrugia, Localities Lead for North East, Yorkshire & Humber, and East Midlands, DCLG
- Kate Herbert, Peer Challenge Manager, LGA

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making

arrangements that respond to key challenges and enable change and transformation to be implemented?

4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to explore the following issues:

- Does the council have the appropriate resources to enable delivery of its £1bn regeneration programme?
- Is the council doing the right things, with the right skills and capacity, on commercialisation? Is risk appropriately understood and managed?
- Is the council using data effectively?

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent four days onsite at LB Harrow, during which they:

- Spoke to more than 160 people including a range of council staff together with councillors and external stakeholders
- Gathered information and views from over 55 meetings, visits to key sites and additional research and reading
- Collectively spent more than 280 hours to determine their findings – the equivalent of one person spending 8 weeks in Harrow

This report provides a summary of the peer team's findings along with suggestions for some next steps. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (14-17 June 2016). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time, and the peer team appreciates that some of the issues raised may be about things you are already addressing and progressing.

4. Feedback

4.1. Understanding of the local place and priority setting

LB Harrow has a very clear vision for Harrow the place, which is well articulated in "Building a better Harrow". It is well-understood and has been fully embraced, and is driving the physical development in the Borough. What is less clear is what the regeneration agenda will mean for all residents and communities across the whole of the borough, not just the locations directly affected. The new Leader of the Council is clear in his ambition to make the council relevant and responsive for all residents. It is essential that this work helps articulate what the whole of the borough will look and feel like in the 5, 10, 20 years to come.

Individual Cabinet Members have a good sense of ownership of the Council policy and direction within their portfolios, with Cabinet Members working closely with their senior officers to shape policy before bringing it to Cabinet for decision. However, there is little opportunity for collective policy development by Cabinet as a whole and thus collective ownership is not as effective as it could be.

While there is strong, active community engagement by councillors at ward and community level, it is not clear how local concerns are channelled into the council and the extent to which those concerns are reflected in the priorities of the council.

There is an incoherence about how non-executive councillors devise and influence policy and priority setting. This appears to be a consequence of an erosion of opportunities for cross-party and wider member input over time. Coupled with this, there is significant mistrust between a few politicians and some senior officers, which is hampering the ability of the council to press on with important work. This is explored in more detail below.

The diversity agenda is well-understood by all the peer team spoke to and activity is well-developed and contributes to the work of the council. The authority's managers are strong advocates for the new values of the organisation, and these have been enthusiastically embraced by staff.

Similarly, staff understand and see their role in delivering the council's ambitions for the regeneration and commercialisation agendas. However, there is a question about whether the focus on these 'big-ticket' items is at the exclusion of getting the basics right and providing consistent customer service. Not getting right what the Leader calls the 'little big things' means that some residents are getting frustrated, are escalating issues to members who in turn are increasingly frustrated as they try to resolve these issues. While aware of examples of how senior officers actively seek out opportunities to build this understanding and respond to issues (for example the Chief Executive undertakes monthly ward visits), we believe it is worth the council ensuring that members are aware of these efforts and considering ways to improve this.

Suggestions

- Create space for informal discussions between Cabinet Members, and also between Cabinet Members and the Corporate Strategy Board, for early discussion, shared thinking and joint policy development
- Similarly, create space for informal discussions between Group Leaders, Cabinet Members, and Shadow Cabinet members on big issues
- Some politicians and some senior officers need to work together to urgently overcome the trust issues between them
- Don't lose track of the day to day delivery of local public services while delivering on the big ticket delivery projects
- Senior officers to consider how to communicate their attitude to the 'little big things' to members to inform how they engage and behave

4.2. Leadership of place

LB Harrow is seen as a good local partner by a range of partners, including the Police, colleagues from health organisations, and others engaged with the wider borough agenda. The Council is seen as working well with small businesses, and the council's new community engagement plans provide the opportunity to give clearer intelligence on community priorities. Indeed, partners gave examples of strong joint working, including police involved in regeneration projects to help design out crime, opportunities for exploring initiatives to tackle shared priority areas, partners feeling they have easy access to raise issues with the council should they need to do so.

However, the council has not always been seen as an enthusiastic partner in areas where there is limited short-term gain for Harrow. There is an opportunity for the new Leader to set a new tone and shift the perception of the Council on this issue. The Council as a whole would benefit from considering how the council wants to position itself in London and sub-regionally. Furthermore, partners are keen to see greater leadership from members, with particular opportunities for members to strengthen partnership working with local health partners and the voluntary and community sector. With regard to the voluntary and community sector, there is a strong sense that the council's approach to the sector is 'paternalistic' and that the sector is not seen as a key delivery partner on an equal footing to the council. A review of the Voluntary Sector has been undertaken, but the findings have not been shared with the sector and groups are still waiting for confirmation of funding decisions for October 2016 onwards.

