OVERVIEW AND SCRUTINY COMMITTEE (SPECIAL)

MINUTES

23 JANUARY 2020

Chair:	* Councillor Sachin Shah	
Councillors:	* Richard Almond	* Jean Lammiman
	* Dan Anderson	* Jerry Miles (1)
	* Jeff Anderson	* Chris Mote
	* Sarah Butterworth	* Kanti Rabadia
Voting Co-opted:	(Voluntary Aided)	(Parent Governors)
	Mr N Ransley	Mr M Chandran
	Reverend P Reece	Ms M Trivedi
Non-voting Co-opted:	Harrow Youth Parliament Representative	
In attendance: (Councillors)	Graham Henson	Minute 96
	Adam Swersky	Minute 96

* Denotes Member present
(1) Denotes category of Reserve Member

94. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Member:-

Ordinary Member	Reserve Member
Councillor Honey Jamie	Councillor Jerry Miles

95. Declarations of Interest

RESOLVED: To note that the following interests were declared:

Agenda Item 96 – Question and Answer Session with the Leader of the Council and Chief Executive

Councillor Lammiman declared a non pecuniary interest in that she was Chair of Governors at Shaftesbury High School for Children with Special Needs. She would remain in the room whilst the matter was considered.

Councillor Almond declared a non pecuniary interest in that he was a Governor at St Teresa's Catholic Primary School, Hatch End. He would remain in the room whilst the matter was considered.

Councillor Mote declared a declared a non pecuniary interest in that his wife was employed by Orley Farm. He would remain in the room whilst the matter was considered.

Councillor Butterworth declared a non-pecuniary interest in that she was a teacher. She would remain in the room whilst the matter was considered.

RESOLVED ITEMS

96. Question and Answer Session with the Leader of the Council and Chief Executive

OVERVIEW BY THE CHIEF EXECUTIVE AND THE LEADER

The Chief Executive began his presentation by referring to the General Election which had resulted in the return of the Conservative Party to form a Majority Government thus ending the uncertainty over Brexit which was now inevitable. In terms of impact of the new government, the completion of the Comprehensive Spending Review would be particularly significant as the outcome would impact on the Council and its budget and trigger debates about the levels of Council Tax. The government, in accordance with the Conservative Party's manifesto commitments, was expected to produce a number of policies including those on Adult and Social Care, Education and Housing. The Chief Executive felt that, although a number of issues remained to be clarified, by this time next year the Council would be in a better position to understand its Medium Term Position.

Referring to his own commitments, the Chief Executive said that he had taken on regeneration, the budget and the MTFS as priorities in order to bring some stability to the Organisation. He had also been involved in other areas including Adult and Social Care, the Borough Plan, housing, support services (particularly HR) and the modernisation process. Whilst progress might not merit a gold award, he felt it was deserving of a silver one.

Strategic priorities for 2020 would include focussing on the Borough Plan, the MTFS, preparation for the inspection of Adult and Social Care, accelerating the modernisation programme and changing the culture of the Organisation with an emphasis on staff training and development and team building.

In his introduction the Leader agreed that, whilst the election had created some stability, a number of issues remained unclear with the future financing of local government, residency and adult and social care being examples. The previous government's austerity policies had hit the Council very hard with the need to make cuts in services and although the Council was in a good position, further challenges would no doubt present themselves in the coming months as government policies were rolled out.

Following the introductions members of the Committee asked a number of questions of the Leader, Portfolio for Finance and Resources (hereinafter referred to as the Portfolio Holder) and the Chief Executive as detailed below. For ease of reference questions and responses that overlap have been grouped.

Q1: Does the very level of pay of Care Providers have an impact on the quality of service delivery and pose a risk in terms of health and safety, as referred to in the budget papers?

The Chief Executive said that there was no direct evidence to suggest that the situation was having a detrimental impact on the day to day service. What was evident however was that cost pressures in providing the service were increasing without a corresponding increase in resources thereby increasing the risk? It would therefore be advantageous to put more money into the care providing service, particularly over the medium term, to mitigate the risk.

