

PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

27 NOVEMBER 2014

Chairman: * Councillor Phillip O'Dell

Councillors: * Richard Almond * Barry Macleod-Cullinane
* Mrs Chika Amadi (1) * Adam Swersky

In attendance: Sue Anderson Minute 21
(Councillors) Simon Brown Minute 22

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

17. Attendance by Reserve Members

RESOLVED: To note the attendance of the following duly constituted Reserve Members:

Ordinary Member

Reserve Member

Councillor Kiran Ramchandani

Councillor Chika Amadi

18. Declarations of Interest

RESOLVED: To note that the following interests were declared:

Agenda Item 7 – Mid Year VCS (Voluntary and Community Sector) Grant Monitoring Report

Councillor Richard Almond declared a non-pecuniary interest in that he was a trustee of the Harrow Citizens' Advice Bureau. He would remain in the room whilst the matter was considered and voted upon.

Councillor Sue Anderson declared a non-pecuniary interest in that she was a member of the following organizations: ADHD & Autism Support Harrow, Harrow Association of Disabled People and was a Council appointed representative on the Harrow Environmental Forum and the Harrow Nature Conservation Forum. She would remain in the room whilst the matter was considered and voted upon.

Councillor Barry Macleod-Cullinane declared a non-pecuniary interest in that he was employed by the Citizens' Advice Bureau at a national level. He would remain in the room whilst the matter was considered and voted upon.

Councillor Adam Swersky declared a non-pecuniary interest in that he was a trustee of the Harrow Citizens' Advice Bureau. He would remain in the room whilst the matter was considered and voted upon.

19. Minutes

RESOLVED: That the minutes of the meeting held on 9 October 2014, be agreed at the next meeting.

20. Public Questions, Petitions and References

RESOLVED: To note that no public questions, petitions or references were received at this meeting.

RESOLVED ITEMS

21. School Expansion Programme

The Sub-Committee received a report of the Corporate Director Children & Families and the Director of Finance and Assurance which provided an update on the implementation of the school expansion programme and related matters. A document which set out the most up to date information regarding the School Expansion Programme (SEP) was tabled at the meeting.

The Chair welcomed the Portfolio Holder for Children, Schools and Young People to the meeting. Following a brief introduction to the report by the Portfolio Holder and the Interim Corporate Director of Children and families, Members made the following comments and asked the following questions:

- What types of difficulties had affected the SEP and why had it been necessary for officers to have meetings with the Keepmoat, the contractors?
- There were systemic failings across the council with regard to the terms and conditions of large contracts and it was the responsibility of the Procurement team to ensure there were adequate safeguards written into large contracts. Why had lessons not been learnt from previous building contracts and were there penalty clauses and strict

deadlines specified in the current contract? Why had fluctuations in the construction market not been anticipated and mitigated against?

- What quality issues had there been related to the works carried out by the current contractors and were these of a serious nature?
- Who was expected to flag up issues relating to ongoing building works – was this the responsibility of school heads or Council officers?

The Portfolio Holder stated that the main quality issues had not been serious and did not relate to structural issues but were on the whole minor issues related to finishing off works, for example, painting. These had occurred due to inadequate communication between the contractors and schools. They were also a consequence of a demanding summer programme of work fitted into a shortened 5½ week summer holiday period.

The Corporate Director added that a Head Teachers Consultative Group had been set up in order to ensure early engagement by schools with building plans and to ensure good communication between schools and contractors. The regional Director at Keepmoat had met with school heads recently. Officers were making every effort to ensure that there was a mutually supportive process between school heads and council officers. These measures would be of benefit during phases 3 and 4 of the SEP.

An officer advised that the building trade had been in recession this time last year and was now experiencing a boom. This rapid change in market conditions had seen a sharp increase in construction costs and a sudden shortfall of trade contractors, who had reduced their capacities during the recession. A notable recognition of this change in market conditions was the 12% increase in construction costs that the Education Funding Agency (EFA) had agreed this year.