LB Harrow enjoys strong staff commitment to Harrow the place, the Council and the Council's new values. Senior management are making good progress towards a 'One Council' approach to how the council functions, and demonstrate strong leadership to staff by modelling this approach in their own behaviours. Members are committed to the 'One Council' approach. By being more visible to staff in the way they embrace and model the 'One Council' approach, Members could further embed the Council's new values within the organisation. The council has taken positive steps to move to longer-term working with a recently agreed three year budget and strategies for key work streams, however these are not fully detailed for year three. Furthermore, the Medium Term Financial Plan and action on service priorities are dependent on the commercialisation agenda and regeneration programme being delivered on time and to

plan. It is not clear whether there is a 'Plan B' should this not happen or whether consideration has been given to potential implications on the Council or residents.

Political uncertainty is having a significant impact on how the council develops and on staff morale, with a lack of clarity about the level of alignment between the two political parties' medium-term aims for the borough. Added to which, there is a poor level of informal communication between political groups and some senior officers. This will ultimately be detrimental to a successful leadership of place in the long-term and both members and officers have a responsibility to work together to improve this. Could a clearer consensus on what Harrow's unique selling point is as a Borough help to defuse political tensions and bring more certainty to plans for key areas?

Suggestions

- Political and officer leadership to consider how they can evolve One Council principles into a 'One Harrow' approach involving other public sector partners to bring clarity to shared objectives and ambitions
- Seek clarity about areas of agreement between the two main political groups about the strategic direction for the borough, together with consensus support for major commercial and long-term regeneration projects, where possible
- Improve communication between Group Leaders, for example by re-establishing regular Leaders' meetings to create a space for discussion on key issues
- Engage with the voluntary and community sector to reach a shared understanding of the contribution the sector could make to the borough, and work with the sector to increase its capacity
- Clarify what the council wants to achieve for Harrow in its regional context, including as part of the economic regeneration agenda

4.3. Organisational leadership and governance

There is clear leadership by the Chief Executive, who personally leads the Council's vision and values, and these have cascaded throughout the organisation. There is endorsement of the equality and diversity agenda from the top of the organisation. The Leader of the Council, new in post, is developing clear ownership of the council's ambitions for both the organisation and the place. Staff and middle managers feel they have been given permission to challenge senior managers, which they told the peer team feels a very different message to what they experienced in the past.

Corporate Strategic Board and Cabinet monitor delivery against objectives via quarterly performance reports. However, it was not clear to the peer team the extent to which Cabinet Members are comfortable in presenting robust challenge on delivery against objectives. It would be useful for the political and officer leadership to consider how to make the most of management information systems to ensure they are fully sighted on performance and to ensure their working relationships and culture support effective challenge.

The Council has a confident, committed and ambitious group of middle managers who are respected by all political parties and enjoy a positive and productive working

relationship with members. Middle managers have an appropriate attitude to risk and own the challenges that have been set for them. Staff and workforce groups are engaged and positive, and they clearly understand and own Harrow's values. However, there is a growing level of concern among some staff that negative relationships between politicians will impede the council's progress in the future.

Overview and Scrutiny is widely seen by both members and officers as ineffective, with limited opportunity to invite challenge or make a constructive contribution to policy making and priority setting. As there is no effective cabinet forward plan for decision-making, it is difficult to plan timely pre-decision scrutiny and some members feel that big ticket items unexpectedly appear on Cabinet agendas, which could be interpreted as a deliberate political ploy. While important for effective governance generally, given the scale of regeneration programme and the fact that it will take place over more than one electoral cycle and have an effect on the look and feel of the Borough for many years to come, it is essential that there are more opportunities for councillors across the authority to engage with and influence policy development. There is a risk that the current lack of cross-party working and subsequent absence of wider political ownership for the long-term could be a barrier to realising the Council's ambitions. As such, the peer team urges the council to consider addressing this as a matter of urgency.

