

OVERVIEW AND SCRUTINY COMMITTEE (SPECIAL) MINUTES

17 JULY 2017

Chair:	* Councillor Phillip O'Dell	
Councillors:	* Richard Almond * Jo Dooley Ms Pamela Fitzpatrick Barry Kendler	* Barry Macleod-Cullinane (3) * Jerry Miles † Chris Mote * Paul Osborn
Voting Co-opted:	(Voluntary Aided) † Mr N Ransley Reverend P Reece	(Parent Governors) None
Non-voting Co-opted:	* Harrow Youth Parliament Representative	
In attendance (Councillors)	Sachin Shah Adam Swersky	Minute 230 Minute 230

- * Denotes Member present
- (3) Denotes category of Reserve Member
- † Denotes apologies received

228. Attendance by Reserve Members

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

Ordinary Member

Councillor Ameet Jogia

Reserve Member

Councillor Barry Macleod-Cullinane

229. Declarations of Interest

There were no declarations of interest.

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

The Chair welcomed the Leader of the Council, the Portfolio Holder for Finance and Commercialisation, the Chief Executive and the Director of Finance to the meeting; he indicated how he would structure questions from the members of the Committee.

A Member referred to his previous complaint about the problems with the meeting notification screens at the Civic Centre. The Chief Executive expressed his own disappointment at the continuing issues, apologised for them and stated that he would personally intervene to resolve the matter.

In response to a Member's query about whether the Concilium companies were subject to the Council's rules in respect of contracts, financial regulations and health and safety, the Leader of the Council, Portfolio Holder for Finance and Commercialisation and the Chief Executive explained that the arrangements had been designed deliberately to give the companies some freedom to operate more flexibly than public authorities. There would inherently be some additional risk involved in this, but those involved were expected to manage this appropriately. The report to Cabinet establishing the arrangements had distinguished between matters which were for the companies to determine and those which were reserved to the Council. The companies had their own Articles of Association which established how they would operate in accordance with company law and normal business standards. The Council, as the sole shareholder, had a role in overseeing the performance of the companies and there were regular monitoring reports for this purpose. The Portfolio Holder for Finance and Commercialisation agreed that this should extend to personally reviewing the arrangements with respect to contracts, financial regulations and health and safety. However, this did not dilute the responsibility of those appointed as Directors of the companies to fulfil their individual duties to operate the companies properly, including fiduciary duties, and to meet all relevant legal requirements and with appropriate safeguards in place. The relevant staff were trained in these responsibilities. It was underlined that these were not simply matters of rules and procedures, but also about the organisational culture of the companies and the people operating them.

The Member expressed concern that given the fact that the Council was ultimately responsible as sole shareholder and that public resources were involved, these arrangements were too loose and could expose the authority to undue risks, including financial loss. He asked whether the Council staff acting as Directors of the companies were indemnified for their decisions in the same way as for Council activities. The Portfolio Holder for Finance and Commercialisation understood that the indemnity arrangements were similar, but he would confirm this.

The Chair asked about progress with those aspects of the Peer Review report which dealt with the engagement between the political groups on the Council. The Leader of the Council confirmed his willingness to work more cooperatively with the Opposition Group, but a sticking point remained their insistence on submitting excessive numbers of questions to Cabinet requiring written answers. He stated that he had arranged briefing meetings with the Leader of the Opposition but these continued to become bogged down in allegations that the Opposition Members were being denied information at appropriate stages. He remained willing to continue these meetings, but it appeared that little progress was being made in the working relationship as a result.

A Member referred to questions which had been presented to Cabinet, but had remained unanswered; he said that 235 had not been answered since February 2017. The Leader of the Council confirmed that if the Opposition were prepared to revert to a reasonable number of questions, such as the 10 to 12 they used to ask, then all of them would be answered.

