

OVERVIEW AND SCRUTINY COMMITTEE (SPECIAL) MINUTES

10 JULY 2018

Chair:	* Councillor Jeff Anderson	
Councillors:	* Richard Almond * Dan Anderson * Peymana Assad * Honey Jamie	* Jean Lammiman * Jerry Miles * Chris Mote * Kanti Rabadia
Voting Co-opted:	(Voluntary Aided) † Mr N Ransley Reverend P Reece	(Parent Governors)
Non-voting Co-opted:	Harrow Youth Parliament Representative	
In attendance (Councillors)	Councillor Graham Henson, Leader of the Council	(Minute 19)
* Denotes Member present		
† Denotes apologies received		

17. Attendance by Reserve Members

RESOLVED: To note that no Reserve Members had been nominated to attend the meeting.

An apology for absence had been received from Mr Ransley.

18. Declarations of Interest

RESOLVED: To note that no declarations were made by Members of the Committee.

RESOLVED ITEMS

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

The Chair welcomed the Leader of the Council, the Interim Chief Executive and the Director of Finance to the meeting.

The Interim Chief Executive opened the meeting with an overview of the major issues facing the Council and the Borough. He outlined the national picture in relation to the work of local authorities, drawing on some of the themes highlighted in the Local Government Association (LGA) conference the previous week. A major concern had been the issues around funding available to local government, particularly the approach to funding adult and children's social care and the financial demands of children's special educational needs. There has been an announcement of £20bn for the National Health Service, but questions remained as to the implications for adult social care. A Green Paper had already been delayed and was now due in the Autumn. The new Secretary of State had spoken about creating a sustainable footing for social care; this was urgently needed and the issues were now acute in Harrow, with demand increasing, care packages becoming more complex and prices rising.

The outcome of the Comprehensive Spending Review setting the national allocation for local government was still awaited. The Fair Funding review would look at the allocation of local government funding between Councils. In London, the pooling of business rates sought to balance out the returns from business growth around London. Harrow had managed to stabilise its business rates levels after long-term decline over 20 years; however, business rate growth in other areas of the capital was stronger.

The Interim Chief Executive reported that housing remained an important national and London theme; the Mayor of London had made funds available for affordable housing and Harrow urgently needed to make the most of this opportunity. The Council was preparing its Strategic Housing Market Assessment and in the new London Plan, the housing targets for Harrow would double. In London, there was now a major focus on gangs, knife crime and the safety of young people. While Harrow was still a relatively safe Borough, it was becoming less safe, with recent incidents in Wealdstone, South Harrow and Rayners Lane. The Interim Chief Executive was conscious that, in this context, the "Harrow is 'safe'" message did not work for residents as it simply did not resonate with their experience, particularly in these areas. Post-Grenfell, a lot of work was taking place on emergency planning arrangements and Harrow was playing its part in these discussions.

The Interim Chief Executive referred to the restructuring of the Police service in London which involved the creation of a new Borough Command Unit

covering Harrow, Brent and Barnet; the new model would go live in November. He was confident that the good partnership relationship with the Police in Harrow developed over many years would help ease this transition. The principal challenges in housing were the high levels of people in temporary accommodation, the HRA's sustainability and the task of increasing social housing while the Council was up against the borrowing cap. The Council's children's services had received a Good Ofsted rating, though the inspection framework had since been strengthened; the next self assessment against this framework would be reported to Cabinet shortly.

The Council was pursuing a re-organisation of adult care services with demand and pressures growing, significantly impacting the Council's budget. External advisors were assisting in exploring options, The Council was retendering its refuse collection fleet to try to avoid the breakdowns which had caused disruption to the service during the winter. Fly tipping, overcrowding, migrant labour, illegal occupation had all created concerns for the Interim Chief Executive. The Council had hosted the Permanent Secretary of Ministry of Housing, Communities and Local Government a few weeks before to showcase current issues in the private rented housing sector and address community cohesion issues. Customer service standards were holding up and Harrow was now one of the most digital councils nationally with 88% of our customer interactions being self-service via Access Harrow.