There is also a need to better support members in their roles. Member development is no longer seen as a priority, and some Members report examples of information coming to them at a stage where they feel they have limited time to contribute, or that they consider the information presented to them is not comprehensive enough for them to contribute effectively,

Suggestions

- Clarify governance roles and responsibilities to ensure a clearer understanding among senior officers and members about their respective roles, how those roles complement each other and where lines of responsibility fall.
- Ensure robust challenge takes place between the political and officer leadership.
- Ensure that decision-making processes allow space for greater member engagement and challenge (formal and informal), and develop effective opportunities for cross-party and wider engagement of non-executive councillors, including overview and scrutiny
- Review member/ officer protocols
- Ensure that the Cabinet Forward Plan is kept up to date and given proper importance by senior officers
- Consider how the political and officer leadership can best model the 'One Council' way of working to ensure all parts of the organisation – politicians, senior managers and workforce – are modelling the same values and behaviour
- Ensure clear ownership of member development support, that it is valued and that a relevant programme is put in place

4.4. Financial planning and viability

LB Harrow has made great strides in strengthening its financial base since 2006 and has recently moved to setting a three-year budget enabling a more strategic approach to budget setting. While the council has come in under budget in each of the last three years, it would be worth considering whether budgets were appropriately set and profiled given the consistent underspending. There is monthly monitoring of spend and savings, risk processes are well-developed, and there is good engagement of Portfolio Holders and the Leader in keeping an oversight of performance in this area.

However, the Council is fully aware that its financial base position is deteriorating and there are significant spend pressures, for example homelessness and adult social care. The Section 151 Officer has worked hard to ensure that financial reporting and controls are improving, and recognises that there is a need to further improve towards best practice standards in some areas. For example the council could move towards a more granular model for budget setting papers to include base budget, inflation, growth and savings for each major service area in order to present the cost of services and make proposals more transparent. Capital profiling needs improvement and not all expenditure is delivered to programme, and the capital programme is not widely understood.

There is limited opportunity for the non-executive councillors to input into the budget-setting process. This could be considered as part of the review of the role of overview and scrutiny we recommend elsewhere in this report.

There is a heavy reliance upon newer commercial activity to deliver income in the Medium Term Financial Strategy. While the enthusiasm and ownership of new agendas such as commercialisation and regeneration are commendable, given the nature of these ambitious programmes the risk of optimism bias needs to be suitably managed. The Council should therefore consider how it can answer the question: “What will we do if this isn’t delivered as planned?” In addition, business rates continue to decline within the Borough but it was not clear to the peer team how this issue was to be addressed within the regeneration plans.

Suggestions

- Review and refresh financial reporting arrangements, and ensure effective engagement of the wider group of members
- Improve budget profiling skills (revenue and capital)
- Review the budget-setting challenge process to ensure rigour, transparency and wider engagement
- Consider how to engage councillors, partners and the community in evaluating options that may be considered unpalatable but may be needed to balance the budget
- Clarify the contingency plan for what will happen if the commercialisation and regeneration plans do not deliver as hoped for.

4.5. Capacity to deliver

Staff are enthusiastic and passionate, and are keen to deliver on behalf of local people. There is widespread acceptance that there is a need to be more efficient and do things differently, and there is a willingness to rise to that challenge and be flexible. There has been a positive change in culture and the new senior management team has added to that positive culture.

As mentioned above, LB Harrow's staff are energised by the new values and they feel these have been strongly led by the Chief Executive. Staff have strong personal loyalty to the Chief Executive who is seen as being genuine, listening, and accessible.

Bringing teams together – such as adults' and children's services, and housing benefit and council tax – has made a difference to levels of understanding across teams and enabled an element of flexibility in the way they work. There is sharing of services with other councils, for example Legal Services, and sharing of expertise in some areas, such as Public Health, and this is enabling both efficiencies of scale and sharing of learning more widely.

There is now a clearer overarching approach to organisational development and conversations with staff about this have begun. There is a need to underpin this strategic vision with detailed plans for how the workforce will develop over time: what the future workforce needs of the authority will be, ensuring that the council is recruiting and retaining the right skills to deliver its ambitions, and building in versatility and resilience to the organisation. This is recognised by the council and work is planned in this area.

Linked to this, there are some initiatives to build commercial capability and capacity, but there is a need to consistently apply this across the organisation with the pace accelerated to be able to achieve the rate of culture change the council is aiming for. Similarly, to ensure that the council is able to deliver its wider priorities at pace it would be worth ensuring that it regularly challenges itself on whether the current staff configuration is clearly aligned with council priorities and is effective to support their delivery, particularly with the extensive regeneration programme.

In addition there is a desire to create a Construction Delivery Unit, as part of the regeneration agenda. Clarity is required on what the objectives and benefits of such a unit are and if it can be effectively implemented.

The significant challenges around the ability of the IT infrastructure to support the delivery of council services pose a serious risk to the ability of the council to deliver the scale of channel shift it wants. We recognise that the Council has a new IT provider who have committed to helping the organisation deliver this ambitious agenda.

