



OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the OPEN section of the meeting of the OVERVIEW & SCRUTINY COMMITTEE held on MONDAY 10TH NOVEMBER 2003 at 7.00 p.m. at GOOSE GREEN PRIMARY SCHOOL, TINTAGEL CRESCENT, LONDON SE22 8HG

PRESENT: Councillor Kim HUMPHREYS (Chair)
Councillors Stephen FLANNERY (Reserve), John FRIARY, Barrie HARGROVE, Eliza MANN, Andy SIMMONS, Neil WATSON and Anne YATES.

ALSO PRESENT: Gayla Baker
Ali Balli
G. Bone
Gerry Cooper – Area Service Manager, Thames Water
Joan Cox – Denmark Hill
David Dangerfield – Regional Manager, South London Water Supply, Thames Water
Tony Denton – Local Government & Community Affairs Manager, Thames Water
Councillor Peter John – South Camberwell Ward
T. Reid – East Dulwich
Claire Russell
A. Telkkinen – Denmark Hill
Councillor Veronica Ward – South Camberwell Ward
David Willows – Peckham

OFFICER SUPPORT: David Baachas – Environmental Health
Phil Barnes – Housing Department
Shelley Burke - Head of Overview & Scrutiny
Glenn Garcia – Education & Culture
Glen Egan – Assistant Borough Solicitor, Community Services
Tim England – Head of Environmental Health & Trading Standards
Lucas Lundgren – Scrutiny Team
Allen MacPherson – Housing Department
Chris Thomas – Neighbourhood Housing Manager, Denmark Hill Neighbourhood Housing Office
David Wallis – Early Years, After School & Play Services Manager

APOLOGIES FOR ABSENCE

Apologies were received from Councillor Linda Manchester.

NOTIFICATION OF ANY OTHER ITEMS WHICH THE CHAIR DEEMED URGENT

The Chair agreed to accept the following items as late and urgent for the reasons set

out in the reports/presentations, i.e.

Open Business [Agenda Part A]

Minutes [Open] of the meeting on 13th October 2003

- Item 1: Early Years Best Value Review – Implementation Progress Report
- Report: Research undertaken on family tax credits and affordability of childcare [Marianne Alpani]
- Item 2: Scrutiny: Review of Thames Water's Response to Failure of Water Supply in Southwark
- Scrutiny information sheet
- Copies of submissions received from members of the public [Peter Frost, A. Myo, Andy Roberts, Sceaux Gardens Tenants Association and Tim Walder]
- Item 3: Housing Scrutiny Sub-Committee – Appointment of Chair

DISCLOSURE OF INTERESTS AND DISPENSATIONS

No interests were declared nor dispensations notified.

RECORDING OF MEMBERS' VOTES

Council Procedure Rule 1.17(5) allows a Member to record her/his vote in respect of any motions and amendments. Such requests are detailed in the following Minutes. Should a Member's vote be recorded in respect to an amendment, a copy of the amendment may be found in the Minute File and is available for public inspection.

The Committee considered the items set out on the agenda, a copy of which has been incorporated in the Minute File. Each of the following paragraphs relates to the item bearing the same number on the agenda.

VARIATION OF AGENDA ORDER

With the agreement of the meeting, the order of business was varied to allow Item 3 to be taken at the start of the meeting, followed by Items 1 and 2.

MINUTES

RESOLVED: That the Minutes of the open section of the meetings held on 25th September, 13th and 22nd October 2003 be agreed as a correct record of the proceedings and signed by the Chair.

3. HOUSING SCRUTINY SUB-COMMITTEE: APPOINTMENT OF CHAIR [see pages 52-53]

RESOLVED: 1. That Councillor Gavin O'Brien's appointment to Housing Scrutiny Sub-Committee effective from 13th November 2003 be noted.

2. That Councillor Gavin O'Brien be appointed as Chair of Housing Scrutiny Sub-Committee effective from 13th November 2003.