The Portfolio Holder, whilst agreeing with the Chief Executive that the situation did not currently pose a significant health and safety risk, felt that it was a great shame that the Council was responsible for one of the lowest pay group of workers in the Country. It was one of his priorities to address the issue as set out in the budget which included a proposal to commission a review of the service designed to improve the quality of care and ensure that the workers received a proper wage. He however accepted that achieving this would be very challenging at a time of diminishing financial resources.

Q2: What benefits in terms of income is the Council receiving from its Commercialisation Strategy and in particular from Project Phoenix and when will we know the level of income that has been received from commercial activities?

The Chief Executive, in replying, accepted that for a number of reasons some commercialisation projects had not delivered the income expected and built into the budget in the medium term. It was, however, important to remember that the Council had received income it would not have otherwise received by going down the route of commercialisation with such income contributing towards bridging the size of the budget gap.

The Chief Executive confirmed that the Council was fully aware of the amount of income it was receiving from commercialisation. It was also aware of the costs it was incurring. The income and costs would be reported at the end of the financial year when a full picture would emerge.

The Portfolio Holder felt that one of the challenges in trying to identify the additional income secured through commercialisation was to recognise that a so called new venture was not entirely new as it would have inherited a number of historical costs that would be difficult to identify and or isolate. It was also important to take into consideration the opportunity costs i.e. the costs of not doing something which was also difficult to quantify. He agreed with the Chief Executive that some projects had resulted in additional income with trade waste being an example. Although this additional income might not have been on the scale expected it had helped the Council to balance its budget at a time when central government funding was being significantly reduced. The commercialisation process had involved the Council in taking some risks, but the Portfolio Holder felt that these risks had been worth taking at time when the Council was endeavouring to protect front line services and bridge the budget gap.

Q3: Now that the Withdrawal Bill had been enacted and building on the work that had already been undertaken within the Council to assess its impact what effect will Brexit have on the Council, particularly on residency?

The Chief Executive clarified that, although work had been undertaken to identify the implications of Brexit for the Council, the work had been centred on what action would need to be taken in the event of a no-deal Brexit. A no deal Brexit still remained a possibility in which event the action identified would be triggered.

Whatever happened, Brexit or no-deal Brexit, the impact would depend on the impact on the UK's economy and how this impact translated into the resources available for public service and local government in particular. This impact would emerge over a period of time but it was inevitable that Brexit itself would impact on the Council's workforce and people coming into contact with the Council including providers or users of services.

The Borough was also the home of a number of European Nationals (Romanians being one of the largest) and whether they stayed, or others came in, they would impact on our services at a level not yet determined. The Council would also have an important role to play as they go through the process of achieving settled status.

The Chief Executive concluded by saying that overall the impact of Brexit would be softer in the short term than it would otherwise have been in a different scenario but the issue would need to be kept under review so that the impact in the longer term could be assessed and managed.

The Leader explained that the work carried out by the Council over the last 18 months on Brexit had been fed into the London Region of ten regional

networks set up by the Home Office to receive feedback from Councils up and down the Country.

As indicated by the Chief Executive, the Borough had a large and growing Eastern European community, the Romanians being the largest in the Country. One of the tests for settled status was command of the English language and filling in forms which had proved to be quite challenging. The Council had received external funding from the Law Centre and the Migration Fund to provide support and was working with other agencies including embassies.

Brexit had heightened the level of uncertainty amongst the European community resulting in people moving as evidenced by a fluctuation in the school pupil numbers. This effect was being monitored by the Council so that any problems could be addressed.

Q4: Given that it has been a constant priority in the past how will the 2020/21 priority to change the culture of the Organisation be approached to avoid culture fatigue and ensure the workforce participate in the process?

Q5: How does the Council become a learning and flexible Organisation?

Q6: How will you change a culture that regards councillors as a partner, someone to be tolerated or someone to be avoided?

Q7: Is the Chief Executive satisfied that the Council as an organisation is working in a joined-up way?

Q8: What progress is being made to achieve smarter team working through for example rolling out upgraded ITC?