There is a need to clarify how the voluntary and community sector and the wider community could step into the space left as the council contracts as resources reduce. There is a need to explore this with them in partnership to assess together what they can contribute and work with them to increase their capacity, where appropriate.

Finally, the council should consider whether it is making the most of the expertise it has at its disposal. In addition to the problems associated with the lack of wider member engagement in policy development outlined above, the council could better utilise the skills and experience that members offer that could further increase the council's capacity.

Suggestions

- Develop an updated, robust workforce plan as part of the broader organisational development strategy to ensure the right people are in the right role at the right time
- Ensure that the capacity of the organisation is used to best effect to deliver the council's priorities
- Work with the voluntary and community sector, businesses and communities to explore how partners can support each other and the wider community
- Don't let new projects detract from the ability to deliver core services
- Consider how the skills and experience of all councillors can be better utilised to add capacity to the Council, particularly in terms of communicating to and engaging with local residents and businesses on key projects.
- Ensure that the 'One Council' approach embraces all elements of the Council, and work with partners to develop and adopt a 'One Harrow' approach to partnership working to complement this.

4.6. Regeneration

LB Harrow has ambitious regeneration plans that are looking to maximise housing and future income opportunities, which are underpinned by strong enthusiasm from both Cabinet and officers across Directorates. Key partners – including Leisure, Harrow College, Police, colleagues from health organisations, the GLA and TfL – are involved in the regeneration programme, and there are clear governance arrangements in place, including the Harrow Regeneration Board with Cabinet representation.

Regeneration ambitions are self-financing and regeneration finances have been independently audited and regularly reviewed against current market costs, for example construction and borrowing costs. However, the finances are reported separately to the Medium Term Financial Strategy which has prompted confusion.

Furthermore, the economic line of sight that underpins the Regeneration Plans (particularly in terms of increasing future business rates) and how the role of the local economy can impact on or influence the wider regional context was not clear to the peer team. This debate is required with the Business Community.

Although the local engagement programme has yet to start in earnest, there is a clear recognition that community engagement is essential to the success of the programme, and the council has committed to apply the learning from the school expansion programme and housing estate regeneration plans. However, revenue resources need to be identified to enable the engagement work to be undertaken with appropriate capacity and experience, so that all stakeholders are effectively engaged.

There is a challenge regarding the pace of the regeneration programme versus the need for a strong evidential base and policy underpinning this work. We are aware that some additional policy guidance is in development and care should be taken to ensure that it will be delivered at a timescale that will support the implementation of the programme. Revenue budgets have not been identified to undertake key studies and engagement work which are necessary to underpin the emerging Masterplans. The council should consider making funding available to take forward the key studies required to support the decision-making process.

There would also be a benefit to framing the regeneration programme within the wider context of the borough. As it stands, masterplans are limited to the 'red line' boundaries of key development sites and are not looking at the wider 'Place' agenda, such as how the borough will look and feel in the future, how infrastructure will develop around the key sites, and how the works will be phased. Key to this will be achieving a substantial modal shift from the car to other more sustainable transport options.

Finally, cross-party councillor engagement could be improved. There has been a lack of clarity for non-executive councillors about the programme and a significant degree of suspicion. Creating opportunities for all non-executive councillors to be included in this work would increase members' understanding of the programme and the impact of the plans on their communities, ensure appropriate and transparent oversight, and help frame the programme within the wider context of the borough and the timeline for delivery across administrations.

Suggestions

- Clarify what Harrow will look and feel like as part of the masterplanning process and consider the wider 'Place' impacts beyond the 'red line' boundaries of key development sites
- Incorporate political engagement across all parties into the governance process, including the decision-making process (for example involvement of overview and scrutiny) and the scheme of delegation. Consider taking the Masterplan to full Council for adoption for cross-party buy-in to ensure long-term plans are continued beyond the lifetime of an individual administration.
- Ensure that effective local community engagement – with residents, businesses, the voluntary and community sector, and other key stakeholders – enables community views to be incorporated within the masterplanning process
- Clarify financing of the regeneration strategy to ensure that financial returns that are deliverable within the period of the Medium Term Financial Plan are identified in the MTFP (for example Gayton Road)
- Ensure that the future vision for Harrow has wider understanding inside and outside the Council.

4.7. Commercialisation

Taken together, the peer team consider that the council is 'doing the right things', it is building the right skills and capacity and there is a pragmatic, if not fully tested and developed, approach to understanding and managing risk. However, it should be noted that capacity is currently stretched and will require further investment as previously set out in this report.