The Member also complained about late notification to Opposition Members of key projects and initiatives, and reported that some senior officers had stated they had been instructed by leading Members of the Administration that they should not brief Opposition Members; he sought an answer as to whether this was true. The Chief Executive confirmed that all Corporate Directors had been written to and reminded of the fundamental principle that Council staff support all councillors and he personally remained committed to continuing his meetings with shadow Portfolio Holders should they wish to have briefings on key issues. He again reiterated his request that Opposition members let him know if they felt this had not happened. No one to date had contacted him otherwise. The Leader of the Council stated that he had never instructed officers not to brief Opposition Members and would never do so. He cautioned that there were circumstances when it was too early for such briefings and this could have led to misunderstandings. He would underline to Portfolio Holders that briefings for Opposition Members were entirely in order, and indeed should take place, at the appropriate stages. The Member who had asked the question noted that the allegation of instructions given to officers had not been specifically denied.

The Chief Executive referred to a meeting he had had with the Opposition Group when he had discussed the appropriate arrangements for accountability to Members and whilst accepting the principle of public accountability, had explained, in the current financial climate, the resource difficulties in officers having to provide information to answer large numbers of questions to Cabinet. He cited the suggestion at a previous meeting, by the Conservative Group Leader on London Councils, that oral briefings to leading Members of the Opposition Group at shorter portfolio meetings was the most flexible and appropriate mechanism in the circumstances. The Member who had asked the question indicated that many of his Group's questions did not require officer input and were merely for Administration Members to reply to straightforward enquiries about their actions or their views. He also argued that it was often important to have these replies on the public record rather than rely solely on informal and unrecorded briefings.

A Member asked about Harrow Council's role in the response to the Grenfell Tower disaster. The Leader of the Council acknowledged the scale of the tragedy and its severe impact, including the issues of trust raised for local government and other public authorities. He confirmed that there were no Council housing buildings in the Borough higher than four storeys, but there was still a need to be vigilant about fire safety. He was proud that Harrow Council had stepped up to assist in the wake of the tragedy; the Chief Executive was directly involved with Harrow leading on the building control issues related to the tower block itself, but also providing assistance in other areas, such as social worker support. The Leader of the Council read from a letter sent by the Secretary of State for Communities and Local Government earlier in the day which thanked the Council for releasing the Chief Executive to help the recovery programme and for the crucial contribution of his work. The Chief Executive confirmed that the Council had responded to Kensington and Chelsea requesting assistance from colleague London councils as a result of an overwhelming nature of the fire's effect on the local community. Harrow was focusing on making the tower structure safe and stable, and to enable an effective recovery operation and criminal investigation. Work would continue in full consultation with local people during the period in which investigations continued, expected to be to the end of the year. At the appropriate point, the community would be fully involved in discussions about the future of the site, with a memorial park among the early suggestions for the longer-term. The Chief Executive underlined that all involved were acutely aware of, and sensitive to, the impact of the tragedy and its aftermath on trust between communities, elected politicians and public authorities.

Referring to the involvement of the Chief Executive in the work of the London-wide Grenfell response team, another Member linked this to reports from residents about problems with refuse bin collections and argued that there were questions over the effective operational leadership of the Council in the light of the Chief Executive's commitment to the Grenfell project. The Leader of the Council criticised the linking of the two issues; while he acknowledged that there was a need to improve performance on refuse collection, he denied that any conflicting priorities were the cause of the problems.

The Harrow Youth Parliament representative referred to the Redefining Youth Engagement review, arguing that it had failed to meet the stated objectives of involving young people in commissioning services and improving the service. He considered that the dissolution of the Youth Development Team had undermined the engagement of young people, particularly vulnerable ones. His view was that the service had been diminished, particularly through the loss of specialist staff who could work effectively in preventing anti-social behaviour and crime. He suggested that some Cabinet Members shared concerns about the outcomes of the review and he called for an impact assessment of the changes and for the Leader of the Council to intervene in the matter. The Leader of the Council replied by referring to the report which had reviewed the previous arrangements and had proposed reorganisation of the service; the report had found an absence of clear strategy, lack of coordination, underuse of resources, uncertainties over roles and responsibilities, etc. He acknowledged that the review was, in part, to achieve budget savings, but it had also addressed previous deficiencies and made better use of limited resources. The Leader referred to the fact that Ofsted

had included the service in its recent inspection and had concluded that the Council was providing good youth services and as rated in the top 25% of children's services authorities. He underlined that the Council was committed to working with the Harrow Youth Parliament to develop the service. The Chief Executive added that other authorities were also moving towards more integrated services, including whole family approaches with greater focus on education, training and employment for young people.