Keepmoat, like all main contractors, had recently had a high turnover of staff as there was an ongoing clamber to recruit new staff to meet the increase in demand. Subcontractors, who were recently chasing work, were now finding that they could pick and choose which contracts they wished to undertake. Consequently, it had taken some time to agree costs and finalise details of current projects.

The Portfolio Holder stated that the original contract had been negotiated over four years ago, without penalty clauses. However, going forward, officers were looking at different ways of procuring for phases 3 and 4 of the SEP and would seek the expertise of the Corporate procurement team to do this.

The Corporate Director advised that the Harrow framework contract with Keepmoat (formerly Apollo) for Phase 1 of the SEP had been used for phase 2 in order to ensure continuity of the SEP.

An officer advised that the schools' summer break in 2014 had been shorter than usual and consequently the works at Pinner Park Primary and Stanburn Primary Schools had been delayed. However, the contractors had been obliged to complete all outstanding works in their own time and at their own expense.

- What was the likelihood of delays in the future?

An officer stated that he anticipated some delays in the current programme, whereby some building works would extend into the first weeks of the school term, but crucially, all new classrooms required for the start of the new term in September would be ready.

The Corporate Director advised that the amber rated projects were ones that were Harrow's responsibility and that those rated red, were being undertaken directly by the EFA.

One of the building projects in SEP1 had been severely delayed, due to a re-design and to meet the budget, and would be delivered a year later than planned, however, it had been possible to accommodate the pupils within the school site while the works continued.

Some of the delays could not have been anticipated, for example, at Belmont Primary School, builders had discovered existing foundations and BT data cables, both of which had needed to be removed and led to a 5 week delay, which was the reason for the amber rating. It may be possible for the builders to make up this lost time. He added that there was risk provision in the budget for such eventualities.

- Why had the predicted costs which were in excess of 5% over/under the budget, been rated red?

The Corporate Director advised that the SEP had tight timescales attached and therefore the margin for error was equally limited. He expected that phase 2 of the SEP would be delivered on budget, however, all contingency would be exhausted. Any minor fluctuations in the future could lead to an over spend and fluctuations in the market could equally impinge on the works.

A Member proposed that it might be more useful to gradually rate project delays by using more colours than green, amber, red. For example, those with delays of 1 week or less as light green, those experiencing delays of 1-2 weeks as dark green, 2-3 weeks as amber etc. Members would expect to see this level of granular data in the report. The Corporate Director undertook to ensure this level of detail in future such reports.

- What was the Council's relationship with the EFA and who had overall responsibility for building projects? What leverage did the Council have with the contractors in cases of slippage?

The Corporate Director advised that both the Council and the schools had very little involvement in the PSBP projects, which were managed directly by the EFA. The EFA set the costs and procured them. The EFA had recently moved to a regional procurement arrangement in a bid to drive down costs. He added that all PSBP projects had been centrally funded, not through Harrow Council funding. It was noted that it was possible for the Council to tender to build PSBP schools for the EFA through its procurement team.

He added that the Council had a statutory duty with regard to the education of children in the borough and would ensure works were completed on time. In cases of slippage, the Council would engage in dialogue with the contractors and put pressure on them to complete works on time and within budget. Contingency measures were also currently being agreed with the contractor, at their cost, for any projects that may fall behind the programme.

- How many applications for Free schools had been received?

The Corporate Director advised that three bids had been received and had progressed to the next stage.

- What information was there regarding the flow of pupils at 6th form? Were more pupils from Harrow travelling out of borough or were more pupils from outside the borough coming to study in Harrow? Was Harrow a net exporter to other London boroughs? Had the council lobbied central government regarding the unique situation in Harrow?

The Corporate Director advised that the GLA formula that was used by local authorities to predict the number of school places that would be required had in recent years become less accurate and less predictable due to demographic changes and economic factors. He added that recent successful bids for government grants had made the case for Harrow's unique demographic issues related to education and Harrow had received a proportionately higher amount of grant than other authorities.

- The report cited Planning and Finance as the highest priority risks for the SEP, however, was the team responsible for the SEP adequately staffed and resourced to ensure delivery within the timescales set?