1. **SCRUTINY: REVIEW OF THAMES WATER'S RESPONSE TO FAILURE OF WATER SUPPLY IN SOUTHWARK** [see pages 43-51]

The Chair welcomed Thames Water representatives Tony Denton [Local Government & Community Affairs Manager, Thames Water], David Dangerfield [Regional Manager, South London Water Supply, Thames Water] and Gerry Cooper [Area Service Manager, Thames Water] to the meeting and invited them to make their presentation to those present.

The Chair confirmed that the ongoing problems with water pressure on some estates reported at to Overview & Scrutiny Committee on 13th October 2003 would be touched upon during the current scrutiny.

David Dangerfield – Thames Water [TW]

Thames Water Operational overview/background:-

- The TW supply area is divided into three operational areas, i.e London, Guildford and the provinces.
- TW has approximately 8 million customers and supplies water through over 31 kilometres of mains pipe.
- In London over 50% of mains are over 100 years old, and investment in the maintenance of mains will be under discussion over the next 5 years.
- 16 inch trunk mains were commonly reservoir outlet pipes, with 30 inch mains commonly being reservoir inlet pipes. Branching from these pipes were smaller distribution mains.
- TW operates on the basis of discrete water supply zones, with each area being commonly fed by a single source. For this reason, those living close together, but falling within different supply zones may well experience differences in supply patterns during mains bursts.
- TW constantly reviewed their working methods. TW's organisational structure is such that there is local accountability on a geographical basis for all network activity.
- Proposals for reviewing the infrastructure had not yet been agreed but were being considered by OFWAT.

The Recent Failure in Supply

The recent failure in supply was as a consequence of the consecutive bursting of four strategic trunk mains and affected mainly the Nunhead Upper and Lower areas, both fed from two reservoirs at Honor Oak.

Mr Dangerfield illustrated his explanation with a photograph of the deep excavations at Linden Grove, the section of mains that burst, and a diagram of the mains in the excavated section. Mains bursts occur generally at points of weakness within the network, not generally at junctions, and it was not common for four mains to burst simultaneously, he explained.

TW had sought to identify the section of main affected by systematic, sequential isolation of sections of mains, a standard technique which allows repair of mains whilst maintaining water supply elsewhere across the network. Initially, two mains pipes were repaired following which further excavation was undertaken and repairs to two further trunk mains subsequently found necessary. This repair operation was particularly complicated and challenging as the section requiring repair was non-standard and ran in a very awkward position between two other pipes. It is not uncommon for work at the burst site to cease during valve shutdown and section isolation, to enable steady and systematic repair and ensure the safety of both staff and engineers.

There was a high incidence of bursts this summer in the UK, this being associated with long dry summer periods, and increased ground movement leading to mains damage.

As a result of the Recent Situation

Following the recent situation in Southwark the company's standard procedures remain in place, but the company's representatives believed stated that anticipation, recognition and speed of response to future problems would have improved.

TW actions to mitigate against the impact of future situations would include:

- GISMO [information system, used by TW technicians in the field] – allows access to records and mains plans via a handheld device. Importantly this system also allows technicians to update network records in the field;
- Network Management Centre at Hampton – exists to support field operations;
- Event management procedures seek to prevent and address similar situations have been used successfully manage these potentially much larger events;
- Thorough internal review of Linden Grove event.

Following Thames Water's presentation, Members asked questions, which included the following points of concern, i.e.

Thames Water Call Centre - problem report recording

Members expressed concerns that pre-existing problems on Linden Grove and Nunhead Lane had been reported to TW continually over the previous 15 month period, and asked whether these problems had been known to the company ?

TW representatives stated there was nothing to suggest that this situation would develop and that they were entirely happy to discuss what TW systems had recorded about the problems prior to the failure in supply.

Members reported that calls to TW's Call Centre were unsatisfactory in that operators have little information and appear ignorant of problems reported. Although incidents were continually reported, often no response was made nor work apparently undertaken.

TW responded that a record of calls was kept and suggested that operatives may have interpreted the problem as being in a different TW area than resident reported.

Response to incident/problem reports

TW confirmed that all problem reports were taken seriously. Responses depended however on the priority placed on the problem as it had been reported. In addition to receiving a large volume of leak reports engineers proactively sought bursts on the network.