'Commercialisation' has been clearly defined by the council, with a high degree of understanding and 'buy-in' across the authority at all levels, and there is a real pace and confidence in pursuing this path. Furthermore, there is work underway to sustain momentum through identifying 'Phase II' opportunities.

Several major projects (for example Phoenix and Infinity) have the potential to make a meaningful financial contribution to help meet the Council's financial challenge. However, the peer team raised the question of whether the overall financial aspiration for commercialisation that is underpinning the Medium Term Financial Strategy is deliverable, both in terms of the returns expected and the timing of those returns. Whilst these commercial aspirations have been delivered to date, it was not clear to the peer team that there is a 'Plan B' if future aspirations are not achieved.

LB Harrow has a well-defined process to develop commercial business cases, but there may be a need to embrace more external challenge on those business cases. The council has some good quality, commercially-skilled individuals working in leading roles within the organisation, but that resource is stretched in capacity terms and consideration should be given to whether this capacity is sufficient for the next phase of the programme.

Members and senior officers are comfortable with the idea of taking more risk in order to secure better return on investments (for example in treasury management, and property investment), although this has not yet been tested or exploited to a meaningful degree. There is an appetite for partnering through shared services and regeneration, and Harrow is generally well-regarded by its public sector commercial partners, as well as the local business community. It is important that the council robustly analyses a wide range of partnership opportunities and makes decisions based on the best fit for the council.

The council should consider whether the governance model overseeing the commercialisation activity may need to adapt as commercial ventures progress to ensure that it is fit for purpose in the future.

Suggestions

- Continue to build commercialisation capacity and capability
- Ensure that customer service and work to deliver efficiency gains is not compromised
- Review governance arrangements for commercial ventures
- Adopt a nuanced approach to risk, as one size will not fit all

- Ensure that a wide range of partnership opportunities, both public and private sector based are explored and robustly assessed to identify best fit
- Ensure there is an understanding of the synergies between the commercialisation, regeneration and economic development programmes, and ensure there is an alignment of plans
- Ensure that the IT infrastructure and performance management system enable the commercialisation programme to move forward at the required pace
- Be outward looking and be clear about what you aim to achieve through sub-regional relationships, taking the long view and perhaps embracing projects that might further interests of others rather than your own.

4.8. Data

The council is a data rich environment and managers are increasingly demanding data and analysis to help them manage more effectively. There has been some progress made in securing data from other public sector organisations in the locality, but a recognition that more can be done.

However, the effectiveness of how data is used varies across the organisation. The council is generally strong on meeting statutory data requirements but weaker in other business areas which can impact upon the quality of customer service ultimately provided. The dispersal of data across the council also means that it is not shared to maximum benefit across the organisation, for example multiple studies have been commissioned by the Regeneration Team which would have relevance across other functions. In a positive step, an 'intelligence network' of data managers has been created to help address data sharing and agility issues.

Whilst current data management and intelligence resources are considered adequate to support business as usual, this may be an area that needs future investment (or at least resource preservation) moving forward or the full benefits of data may not be realised. For example, access to new forms and pools of data (such as market, customer and competitor intelligence) is a pre-requisite to successful commercial development. Further, there is a need to develop management information and performance monitoring tools to ensure the effective business and risk management of new commercial ventures.

The peer team heard concern expressed by data managers that planned changes in Business Support may adversely impact upon data quality.

The challenge for LB Harrow will be to move 'from data to insight' looking across the organisation, rather than considering services in isolation. This will require the right questions being asked to ensure alignment to the council's priorities and then the appropriate data sought. This is likely to be more qualitative measures than quantitative and to draw upon data sets outside the organisation.

Suggestion

- Consider how to move the council's approach from data to insight

5. Conclusion

The London Borough of Harrow has clearly made great strides in recent years, resulting in the council having a clear vision for Harrow the Place, active and engaged councillors, passionate and committed staff, and well-respected member and officer leadership. It has embraced new ways of working and is pursuing a commercial agenda enthusiastically. This is a good council.

The council has potential to be a great council. There are a number of recommendations throughout this report that will help the council get closer to great. Underpinning all this is how the council could work to address the problems of political culture at LB Harrow. If not tackled, this will undermine the good work that the council does.

We left Harrow with assurances from senior members and officers that they recognised their roles in developing a new way of working and a commitment to do so. We look forward to coming back to Harrow in a year's time to see the progress that has been made in making Harrow a great council.

6. Next steps

Immediate next steps

We appreciate you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the Council wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Heather Wills, Principal Adviser, is the main contact between your authority and the Local Government Association (LGA). Her contact details are 07770 701188/ heather.wills@local.gov.uk.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues the peer team have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA peer challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 12-24 months.