The Corporate Director stated that the success of the SEP would depend on the skills, knowledge and expertise of officers across the Council, for example the Procurement team. However, a very large proportion of senior officers involved in the project were interims, including himself, which was an area of concern. However, the Director of Finance and Assurance had been allocated final sign-off for particular areas of the project to help mitigate against this.

An officer added that the programme had been a corporate endeavour and had relied heavily on the expertise and support of the Planning and

Finance departments. The SEP was also supported by excellent project managers, the school travel planning service, Corporate Finance and the Communications team.

- In cases where there was slippage in those building works funded by the EFA, there was a reputational risk to the Council, in that it may be blamed unjustly for any delays – how had this been mitigated against?
- How were the different phases of the SEP funded? The report stated that if the programme was not deliverable within the current programme then borrowing may be required. What were the implications of this?

An officer advised there were regular meetings with school staff, parents and other stakeholders to keep them updated and informed of progress with projects.

The Corporate Director advised that the current 3 phases of the SEP had mixed funding. The majority of funds, ie £34m of the £55m for SEP2 phase, had been received as a result of successful Targeted Basic Need (TBN) bids.

An officer advised that the Council had a statutory duty to provide sufficient school places for children in the borough and the Council was lobbying the government for additional funding. However, if the current programme was not deliverable within the EFA funding, then it would be necessary to borrow the money. The Council was actively working with the applicants for Free schools to help them identify appropriate sites, as the establishment of Free schools would relieve some of the pressure for school places.

- What strategies were being used to improve standards in schools? What was the latest thinking with regard to the design of schools from both a physical and educational perspective?

The Corporate Director advised that local authorities had a statutory responsibility for measuring performance and improving standards in schools. This work was carried out by the Harrow School Improvement Partnership (HSIP). Both schools and the council contributed financially to HSIP and Harrow was doing well in this area, to the extent that Brent had commissioned HSIP to deliver its school improvement programme.

An officer advised that the policy regarding school design had changed over the years. Officers worked closely with school heads in the design of schools. Central Government prescribed standard models for classrooms ie they should be low maintenance, energy efficient, maximise on the use of natural light. All the schools in the SEP would have Wifi networks and interactive whiteboards.

- Increasing numbers of pupils now were allocated school places via the Fair Access Protocol (FAP), which meant that classes were often over their Planned Admission Number (PAN). Had there been an increase in classroom size to take account of this factor? In addition, there were traffic congestion issues at school pick-up and drop-off times. Who was responsible for this?
- There was severe congestion in the vicinity of Park High School, which had been exacerbated by insufficient enforcement. These issues were likely to worsen with the increase in the school population. It was important to understand how TfL bids were allocated and the impact of the SEP on those who lived in the vicinity of schools being expanded. What plans were in place to deal with these issues?

The Corporate Director advised that there had been no increase in the physical capacity of classrooms and that the new classrooms, as part of the SEP, were built to accommodate 30 pupils. However, he recognised that in practice, some classes would have more than 30 pupils. He added that in recent years bulge classes had been introduced to keep pace with increasing demand.

The Corporate Director advised that this was a borough-wide issue that required a corporate response - through enforcement, school travel and access plans and educating parents. He added that the EFA funds did not include monies for improvement to local infrastructure in the vicinity of schools. Traffic congestion was the responsibility of the Environment and Enterprise Directorate.

The Portfolio Holder advised that the Council currently had one camera loaded enforcement vehicle and had recently hired a second one. Both he and the Corporate Director undertook to look at enforcement data, including the issue of Fixed Penalty Notices relating to congestion and parking issues during school pick-up and drop-off times and report back to the Sub-Committee.

The Chair added that the success of school travel and access plans were included in the Scrutiny Watchlist and he would raise this issue at the next Chair's Briefing and Scrutiny Leads meeting.

RESOLVED: That the report be noted.

22. Mid Year VCS (Voluntary and Community Sector) Grant Monitoring Report

The Sub-Committee received a report of the Corporate Director of Community Health and Well-Being, which set out information on the monitoring of projects or services awarded grant funding in 2014-15 and provided a summary of information provided by organisations on the delivery of their services as part of the mid-year monitoring process.

The Chair welcomed the Portfolio Holder for Community, Culture and Resident Engagement to the meeting.