The TW Hampton Control Centre monitors pressure and flow in trunk mains. The centre anticipates problems and is resourced accordingly, but weather conditions cannot be mitigated against entirely. Any increase or decrease in pressure commonly indicates a potential problem and engineers are sent to site as this fluctuation is often symptomatic of a major burst in the network. The origins of problems are often not immediately identifiable, however. A new Call Centre site is being sought at Swindon and TW are happy to work with LBS to identify suitable sites.

Measures to prevent a similar incident

No guarantee could be given by TW that a similar situation would never occur again, given the age and extent of the London water infrastructure. Usually TW customers usually remain unaware of mains bursts and repairs on the system. TW believed that they had balanced the need for maintaining supply whilst repairing the mains, but acknowledged that communication about the situation with residents needed to be better.

Thames Water's emergency response

Whilst Members acknowledged that emergencies were relatively rare, they were keen for TW representatives to outline the company's provision in this respect, and for the company to respond to the assertion that TW's response had not been adequate in terms of either method or speed.

TW's emergency procedures allow staff to escalate the response. Technicians were deployed onsite to assess the extent of the problem. Out of hours [24 hr] arrangements were in place across all levels of the company and emergency responses could be escalated to Director level from any point in the emergency response chain. The events centre existed solely to deal with situations of this nature.

As a result of the recent experiences, a full internal inquiry would be held, led by a senior external manager and including feedback from external forums.

Thames Water agreed to share the findings of their full internal inquiry with the Committee.

Communication

In respect of dissemination of information about the situation, TW acknowledged that they had not advised people at the start of the situation that repair would take 4-5 days as they had not anticipated that repair would take so long. At the start of this recent situation TW had not recognised that the repair was to become so complicated, which it did as excavation progressed.

A pre-recorded telephone message was used to provide information on burst/repair situations. In addition, during the recent situation, TW had maintained a bulletin board at its Call Centre for service agents to update customers.

Members suggested that the authority itself consider using means such as telephone contact, web-based means, visual information and other media to get information about burst situations to people living and working in the borough.

Mapping of affected areas

Members were concerned that TW's knowledge of the interrelationship between its water supply zones and above-ground borough areas was inadequate – this impacting on its responding to and recording of problem reports from the public.

TW confirmed it held comprehensive mains record drawings for the whole of London. No area was unmapped and press reports suggesting otherwise were untrue. In terms of individual customer connections to the mains system this was largely known, but TW welcomed further reporting of inaccuracies to improve its knowledge. The recently introduced handheld data system allowed technicians to make local notes on the system whilst onsite, further improving the company's data.

Following Member questions and TW responses, the Chair invited contributions and questions from the floor.

Mr Alli Balli

Mr Balli disputed the response given by Thames Water's representatives at the meeting. He stated that no information had been provided by TW about what the problem was, nor any accurate assessment of how long it would take to resolve the problem.

Mr Balli quoted from Thames Water's guarantee leaflet, particularly referring to their 48hr mains repair guarantee, which had not been honoured in a number of respects in particular in respect of TW's promise to ring customers back. Mr Balli referred to the names of various TW staff from whom he and others had attempted to secure information about the recent situation.

He referred to a recent Southwark News article in which it was suggested that Council tenants would not be paid compensation directly as would homeowners. This rendered Council tenants "second class citizens" he believed.

There had been seemingly no contingency plans made, e.g. Burgess Park had not been used for distribution of emergency water supplies, despite Thames Water having promised to do so, Mr Balli stated. Staff distributing water increased customer frustration by their rudeness and lack of customer service skills, allegedly.

Mr Balli reported having received correspondence from Thames Water, in which the company recognised that its planning and communication had been deficient and advising that contingency plans were being revised. Mr Balli disputed that correspondence apologising to customers had been sent as stated in the letter, however.

Mr Balli agreed to pass copies of his correspondence with Thames Water to scrutiny, and details of North Peckham area residents who had not received compensation to the Council, for onwards transmission to Thames Water.

TW representatives accepted that the company's communications could have been better, but was confident that information given to customers reflected the situation as observed at the site of the burst.