REPORT FOR: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting:	1 February 2017 (Special Meeting - 7pm)
Subject:	Draft Scope for Regeneration Scrutiny Review
Responsible Officer:	Divisional Director of Strategic Commissioning
Scrutiny Lead Member area:	Councillor Jeff Anderson and Councillor Manjibhai Kara (Environment and Enterprise)
Exempt:	No
Wards affected:	All
Enclosures:	Draft Scope for Regeneration Scrutiny Challenge Panel

Section 1 – Summary and Recommendations

This report sets out the draft scope for the Scrutiny Review on Regeneration.

Recommendations:

The Overview and Scrutiny Committee is asked to:

- Consider and agree the scope for the review (cf. Appendix)
- Request that Groups notify officers of the membership of the Review
- Agree that the Chair of the Review will be Councillor Barry Macleod-Cullinane
- Agree the timing of the Review and associated reporting arrangements.

Section 2 – Report

The Scrutiny Leadership Group agreed that a review on regeneration form part of the scrutiny work programme for 2016/2017.

The attached scope (Appendix) has been drafted with input from officers and councillors who met on 12 January 2017.

It is proposed that the scope of the Regeneration Scrutiny Review is to examine the Council's regeneration and development programme on general fund land, HRA land, other public sector land and private land over the period 2017-21; to assess whether the Council's proposals for the financing of its regeneration programme are realistic, affordable, robust and deliverable, including such aspects of the commercialisation strategy (e.g. the proposal to build private homes for rent) that directly impact upon the Regeneration and Development Programme; to ensure that financial risks are properly considered and that proposed mitigations are appropriate and balanced; to appraise the projected financial benefits of the Council's regeneration programme; and to achieve greater understanding and clarity of the financing of the Regeneration and Development Programme by Members.

The detailed scope is to include:

- Review of the planned capital and revenue financing for the regeneration programme;
- Investigation of the regeneration programme finance model, in particular the underlying assumptions, cash flow projections and projected costs and benefits over the near and longer term;
- Review of selected financial assessments for individual regeneration projects;
- Appraisal of risk management processes and proposed mitigation measures; and
- Review of projected benefits of the regeneration programme, including direct and indirect benefits to the Council, business and to the local community.

All councillors involved in the scoping discussions agreed that given the significance of this policy area for the Council in the long term, the Review needed to be given more time than the standard Challenge Panel methodology would allow. The Group have therefore suggested that this becomes a more substantive review allowing enough time for thorough Challenge Panel sessions and to undertake field visits to other councils.

If the Scrutiny Review goes ahead over a longer time frame, as proposed, the impact on policy officer capacity to support a larger review would mean that it would account for 2 of the 4 project slots in the 2017/18 scrutiny work plan. This does, however, give an opportunity for issues that were raised as part of the LGA Peer Review to be addressed; such as cross-party working on policy development. The Group felt that more than one Challenge Panel meeting

would be required to undertake the Review sufficiently and officers suggested that there should be no more than 3 Challenge Panel sessions.

The themes for these sessions were not agreed at the scoping meeting, but it is proposed that they should be around the themes of the scope as follows:

- Challenge Panel Sessions 1 and 2: Financing of the regeneration programme
- Challenge Panel Session 3: Risks, opportunities and contingencies

Councillors also propose undertaking 4 field visits to explore best practice by other councils in how they finance and manage their regeneration and development programmes. The political leadership of the councils chosen for visits will be equally divided between Conservative and Labour control, reflecting the main political parties on the Council. All field visits will be accompanied by a Council officer.

Financial Implications

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

Performance Issues

There are no specific performance issues associated with this report.

Environmental Impact

There is no specific environmental impact associated with this report.

Risk Management Implications

There are no risk management implications

Equalities Implications

The Challenge Panel will consider during the course of its work, how equality implications have been taken into account in current policy and practice and consider the possible implications of any changes it recommends.