A Member asked about the declining use of libraries and the impact of budget reductions on this service; he specifically referred to plans for Roxeth Library. The Leader of the Council acknowledged that the nature of the service was changing to reflect users' interests and needs. He commended the new Stanmore Library as an example of a new approach with fewer books and more desk space and facilities for use of IT, eg. USB ports; feedback from users had been positive. It was anticipated that similar changes would be made to Kenton Library following the summer period. In respect of Roxeth Library, the Leader reported that changes were planned as part of the regeneration programme, though the Ministry of Defence's objection to the planning application had affected the plans.

A Member queried the target income in the Medium Term Financial Strategy in relation to progress with commercialisation schemes and asked for the current estimates of how any shortfall would impact on future years' plans. The Portfolio Holder for Finance and Commercialisation acknowledged that it was unlikely the 2016-17 target would be achieved, in part due to the commercial property market becoming more competitive and in part due to delays in the Infinity Project. The Council would review the position at the appropriate stage and might well need to re-phase income projections, not least because some estimates had been made some time ago now. The Chief Executive reported his disappointment at IBM's lack of progress in developing the Infinity project products and related pricing and marketing schedules; this had hampered the promotion of the product across potential clients and would cause budget issues. Similarly, the delay to the regeneration programme would have an impact on the private rented housing initiatives and would lead to budget changes.

A Member asked about the effect of the Government's delays to plans for changes to the business rates regime. The Leader of the Council confirmed the local government sector was generally very concerned over the Government choosing to delay until October any decision on the planned reforms. In London, there had been preparatory work on a regional pilot scheme; while Harrow would want to address certain issues in relation to the position of inner and outer London councils, the Council did wish to see the changes progressed. The Portfolio Holder for Finance and Commercialisation added that the Conservative Chair of the Local Government Association had expressed concern not simply about the business rates issue, but also about the Government's apparent changes to other finance reforms such as the devolution of fund-raising powers to the Mayors of combined authorities.

The Harrow Youth Parliament (HYP) representative referred to the meeting of the Overview and Scrutiny Committee on 27 June 2017 when it had considered the draft Community Safety, Violence, Vulnerability and

Exploitation Strategy for 2017-2020 and had acknowledged the HYP's concerns about the lack of emphasis on prevention. The Leader of the Council agreed that prevention strategies were important and said he would ensure that the Divisional Director, Strategic Commissioning met with HYP representatives to discuss this. However, the Leader also made the point that Harrow was a low-crime area and that it was also important not to fuel any unwarranted fear of crime as that itself could impact people's lives adversely. He had become concerned about the Government's plans to continue with cuts to Police budgets in London when the situation already required Harrow Police officers to be drawn away to help the Metropolitan Police cope with pressures in other parts of London. He had lobbied the Mayor's Office for Policing and Crime and London Councils on the matter and had signed a letter published in the London Evening Standard the previous week.

A Member queried whether the Smart Lettings would become viable by the deadline of March 2018 in the business plan as income streams were behind schedule; in particular, he was concerned about managing the risks and liabilities involved as significant amounts of public money were at stake. The Portfolio Holder for Finance and Commercialisation reported that the Council had set Concilium Business Services Ltd (the private company running the Smart Lettings project) demanding conditions and had underlined that the operations would not continue if income was not delivered. The intention was to allow the company the freedom to operate in a commercial way, but equally, the Council would intervene if required. The Chief Executive confirmed that a loss had been predicted for the first year of operation in any case; the company was about to open its office in the High Street and it was expected that business would start to flow more easily after that. It was still proposed that the position be reviewed in March 2018 when a decision would be made on whether to continue with the initiative.

In response to a Member's query about the worsening deficit in the Housing Revenue Account (HRA), the Portfolio Holder for Finance and Commercialisation explained that the HRA had been impacted by the 1% cut in social rents which had been calculated to have a real terms effect of almost 4% once the operation of the funds had been taken into account. Given that the HRA was ring-fenced, the Council would ensure that the highest priority expenditure, such as on health and safety for tenants, would be safeguarded. The Member who had raised the question pointed out that the reserves would be depleted if the current deficit continued and this could affect the viability of the HRA. The Leader of the Council referred to the recent appointment of a new Director who would be working on options to be brought forward in the next budget round.