To conclude, the Interim Chief Executive confirmed that the Council's overall financial position was very tight, featuring a combination of projected gaps in the budget and low reserves. In February, there was a reported £33m funding gap between 2019 and 2021, with a total of £17m in reserves of which £7m are earmarked and the remaining £10m classed as general fund balances. . The Council was already a low spending authority. Through the budget process, the Council was developing options to address these gaps and the Interim Chief Executive was in discussion with the Local Government Association about support they and the sector could provide to this process; these were early discussions and he would update Members in due course.

The Leader of the Council underlined the significant shortfall in local government funding which the LGA had estimated at £7.8 billion nationally by 2025, simply on the basis of maintaining current service levels. He had concerns over a number of pressures on budgets and services; these included the worrying increase in violent crime affecting young people, particularly in the context of reductions in Police resources; the challenge of securing more affordable housing; the impact of low-paid employment on families; and the levels of support for those with mental health problems, especially young people.

The Chair asked about the development of health facilities in the Harrow town centre area. The Interim Chief Executive reported that he had raised the matter with the NHS Harrow Clinical Commissioning Group (CCG); he wished to be reassured about the capacity and location of primary care practices given the amount of housing development planned in the area.

The Harrow Youth Parliament representative reported that its members had discussed the problem of low pay in employment and sought a response from

the Council on the issue. The Leader of the Council acknowledged that this was a key issue for young people and reported that the Council was trying to address employment issues through support for the Ignite Trust's work and through the promotion of apprenticeship opportunities, both in the Council and in local firms. A representative of the Northwick Park Hospital Trust present at the meeting added that the Trust had held an open day promoting opportunities for young people to work in NHS roles.

A Member queried the level of financial reserves held by the Council and the lack of clarity over the regeneration programme borrowing costs which would arise; it appeared to him from the Cabinet reports on the programme that yields were now estimated at 5% when they had previously been 8%. He asked whether funding was in place and whether it was still intended to use the European Investment Bank as had been suggested at one stage. The constant revision of financial assumptions made it very difficult for councillors to assess the likely risks, and he wondered whether the Council planned to reduce the scale of the programme so as to manage these risks more reliably. The Member also queried the Council's decision to invest in properties outside the Borough when capital funds could have been used directly to increase housing locally.

The Director of Finance advised that the Council had yet to determine the borrowing arrangements and there were a number of options which could be considered, including a bond issue, use of the Public Works Loan Board and other funders such as the European Investment Bank (EIB), though the latter option would only be viable for a proportion of the programme due to EIB investment funding criteria. The Regeneration Programme is an evolving programme and the Council are assessing the capital financing options which meet the needs of the programme and are the most cost efficient to the Council. As the programme is evolving, reports to Cabinet will themselves vary in the financial modelling and options outlined. She confirmed that 5% was being used as the benchmark yield figure for the programme as a whole.

The Interim Chief Executive added that the scale of the regeneration programme was being kept under review and it was possible that borrowing commitments would change compared to previous assessments. The Leader of the Council confirmed that options would be narrowed down and measures put in place to mitigate the risks; he underlined that a significant policy driver was to increase affordable housing to meet the needs of local families. He understood the 8% figure might have related to a particular investment in commercial premises outside the Borough. He concluded by underlining that the Council would obviously not proceed with any elements of the programme which financial modelling indicated as too risky in terms of affordability.

The Harrow Youth Parliament representative sought more information on employment opportunities for young people which she felt had been covered only vaguely in documents such as the Community Safety, Violence Vulnerability and Exploitation Strategy. She also referred to a £40,000 reduction in services offering support to young people with mental health issues. The Leader of the Council reported that there was a range of initiatives in terms of employment for young people, including apprenticeships at the Council and opportunities through the Xcite programme; these were not

specifically relevant to the Community Safety, Violence Vulnerability and Exploitation Strategy. He advised that the £40,000 funding had been used to re-provide services in a different way, rather than being a cut in resources. He accepted that there were unmet needs in the field of mental health and that the Council wished to do more; however, the 97% reduction in the Government's Revenue Support Grant to Harrow over recent years meant that the Council's only real option was to bid for specialist funds. The Interim Chief Executive added that the Horizons partnership and the work with Thrive London and MIND were examples of the Council's involvement in responding to the needs of young people with mental health issues.