The Chief Executive said that the recently completed workforce survey would provide a good baseline as the feedback from staff had included a number of key messages e.g. the need to improve the quality of ICT and address issues relating to the facilities at the Civic Centre. He emphasised the importance of sorting out hygiene issues before moving on to more strategic ones.

The feedback had also included some surprisingly good messages - staff morale was not too bad and staff relationships with managers were positive. Nevertheless, there was quite clearly work to be done in terms of breaking down the silo mentality, creating common shared values (through the medium of the Borough Plan) and emphasising the importance of cross departmental working. The overall objective was to achieve more joined up working within the Organisation and staff training and development would play an essential part in bringing about this change.

The modernisation programme had provided the opportunity to make an investment in staff training and development and provision had been made in the budget for HR to support implementation of this programme. The programme had not yet been rolled out but the draft included a development programme for managers and he would be personally involved with the

programme for Senior Managers. He emphasised that that the programme would not have a short life of 6 months but would be over a 2-3-year period. He also confirmed that Councillors would be involved in the process.

The Chief Executive accepted that becoming a learning Organisation presented a significant challenge mindful that it was subject to political and structural change and changes in personnel. What he was hoping to embed in the Organisation was an infrastructure that, whilst recognising the inevitability of change, also provided for some degree of continuity. Getting better at communicating with the workforce would be one of the features of this infrastructure which was why he was working closely with the Communication Team to see how the Council could improve the way it communicated.

The Leader accepted that, because of the cut backs in recent years, the Council had not committed sufficient resources to support staff training and development. He therefore welcomed the new investment in this important area. There was an abundance of skills and abilities in the Council's workforce and the investment would provide an opportunity for individual staff to develop their potential outside of their silos and recognise, and adapt to, different ways of working.

Referring to the way the way Councillors were perceived within the Organisation the Chief Executive, whist accepting the analysis, said that based on his own experience in other Councils the description was not untypical. The challenge was to change the culture so that a vast majority of the workforce perceived Councillors as partners. It was his and the duty of the senior management team to set an example by emphasising the importance of the democratic process and respecting the roles that Councillors played within it, thus demonstrating that the organisation was driven politically. He was satisfied that he and the SMT were setting such an example and it was incumbent upon him and senior managers to challenge any behaviour which did not respect the role of councillors and he encouraged councillors to do likewise. The challenge was to continue to ensure that respect and understanding of the political process was reflected throughout the Organisation and the Training and Development Programme referred to earlier would be one mechanism for achieving this.

He agreed that the role of the Leader/Portfolio Holders in the current staff induction programme was an example of good practice and a step in the right direction in demonstrating the political nature of the Organisation.

Referring to Q7, the Chief Executive replied by saying that he was not satisfied which was why the issue was being addressed through the initiatives referred to earlier. There were a number of reasons for the absence of joined up thinking including the narrow view that Departments sometimes adopted about the issues facing them within their own particular service area. Although this specialism was necessary there was also a need to see things more widely and recognise the interconnectivity between issues. As previously stated the programme to change the culture of the organisation would address this issue.

Furthermore, although the Borough Plan would be outwardly focussed in terms of identifying outcomes for the community, one of the key drivers behind its development would be the use to which it would be put internally. The Plan, by setting out the Council's purpose and what it hoped to achieve would provide a better chance for staff to see things not only from a departmental point of view, which was important to preserve specialisms, but also more holistically.

For the reasons previously given the Chief Executive accepted that smarter working referred to in Q8 was still someway off although a start had been made in improving technology. The concepts and ideas (e.g., flexible working) were currently being worked on not only in relation to the Training and Development Programme for managers referred to earlier but also, in anticipation of the move to the new Civic Centre. Improving the relationship with staff working remotely and/or in other Council Offices was also being addressed.

The Portfolio Holder confirmed that the Council was investing heavily in ITC to improve ways of working. He also referred to the refresh of the Council's website which as a platform would enable over time the provision of more information and being mobile phone friendly would allow for the reporting of issues such as fly tipping regardless of location. Not wishing to be proven wrong but he was looking forward to the Council's website being regarded as the most responsive municipal website in the world!

Q9: What will be the next steps to ensure that the Council's workforce reflects Harrow's diversity at all levels?