Council Priorities

- Build a Better Harrow
- Be more business-like and business-friendly

Section 3

Ward Councillors notified:	N/A
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Section 4 - Contact Details and Background Papers

Contact:

Shumaila Dar, Policy Officer, 020 8424 1820, shumaila.dar@harrow.gov.uk

Background Papers:

- Draft scope for the Regeneration Scrutiny Review

1.	SUBJECT	SCRUTINY REVIEW ON REGENERATION – DRAFT SCOPE
2.	COMMITTEE	Overview & Scrutiny
3.	CHALLENGE PANEL	Chairman – Councillor Barry Macleod-Cullinane [C] Vice Chair – Councillor Barry Kendler [L] Councillors – Cllr Anne Whitehead [L] Cllr Ghazanfar Ali [L] Cllr Jeff Anderson [L] Cllr Norman Stevenson [C] Cllr Richard Almond [C] Cllr Susan Hall [C] Cllr Paul Osborn [C] Cllr Kanti Halai [C] Cllr Kamaljit Chana [C] Cllr Jean Lammiman [C] Cllr Minaxi Parmar [C] Cllr Kantilal Rabadia [C]
4.	AIMS/ OBJECTIVES/ OUTCOMES	The Scrutiny Review relates to the Council’s regeneration and development programme on general fund land, HRA land, other public sector land and private land in the borough over the period 2017-21. The purpose of the review is to: <ul style="list-style-type: none"> • Assess whether the Council’s proposals for the financing of its regeneration programme are realistic, affordable, robust and deliverable, including such aspects of the commercialisation strategy (e.g. the proposal to build private homes for rent) that directly impact upon the Regeneration and Development Programme; • Ensure that financial risks are properly considered and that proposed mitigations are appropriate and balanced; • Appraise the projected financial benefits of the Council’s regeneration programme; • Greater understanding and clarity of the financing of the Regeneration and Development Programme by members.
5.	MEASURES OF SUCCESS OF REVIEW	<ul style="list-style-type: none"> • Greater understanding and clarity of the financing of the Regeneration and Development Programme by members; • Recommendations to Cabinet agreed and implemented.
6.	SCOPE	The detailed scope is to include: <ul style="list-style-type: none"> • Review of the planned capital and revenue financing for the regeneration programme; • Investigation of the regeneration programme finance model, in

		<p>particular the underlying assumptions, cash flow projections and projected costs and benefits over the near and longer term;</p> <ul style="list-style-type: none"> • Review of selected financial assessments for individual regeneration projects; • Appraisal of a balanced risk management processes and proposed mitigation measures; and • Review of projected benefits of the regeneration programme, including direct and indirect benefits to the Council, business and to the local community.
(1)	SERVICE PRIORITIES	<ul style="list-style-type: none"> • Build a Better Harrow • Be more business-like and business-friendly
(2)	CHALLENGE PANEL SPONSOR	Paul Nichols (Divisional Director of Regeneration, Enterprise and Planning)
(3)	ACCOUNTABLE MANAGER	Rachel Gapp / Alex Dewsnap
(4)	SUPPORT OFFICER	Shumaila Dar, Rebecka Steven, Ashley Epps
(5)	ADMINISTRATIVE SUPPORT	<p>Policy Team.</p> <p>Officers from the regeneration, finance and policy teams will provide support for all Challenge Panels and Field Visits.</p>
(6)	EXTERNAL INPUT	None anticipated at this stage
(7)	METHODOLOGY	<p>It is proposed that this Scrutiny Review will involve a number of Challenge Panels (no more than 3) and 4 Field Visits to other London Boroughs.</p> <p>Much work has already been undertaken by officers and the latest update on Regeneration was published on 11 January 2017. A briefing will be provided prior to each Challenge Panel.</p> <p>The Challenge Panels will hear evidence from officers and portfolio holders from relevant services of the Council and other key stakeholders.</p> <p>The proposed Field Visits will explore best practice by other councils in how they finance and manage their regeneration and development programmes. The political leadership of the councils chosen for visits will be equally divided between Conservative and Labour control, reflecting the main political parties in the council.</p> <p>Councillors will also be provided with copies of all good practice case studies already undertaken by the Regeneration Team prior to the commencement of their field visits.</p>

(8)	EQUALITY IMPLICATIONS	The Challenge Panels will consider, during the course of its work, how equality implications have been taken into account in current policy and practice and consider the possible implications of any changes it recommends. In undertaking the Challenge Panels, members and officers will consider their practices and how it can ensure all relevant stakeholders in the borough to have their voices heard.
(9)	ASSUMPTIONS/ CONSTRAINTS	Regeneration and development are dynamic areas of activity and key financial variables may fluctuate over time. The need to regularly update and review the position is recognised in the regeneration programme's financial model and is acknowledged in the programme's risk assessments.
(10)	SECTION 17 IMPLICATIONS	
(11)	TIMESCALE	Please see work-plan attached at 'A' – TBA
(12)	RESOURCE COMMITMENTS	<p>Policy team, finance and regeneration team will provide a briefing and administrative support to the Challenge Panels. The Policy team will report recommendations to O&S; officers from the regeneration and finance teams (or appropriate Service) will provide a response to Cabinet and take forward any recommendations agreed by Cabinet.</p> <p>If it is agreed that this Scrutiny Review will take place over a longer time period, with an intention to report to Cabinet in June, this would take up 2 of the 4 review slots programmed for 2017/18 scrutiny work programme.</p>
(13)	REPORT AUTHOR	Shumaila Dar – Policy Officer
(14)	REPORTING ARRANGEMENTS	<p>Outline of formal reporting process:</p> <ul style="list-style-type: none"> • The relevant Divisional Director(s) and Portfolio Holder(s) will be consulted in the drafting of the final report and recommendations • Report to Overview and Scrutiny Committee • Report referred to Cabinet • Officer response to Cabinet
(15)	FOLLOW UP ARRANGEMENTS (proposals)	It is anticipated that Cabinet would consider any recommendations made (alongside the officers' response) at the Cabinet meeting in June, and responded to in July.