A Member asked whether any projected overspend in Children's Services would be covered by adjustments within that department's budget or across the authority. The Leader of the Council replied that the Council would wait until there was a more predictable picture of budget trends before deciding what action to take.

In response to a Member's query about the homelessness situation in the Borough, the Leader of the Council reported that while over 300 families had been housed in temporary accommodation in the previous year, this had been

reduced to about 150 at present. The Council was working with landlords to improve supply and was also purchasing 150 properties to relieve the pressure on expensive temporary accommodation. The financial pressures included the impact of the benefit cap, freezes in tax credits and arrears caused by the switch to Universal Credit.

A Member considered that there were clear signs of the Council losing its grip on budget pressures with gaps appearing and risk increasing. He saw no adequate recovery plan which was likely to restore balance to the budget position and he questioned whether the Council would soon reach a point where the existing budgets were unviable. The Portfolio Holder for Finance and Commercialisation acknowledged that there were genuine budget pressures and that some of the Council's initiatives to generate income, did involve an element of innovation and risk. He referred to the Council's ambitious project to build new homes and argued that this chimed with the Government's agenda for councils to seek new ways of resolving the housing crisis.

A Member raised the question of the continuing failure to ensure new starters carried out the "mandatory" online training in equalities; in fact, performance had worsened from 36% to 25% in the previous year. He understood that some front-line staff would not have ready access to computers at work, but this could not explain the level of underperformance. He suggested that firmer action should be taken with managers who were not implementing this policy for their new staff. The Chief Executive agreed that this situation was not acceptable and he would raise the matter with the Council Leadership Group and Corporate Directors. He would also ask the Divisional Director, Strategic Commissioning to report personally to him on the position and how to resolve it.

A Member referred to two items on the agenda of the Overview and Scrutiny Committee meeting on 27 June 2017 when neither relevant Portfolio Holder had attended to answer questions on the service areas. He reported that this was not uncommon and that it was rare for assistant Portfolio Holders to cover. The Leader of the Council confirmed that he attended scrutiny meetings whenever he was invited and would expect Portfolio Holders to do the same; he stated that he was not sure if invitations to relevant meetings were always sent.

The Chair referred to an estimate by a previous Divisional Director that staff absence was costing the Council over £400,000 per annum and asked what the current costs would be. The Chief Executive confirmed that absence trends were monitored and that managers were encouraged to be proactive in addressing any underlying issues to keep sickness levels down. The approved absence policies provided for meetings with managers to be triggered by thresholds for repeated short-term absences and for longer term absences. When a Member pointed out that a red flag on this indicator had been triggered for three quarters in a row, the Chief Executive accepted that further improvements could be made, but he also acknowledged that there were pressures on staff at present given the context of budget cuts; he underlined that the Council would not improve productivity by moving away from an appropriate work-life balance.

The Harrow Youth Parliament representative referred to a comment from a senior figure within the Council that the HYP should “come into line” with the Council’s proposals for youth services. He considered this to be at odds with the Council’s stated intention to engage young people positively in scrutiny and policy development. The Chief Executive acknowledged the Council had to be democratically accountable to a range of stakeholders, including young people and he cited the present meeting as an example of the most senior figures directly responding to questions from the HYP; he considered that this should also extend to influencing future policy decisions and not just scrutinising them after the event. He invited the HYP representative to report any problem areas to him personally and he would take seriously the resolution of any genuine issues.

A Member asked whether the Council’s “massive increase in borrowing” was on track. The Leader of the Council reported that a review of various financial and commercialisation initiatives was due to take place with a report to the September Cabinet meeting. The Portfolio Holder for Finance and Commercialisation reinforced the need to review any major programme to assess progress and new challenges. The Chief Executive confirmed that due diligence was necessary to ensure such programmes were sustainable and could deliver on objectives; this would include the debt financing arrangements.

The Chair thanked the Leader of the Council, the Portfolio Holder for Finance and Commercialisation, the Chief Executive and the Director of Finance for attending the meeting and answering the Committee’s questions.

(Note: The meeting, having commenced at 7.30 pm, closed at 9.25 pm).

(Signed) COUNCILLOR PHILLIP O'DELL
Chair