The Chief Executive, in his capacity as Head of Paid Service, accepted that, although the Council had a very diverse work force reflecting the diversity of the Borough, the reflection was not good enough or at a level he would like to see at the senior level. There were, however, some encouraging small steps - a woman was now a member of the Corporate Strategic Board which sent out a message about role modelling. The person appointed to the post of Director of Human Resources and Organisation Development was a black woman which also sent out the right message given that her role would be to lead on equalities and diversity in an outer London Borough that had an extremely diverse community.

One of the responsibilities of the new Director would be to develop the People's Strategy which would include targets to improve diversity at all levels particularly at senior level. More work would be done internally to develop the skills and abilities of senior staff so that they were in a better position to compete for the top jobs when they became available. Externally, the Council would be more challenging with their recruitment partners to ensure that the field was as diverse as possible.

The Portfolio Holder explained that diversity was important to him and that one of the questions he had asked the candidates for the post of HR&OD was how they would address the issue. He had been particularly impressed by the successful candidate's very strong response which had emphasised the need to engage internal groups in a way that was meaningful in terms of having an

impact on the culture of the Organisation. Whilst agreeing that there was a need to ensure that the field of candidates reflected diversity there was also a need to ensure that the composition of Recruitment Panels reflected diversity.

The Leader said that the issue of securing diversity at a senior level had been a struggle ever since he had become a councillor. It was a great regret that the mechanisms (e.g. Peer groups, interview training) that local government used to offer to support people through the application and interview had largely disappeared as a result of the cuts. This loss had had an effect on the quality of applications submitted for top jobs. It was also regrettable that the grant the Council had received for its accredited career training and development programme had been withdrawn resulting in the abandonment of the programme. Bringing HR back in house would provide an opportunity to restore a career support service with responsibility for developing the large pool of talent that existed within the workforce.

Q10: Is the Council involved in lobbying the government for resources to meet the needs of Adult and Social Care?

The Leader replied in the positive by confirming that the Council was part of the cross-party campaign organised by the LGA to seek proper funding for adult and social care and to bring forward the promised Green Paper.

Q11: What is the Council doing to ensure that the health and transport needs of residents are met?

The Leader explained that a lot of consultation (of which consultation on the Council's Adult and Social Care Strategy was n example) had taken place around transport to ensure that the transport and health needs of residents were taken on board.

He also confirmed that meetings took place on a regular basis with TfL and Network Rail so that they could become aware of, and make their own plans to fit in with, the Council's schemes such as the regeneration programme. A number of proposals put forward by the Council had been successful e.g. the Wealdstone Scheme which encouraged more walking and accommodated changes to bus routes.

Q12: How well is the Council working with partners to deal with the increase in crime and ensure that Harrow remains one of the safest boroughs in London?

The Leader replied by saying that the Council was working in a different way with partners including the Police. Whilst regretting the restructuring of the police force and the consequential loss of the Borough Commander, he was pleased to report that the Council had a very good relationship with the Police who were also working with diminishing resources. For example, they did not have the resources to deal with low level anti-social behaviour such as street drinking.

He was however also pleased to report that despite their stretched resources the Police had been forthcoming in providing its support to the borough

whenever this was required. For example, support from the violence and crime reduction unit had been provided to deal with problems arising from knife and drug related crime which was being perpetrated not by gangs in the Borough but by people congregating in Harrow. The Council had also been working with the voluntary sector with a focus on Wealdstone with positive results with crime and knife crime falling by over 50%. The work with the voluntary sector had attracted a lot of grant funding some of which was due to run out in March and October of this year. He was worried about the impact the loss of funding would have in terms of an increase in crime activity. Efforts were therefore being made in conjunction with the voluntary sector to find alternative sources of funding to support not only on-going initiatives but other schemes such as dealing with low level anti -social behaviour which would leave the police to concentrate on dealing with the harder criminal element. Although the Borough was seen as one of the safest in London the fear of crime was higher here than it was in Brent. Given that people regarded anti -social behaviour as a crime, receiving funding to deal with this behaviour would be one way of helping to reduce this fear. The London Council Network, of which the Council was part, were campaigning for the need to recruit an additional 6000 police officers and 600 support staff across London to deal with the current level of crime.