In response to questions on how the company had responded to the recent situation, TW confirmed it had access to static water tanks and to a large store of bottled water. TW had prioritised its response towards vulnerable customers [for bottled water and static tanks] on a best endeavours basis but acknowledged that this may not have been entirely adequate. TW accepted the criticism that it failed to make use of Burgess Park despite this being the biggest open space in central London, and that static tank sites must be better accessible and more easily identifiable.

In response to alleged rudeness and lack of customer service skills of those distributing bottled water on behalf of the company [particularly around the Straker Road / Tabard Gardens], TW stated that both TW and contracted staff had delivered bottled water within the borough.

Thames Water agreed to address alleged rudeness and lack of customer service skills in respect of individuals distributing bottled water on behalf of the company at Straker Road / Tabard Gardens, and report back to OSC.

Thames Water agreed to investigate problems with water leakage outside the Consort Public House, SE15, raised by Councillor Anne Yates.

Compensation

TW confirmed that in respect of compensation, approximately 11,500 cheques had been issued to domestic customers [both directly and indirectly billed customers]. Those paying in instalments would be credited with compensation in March 2004.

Details of directly billed customers were held by TW for billing purposes. However, those of Council tenants, indirectly billed through the authority, were usually unknown to TW. The Data Protection Act prevented the local authority or registered social landlords passing such information to Thames Water, unless the authority or RSLs legally recognised Thames Water as their agent for the purposes of arranging compensation payments.

The compensation criteria for domestic customers were as follows, i.e.

Domestic customers [supply interruption for 5 days]	9,249	£50
Domestic customers [supply interruption for 3 days]	2,648	£30

In respect of whether the compensation payments totalling nearly £0.75 million for the recent water supply failure might result in less money being available to invest in the infrastructure and repairs, TW confirmed that Customer Guarantee Scheme payments were not made from the investment budget.

Water Pressure Problems

Residents present from the Denmark Hill area reported that water supply had been inconsistent since well before September 2003, with intermittent periods of no supply whatsoever during the day and evening, generally unpredictable supply, no warnings being given of loss of supply, inconvenience and depressing effects on resident morale of ongoing water supply failures, and lack of resolution or information.

Residents reported having been told of an ongoing dispute between Thames Water and the Council in respect of water pressure problems. Having recently corresponded with the Member of Parliament water supply briefly improved, it was stated.

The meeting noted Councillor Veronica Ward's question to Council Assembly on the matter of low water pressure within certain blocks on Southwark estates.

In response to the question of whether TW had kept water pressure deliberately low in the Denmark Hill and East Dulwich area or whether the problems could be attributed to other factors, TW stated that they had not been briefed by officers to expect this question at the meeting and could not provide an immediate, detailed answer. However they did state that TW supplied water in excess of the statutory minimum, but that many estate blocks had no booster systems in place.

Thames Water agreed to provide a detailed written response to OSC in respect of ongoing water pressure problems, this response including possible reasons for the problem and addressing its resolution.

Those present at the meeting outlined concerns about lack of response, lack of water, low water pressure, concerns about being without water during the Christmas period, inappropriate size of water containers for elderly and vulnerable people, lack of checking whether water containers were full/empty etc

Phil Barnes, Housing engineer in Southwark Building Services noted that Housing Department were aware of problems with the pressure levelling programme which often resulted in overnight loss of water. Statutory minimum pressure was not sufficient to achieve water supply past the third floor of blocks, and the authority had installed pumps at some blocks at great expense. Despite this measure having been taken, TW appeared to be adjusting water pressure in some areas of the network, which resulted in unacceptable loss in other areas. Officers from Lambeth and Tower Hamlets Councils were aware of similar problems in their boroughs and were keen to meet to discuss the problems.

Mr Barnes stated that TW had not notified the authority of the introduction of a pressure management scheme, and asked TW to at least notify of any water pressure drops/adjustment.

TW stated that they were introducing pressure management schemes, but could not comment on whether there was such a scheme in the areas referred to.

Thames Water agreed to respond in writing to the questions about pressure management schemes within the borough.