Scrutiny Review Work Programme – Financing of the Regeneration Programme

Note: This timeline has been updated to include additional Challenge Panels and field visits. The lengthening of this new work plan means that the final draft will not go to Cabinet until June, with final Cabinet response to the review's recommendations in July.

Key Dates	Activity
Thursday 12th January	Regeneration Scoping Meeting
Friday 13 th January	Work on drafting scoping paper
Friday 20 th January	Draft scope sent to members for comments
Monday 23 rd January	Deadline for comments on scope from members
Monday 23 rd January	Draft scope to be sent to O&S
Wednesday 1st February	O&S meet and sign-off on scope
Challenge Panels: February – April (dates TBC)	
Date TBC	Challenge Panel 1
Date TBC	Challenge Panel 2
Date TBC	Challenge Panel 3
Field Visits: February – April (dates TBC) – Councillor led	
Date TBC	Field Visit 1
Date TBC	Field Visit 2
Date TBC	Field Visit 3
Date TBC	Field Visit 4
May (TBC)	Working on drafting final scrutiny report
May (TBC)	Scrutiny Report to be sent to members for comments
May (TBC)	Deadline for comments on Scrutiny Report from members
June (date TBC)*	Final Scrutiny Report sent to O&S
June (date TBC)*	Cabinet meeting – accepting review
July (date TBC)	Cabinet meeting – response to review's recommendations

1

¹ New Cabinet dates for 2017 go to Cabinet tomorrow (19/1/17) and will be confirmed by Friday the 27th of January.

OUTLINE PROJECT PLAN

Activity	Member Input <i>Who is involved? Estimated time commitment</i>		Officer Resource <i>Who is involved? Estimated time commitment</i>		When	Lead Person
Scope session	All members invited – 2 hours on 12 th January		Policy Team (Shumailla Dar); Regeneration Team (Paul Nichols, Dave Roberts), Finance Team (Dawn Calvert)	15 hours preparation 1 hour pre meeting 2 hour meeting	Prior to mtg 12 th Jan	Shumailla Dar
Finalise scope and obtain Overview and Scrutiny endorsement			Shumailla Dar	7 hours		Shumailla Dar
Research/Preparation Period/Desk top data gathering			Shumailla Dar / Paul Nichols / Dawn Calvert (and finance team)	25 hours		
Field Visits (4) to other councils	All members to be invited (late afternoon / early evening 2 hour visits)		Policy Team, Regeneration, and Finance Team Officers			Policy Team
Challenge Panels (3)	Dates to be confirmed with Chairman for Challenge Panel. Challenge Panel to meet		Shumailla Dar	2 hours		Shumailla Dar
Collation and evaluation of data/evidence and draft report			Shumailla Dar / Paul Nichols / Dawn Calvert	25 hours		Shumailla Dar / Paul Nichols / Dawn Calvert

Activity	Member Input	Officer Resource		When	Lead Person
	<i>Who is involved? Estimated time commitment</i>	<i>Who is involved? Estimated time commitment</i>			
Review members agree draft report	Members to provide comment	Shumailla Dar	5 hours		Shumailla Dar
Early draft report to accountable manager for confirmation of factual accuracy		Shumailla Dar / Paul Nichols	10 hours		Paul Nichols
Report submitted to Overview and Scrutiny					
Review's presentation of report to CMT/DMT (if appropriate)					
Final report of Group to O&S/Sub-Committee for approval (if necessary)					
Consider if there is a need to publicise report findings					
Final report published & referred to Executive for consideration (Cabinet/Portfolio Holder/Directorate – depending on issues/ recommendations)					
Evaluation of review process					
Follow up/Monitoring of outcomes					
TOTALS excluding scoping					