Following a brief overview of the report by an officer, Members made the following comments and asked the following questions:

- Some of the outcomes set out in the Monitoring forms were not sufficiently detailed. It was not clear how the grants would be used to achieve the outcomes set out or how these would be measured by the organisation in question or by the Council. Why had this information not been more clearly defined and specified in the report?

An officer advised that a maximum of £5k was available per organization and most organisations received less than the maximum amount. There was less specificity required for the small grants. Some organisations had provided detailed outcomes for grant funded projects and set out who the proposed beneficiaries would be. This information would be validated by officer validation visits to the organisations in question.

She added that the report had been written before any of the validation visits had been undertaken. Historically, a more complete version of the report would have been reported to the Grants Advisory Panel in December. She added that the outcome based grants report was also submitted to the relevant Portfolio holder and to Cabinet. Furthermore, officers were able to hold back or even claw back grants in cases where the organisation was deemed to be under-performing.

- Was it possible to differentiate between those organisations that were in receipt of additional funding from other sources and those which were solely funded by Harrow?

An officer advised that organisations were asked to identify other additional funding streams for their projects. She added that the appendices to the report contained only extracts from the monitoring forms and did not go into full detail.

- Why did the extracts not set out which protected groups would be targeted by the organisations?

An officer advised that this level of detail would have been specified on the original grant application forms submitted by groups.

- Some groups appeared to be operating in neighbouring boroughs. Surely this was unfair on Harrow residents?

The Portfolio Holder advised that there was an expectation that grants awarded to groups in Harrow would be used to benefit Harrow residents. However, some groups had members living in neighbouring boroughs. An officer added that Community & Voluntary Sector (CVS) organisations did not operate within borough boundaries, however, officers would expect to see evidence of delivery of services to Harrow residents during their validation visits. The officer added that, in

hindsight, she realized that it would have been more useful if the report had included both the original grant application forms, the SLAs and the complete monitoring forms submitted by organisations.

A Member stated that it would have been useful if the report had provided more qualitative data, flagged up those organisations that were under-performing and highlighted areas of concern. This would have facilitated Members' scrutiny of the report. An officer undertook to ensure that this level of detail was included in future such reports.

- How did the Council benefit from the services and activities provided by the CVS as a result of council grants? Did the Council refer residents to some services, such as translation services, provided by some of the CVS groups? Several organisations seemed to provide similar services and there appeared to be duplication of services in other areas. Why didn't organisations group together to provide some services jointly in order to avoid duplication?
- It would have been useful to know whether particular services were best provided by the CVS or the Council. This information could have a bearing on the amount of grant allocated, particularly in cases where services proved to be more effectively and economically provided by the CVS.

An officer advised that many CVS groups provided discretionary services, such as translation services and other types of services which were currently not provided by the Council. She added that officers were in discussion and for example, encouraging larger organisations to commission smaller organisations to deliver some services jointly.

- The Chair stated that, in his view, the Scrutiny Lead Members needed a better understanding of the overall grant application and monitoring process. He asked how much officer time and resource was available for the grants process?

An officer advised that there were 1.5 officers assigned to this area of work, however, the monitoring exercise was carried out jointly with officers from other council Departments. She added that she expected the monitoring visits to be completed by January 2015.

- Was there a mechanism to refer victims of domestic violence to those CVS groups which provided support in this area?

An officer advised that such referrals were made. However, the Council did not currently fund such initiatives, which were funded through other funding streams and existing SLAs.

RESOLVED: That the report be noted.

23. Exclusion of the Press and Public

RESOLVED: That the press and public be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
11.	Appendix 1 to item 7 – Mid Year VCS (Voluntary and Community Sector) Grant Monitoring report	Information under paragraph 1 (contains information relating to any individuals).
12.	Appendix 2 to item 7 – Mid Year VCS (Voluntary and Community Sector) Grant Monitoring report	Information under paragraph 1 (contains information relating to any individuals).

(Note: The meeting, having commenced at 7.30 pm, closed at 9.58 pm).

(Signed) COUNCILLOR PHILLIP O'DELL
Chair