A Member referred to a question which he had notified to the Leader of the Council in advance, namely why there had been underspends in 2017-18 of £3.2m and £107m on the revenue and capital budgets respectively, and how the Council could have improved its performance had these resources been used. The Leader of the Council reported that budget planning was based on estimated demand for services which, because so many were demand-led services, could not always be predicted accurately; equally, there would be one-off circumstances which could affect demand for revenue resources. In the case of the capital budget, the Leader of the Council did not have a complete understanding of all the factors affecting it, but the circumstances and priority of certain schemes could change during the year as plans developed, and also there were sometimes instances where the tenders received would be at lower prices than anticipated. The Interim Chief Executive added that he could not recall a financial year when the Council had not underspent; in practice, this and the reserves provision allowed the Council flexibility to deal with unforeseen circumstances, such as the temporary relocation of Pinner Wood School in the previous year, and to cover costs arising from reorganisations such as redundancy payments, which could not be projected with complete accuracy in budget-setting.

A Member asked about the progress of the new Civic Centre project and the likely timing of the move there. The Interim Chief Executive advised that UK Power Networks was assessing the implications for the demolition of the sub-station on site. An audit of the requirements for the new building was being carried out to feed into design options; this would include proposed layouts, electrical works required and desk/staff ratios. Architects and engineers were working on this and it was expected this would take some six months; the Council would then go to the market to secure a contractor. It was therefore expected that the building completion would be in the first quarter of 2021 with occupation in the summer of that year. All relevant contracts were being reviewed and arrangements for pool cars were being developed. A planning application was anticipated in the late summer. The Leader of the Council added that while these were the Council's current plans, they would be subject to decisions informed by the financial modelling and assessments.

Another Member queried the significant reduction in staff car parking at the new site and whether staff such as social workers would be able to deliver services effectively as a result. The Interim Chief Executive advised that the current "pod" working arrangements for social workers would be replicated in the new building and pool cars would be available, including at the depot. Based on analysis of existing occupancy levels, a 6/10 desk-to-staff ratio was

currently planned for the new building; this compared to 5/10 used at the new Hounslow Civic Centre. Further work would be done on flexible working arrangements. The Interim Chief Executive agreed with the Member's statement that plans should be based on staff views and experiences, not those of directors. The representative of the Northwick Park Hospital Trust added that his experience was that effective working networks could be successfully established without co-location of staff.

The Member suggested that the Council adopt a clear critical path analysis for the Civic Centre project and she also underlined the importance of planning to secure the continued provision of services as part of the transition.

A Member asked about the recent community safety engagement forum meetings in South Harrow and Wealdstone and another Member reported that residents were increasingly feeling that the Borough was becoming less safe. The Leader of the Council confirmed that incidents in these areas and in Rayners Lane in recent months were being addressed by the Council and the Police seeking to consult and reassure local communities. It was hoped that capacity and resources for this work could be supported with funding from the Mayor's Office for Policing and Crime. The Leader of the Council acknowledged the concerns about the fear of crime in many areas, even though this was often inversely related to actual crimes levels; crime rates were in fact rising faster in other areas of London. The Interim Chief Executive agreed that it was unhelpful to talk about Harrow as a "safe" borough in areas such as Wealdstone. He reported that the meeting with the community there had been useful, though there were constraints in the sense that the Police could not be completely open about the situation given that there were live investigations into incidents. Nevertheless, it was still important to continue to engage with the public at such meetings; a meeting had been held with the relevant ward councillors in the previous week.