The Leader felt that notwithstanding the need to work with diminishing resources overall the partnership with the police and the voluntary sector was working well.

The Chief Executive said that he had been very impressed by the willingness to enter into a dialogue and partnership with the Police. The Council had not been afraid to point out when and where the Police were not doing so well and where their resources should be targeted in the Borough. For example, earlier this year the Council had lobbied the Police to address incidents of aggravated burglary and whilst the issue had not gone away the Police's operations had had some impact.

In terms of funding, it was somewhat strange and counterproductive that in a low crime area such as Harrow additional funding was only provided if crime rates increased. When specialist funding had become available the Council had worked hard to emphasise the need to ensure it was directed towards the Council's priorities and addressed the concerns of the community e.g. drug dealing. The Council had also emphasised the importance and flexibility of neighbourhood policing and would be putting forward a strong case that as additional officers became available they were deployed in the neighbourhoods and areas of greatest needs thus recognising that hot spots moved around and possibly into a Ward which had not otherwise been identified as one with issues.

As the Council was not in direct control it was important for the Council to continue to influence Police operations which meant building on the good relationship that already existed and continuing to provide sound evidence to get the support it sought. Aligning the Council's services with Police operations through joint working, of which designing out crime was an example, would also continue.

Q 13: Following one of the findings of Scrutiny Review of Youth and Children Services what is the Council doing to provide teaching of English to members of ethnic minority groups who do not speak English as a way of addressing the problems they encounter in accessing Council services and in particular to deal with their health needs?

The Leader responded by saying that a number of courses had taken place on a regular basis across the borough funded from the Migration Fund.

Q14: How much of the £100m capital approved by the Cabinet in July 2019 for borrowing has been used up and which of the transactions can be justified in terms of commercial investment?

Q15: What is the expected yield from property investment?

Q16: What are the rates for borrowing and how are investment decisions made?

Q17: The budget papers appeared to have two figures for the saving achieved as a result of an interest rate reduction on the £10m loan, £1.7m and £0.5m. Can the saving be clarified?

The Chief Executive said that, although he did not have the precise figure the amount used to date was in the region of £7m on one property the return on which was reflected in the budget. Some £90m therefore remained available. As the capital had been accessed at a reasonable level of interest there was potential for the Council to increase its return. Going forward it was important for the Council to spread risks across asset types and locations depending on the outcome sought.

Investments would include property and lending to other authorities and partners (e.g. West London Waste), from which the Council received a good rate of return, would continue. Opportunities to see what returns could be made by making investments with the Council's preferred strategic partner for regeneration would also be considered.

Whilst the Council had some internal expertise any investment decision would be taken following advice from independent sources including CIPFA and LGA to ensure that the Commercialisation Strategy was being delivered and we got advice from Luton. The Cabinet would receive regular updates on progress together with an update of the Investment Strategy agreed two years ago.

Responding to supplementary questions the Chief Executive said he could not think of any examples where an investment decision would not comply with the Council resolution agreed last July which committed investments to be in the long term. It was also certain that the Council would continue to take internal and external advice not only on specific property investments but also on a range of options arising from a specific strategy such as Regeneration. He also expected that this one-off advice would be reviewed as the strategy and investments associated with it developed.

On Q15, the Chief Executive confirmed that a yield of 2.5% net was expected from property investment.

The Chief Executive said that the borrowing rates referred to in Q16 fluctuated as the markets fluctuated but the Council sought to borrow at the most advantageous rate possible and to lock it in for as long as possible. To see if an investment was worthwhile the cost of the asset and the repayment costs would be calculated to which a figure of 2.5% would be added. The Council would be looking for a yield of 7 - 7.5% for an investment to be seen as worthwhile and this was being achieved in respect of £50m of its investments. The Chief Executive agreed that there would be a number of potential investments that would not meet the Council's criteria.

The Portfolio Holder confirmed that the Council's appetite was only for those investments that carried a low risk. The PWLB had increased its borrowing rate but this was after the Council had taken out its loan.

The Portfolio Holder said he would arrange for an explanation of the saving referred to in Q17 and how it was represented in the MTFS to be circulated.

Q18: How is the Council managing the additional costs for collecting the extra waste from the new blocks of flats being built throughout the borough?

The Leader, replying in his capacity as Chair of the West London Waste Alliance, explained that 1000 tonnes of waste a day were being sent to the recovery centre in Wales. New priorities were being set by the Alliance to reduce the level of residual waste, thereby ultimately reducing the amount of waste overall, and to encourage recycling/reuse.

A campaign and communication exercise had recently started targeted at flat owners to improve the take up of the food waste collection and, although the borough had one of the best take up rates in London, it was estimated that some 400 tonnes of food waste were still being collected as residual waste. One of the objectives was to move this food waste into recycling and people moving into the new developments would be particularly targeted and encouraged to recycle their waste.

The recycling contract was due to expire shortly and the renewal of the contract would need to be mindful that the market for the take up of recycling material, such as wood and plastic, was fluctuating with some countries (e.g. Holland and China) now refusing to take some of the materials they had previously taken. These fluctuating costs presented a challenge for the Council which is why the budget contained a risk factor.

The Chief Executive explained that he and the Director of Finance had identified a need to review the assumptions made about the gains from the increase in housing numbers and the Council Tax Base compared to the additional costs incurred. This review would establish whether a tipping point had been reached and if so whether an allowance should be made in the budget.

Responding to a supplementary question he confirmed that the level of this allowance had not been calculated but we need to make a bit more of an allowance and one idea being explored in preparation for the budget for 2021/22 was for half of the revenues from new developments to be included in the bottom line and to hold back the other half to maximise choices. The idea would be worked up in more detail during the course of the year.

In response to a further follow up question he agreed that the collection of waste from flats did pose a particular challenge and although the service was getting better there was still scope for improvement which the redesign of the Depot might help to contribute towards. Whilst some of the problems emanated from the residents, the Council could do more to make it more straight forward.

Q19: What action is being taken to manage/reduce the level of debt within the Capital Programme?

The Portfolio Holder explained that bids for capital funding were subjected to four rigorous tests including meeting health and safety requirements and to demonstrate an ability to pay for itself. Millions of pounds had been taken out of the Capital Programme as a result of this rigorous process which would continue to ensure that expenditure was essential.

He also pointed out that one of the reasons for going down the route of seeking a partner for its regeneration strategy was to share and manage risks, to secure a new Civic Centre and affordable housing at no Council to the Council.

Q20: What action is being taken to bridge the projected budget gap of £15m for 2021/22?

The Portfolio Holder replied by saying that the Council, like local government in general, was caught in a structural problem created by a number of uncertainties including the level of central government funding which made long term planning difficult. Some of these uncertainties would hopefully be resolved over time but in the meantime the Council would continue to spend prudently. It would also carry out a number of policy reviews in areas of greatest spending.

The Chief Executive shared the Portfolio Holder's frustration in not being able to make long term planning and felt that the uncertainty would continue until the end of 2020 when the Council might have a bit more certainty in the medium term.

Whilst it was prudent to paint a worst case scenario he was confident that the budget gap would come down as a result of increase in government grant, more resources for adult and social care, continuation of new home grant, borrowing etc. Although the gap might not be closed, he was also confident that the Council would not be faced with having to take huge chunks of money out of front line services.

The Leader thought it was important to remember that the main reason for the budget gap was the loss of revenue grant of some £50m from central government as a result of which 77% of funding was via Council Tax. The Council would not know the level of support it will receive from central government until the Comprehensive Spending Review had been completed in March and fed into the budget process in November.

Q21: What would you choose as your big ticket issues for 2020/21?

The Leader went for Climate Change and Tackling Inequality and Poverty as did the Portfolio Holder. The Chief Executive chose health and social care integration.

At the end of the question session the Chair thanked the Leader, the Portfolio Holder and the Chief Executive for their attendance and responses.

(Note: The meeting, having commenced at 7.30 pm, closed at 9.15 pm).

(Signed) COUNCILLOR SACHIN SHAH
Chair