A Member asked about whether the Council could formally become a London Living Wage employer. The Leader of the Council advised that while the Council had adopted the London Living Wage for its staff in 2012, the problem with formal accreditation was that some of the Council's contractors for care services were not in a financial position to pay the required rates. Ironically, some care providers in inner London boroughs could meet these standards as otherwise they would struggle to secure sufficient staff for their services. The Council would keep the matter under review.

The Member also asked about the Interim Chief Executive's view of the working relationship between Members and officers and whether a Member's view would always override that of an officer. The Interim Chief Executive underlined that officers at all levels worked for all councillors irrespective of political groups; the success of any council depended on positive and respectful relationships between officers and Members, and he was sure that this had been the case at Harrow for some time. At the same time, there was no room for complacency and efforts should continue to maintain these good working relationships into the future; some of the best work of the authority involved, to his mind, joint problem-solving by officers and Members. The Interim Chief Executive did not agree that Members' views always took precedence over those of officers; for example, it would not be acceptable for

a Member to intervene in, say, a legal case involving child protection. There were clear rules and protocols about respective roles and responsibilities in decision-making and it was important that these were respected by all parties.

A Member asked about the national local government funding arrangements and the likely impact on Harrow of the Government's Fair Funding review and possible shifts in resources between rural and metropolitan authorities. In common with most involved, the Interim Chief Executive was uncertain as to how the financial settlement would pan out. He was concerned that the county councils were a strong voice in the discussions about resource distribution across the country and London tended to suffer from an impression that it was a wealth creator and that therefore, its councils were in a financially advantageous position. London Councils was engaged in a campaign to address these misconceptions, with input from him and the Director of Finance. Even within London, there were decisions to be made about the balance of resources between inner and outer London boroughs; while outer London boroughs were in similar positions, Harrow was slightly worse off in terms of funding prospects. The Council would continue to lobby about its budget pressures. The Leader of the Council added that comments made at the LGA Conference had indicated that councils were having to fight over a smaller and smaller funding "cake" and that the real challenge was to persuade the Government to acknowledge, for example, the significant pressures on the care system trying to cope with an ageing population with increasingly complex needs; this same argument had been used to explain additional funding for the NHS.

A Member referred to the decision not to implement the £58,000 saving on Members' Allowances and the Labour Group's manifesto commitment to review the number of councillors with a view to achieving a financial saving; he contrasted this with that group's submission to the Local Government Boundary Commission for England arguing for retention of the current number of councillors. The Member asked about the officer resources used in the preparation of the submission. He also referred to the reduction in the number of scrutiny leads and the fact that the Performance and Finance Scrutiny Sub-Committee would only meet three times a year, weakening the role of scrutiny.

The Leader of the Council advised that, following the local elections, it had been agreed to reduce the size of the Cabinet. His political group had reviewed the demands on councillors and the views of residents on the doorstep, and had taken the view that councillors' workloads supporting an increasing population with diminishing resources, underlined the case for retaining the current number of councillors. He also felt that a reduction would simply narrow the opportunities to get more people involved in serving their local communities in this way. Both political groups had made their submissions to the Commission who would now decide on a future number of councillors. He confirmed that officer resources and support had been equivalent for both submissions. With respect to scrutiny, the Leader referred to the review undertaken by the Centre for Public Scrutiny and the various measures taken to strengthen it; he reminded the Committee that the Council had significantly reduced the dedicated resources for scrutiny work in view of the severe budget pressures on services.

The Chair thanked the Leader of the Council, the Interim Chief Executive and the Director of Finance for attending the meeting and answering the Committee's questions.

20. Termination of the Meeting

In accordance with the provisions of Committee Procedure Rule 14 (Part 4B of the Constitution), it was

RESOLVED: At 9.59 pm to continue to 10.05pm

(Note: The meeting, having commenced at 8.14 pm, closed at 10.02 pm).

(Signed) COUNCILLOR JEFF ANDERSON
Chair