Liaison between Neighbourhood Housing Offices and Thames Water

The Denmark Hill Neighbourhood Housing Manager suggested that the NHOs and TW work more closely together to enable Managers to disseminate problem/emergency information to tenants. There was no liaison between the NHO and TW currently and in addition there were problems with Call Centre arrangements. TW was asked to consider Denmark Hill a priority area for infrastructure investment.

The Chair thanked representatives of Thames Water for attending the meeting to give evidence and stated that the scrutiny inquiry would continue.

MOTION OF ADJOURNMENT

At 9.20 p.m. it was proposed, seconded and

RESOLVED: That the meeting stand adjourned for five minutes for a comfort break.

At 9.25 p.m. the meeting reconvened.

2. EARLY YEARS BEST VALUE REVIEW – IMPLEMENTATION PROGRESS REPORT

The Chair agreed to accept a verbal deputation from Southwark Community Care Forum. The deputation focused on what SCCF believed to be fundamental problems with the BVR implementation within the first years of implementation.

During discussion the following points were raised, i.e.

- The issue of Tax Credit was crucial. Many families were now getting tax credits but were often still carrying substantial and unsustainable arrears which impacted directly on these families and the community nurseries used by them.
- There was no London weighting applied to Family Tax Credit [FTC], despite higher costs in London. Even when in receipt of maximum FTC families were struggling to meet fees. Those on the lowest incomes received only 50% of childcare costs incurred.
- Regular changes in circumstances for low income families in FTC were common. The Government therefore anticipated significant over and underpayments. For example, the case studies given on page 21 of the Agenda.
- SCCF consistently had observed that families remove children from community nurseries when the new fees were applied. The traditional community nursery culture was to support those on low incomes and fees have consequently been fairly low compared to other available options, until now.
- The changes are impacting on attendance and demand. Waiting lists for community nurseries do not match nursery vacancies now, having dropped to 80% as compared to previously when these nurseries had almost complete occupancy.
- Whilst much expansion is planned – largely due to capital development, this will take time to materialise. This situation does not increase the appeal attractiveness [of community nurseries] to local families.
- The Pre-School Learning Alliance [PSLA] had experienced particular problems, having reportedly not having come back with a satisfactory proposal and negotiations with them were not progressing well.
- Some families were unable to work, some never had access to such education and their children were in danger of becoming an underclass – being at a disadvantage when they started school.
- People are going to nursery schools as an alternative to community nurseries, but these offer only half-time care.
- Financially, accepting half-timer attendees affects the income of the nursery and its difficult to make up full-time places with half-time attendees. Resultantly, some Members acknowledged the perception that the quality of care might decline accordingly.
- Councillor Flannery stated that neither the report nor the deputation made reference to Southwark Alliance's work on the tax credit take-up campaign.

Although SCCF had been expected to make a deputation to the Executive this had not transpired as officers had sought to resolve the concerns. Just prior to the Executive meeting, Councillor Skelly had invited SCCF to engage in a round table discussion, the draft date being 4/12/03, which SCCF Members were happy to do. The Chair acknowledged that SCCF would continue to make representations if not satisfied with the outcome of the meeting.

In respect of nurseries identified as being at high risk, one Member had received feedback that indicated that such nurseries could continue to run with current levels of subsidy, and that it was only the proposed changes that rendered these organisations at high risk.

In respect of the management capacity of community nurseries, SCCF vouched for the very high quality of those who served on such management committees, who although busy volunteers were commonly responsible for putting together successful applications for continued organisational funding.

SCCF confirmed that under the threshold level of 40 pupils, many nurseries become unviable. 16% of places previously taken by low-income families were now taken by families with higher incomes.

It is often the case that families send successive generations of their children to the same community nursery, and the proposed changes would threaten this continuity.

The Copleston Children's Centre was at the highest risk as it would not be able to expand unless it cut other services. It was likely that this centre would go back to being a playgroup if this occurred.

David Wallis confirmed that the BVR proposed that during the first year of changes, community nurseries would be asked to experiment with their fees, the benchmark maximum being £135 per week. The aim of the BVR was to achieve £3.5 million savings over 5 years, through efficiency savings. During the second year further savings were required. A reduction in grant aid based on facts received through the business planning process was proposed. A meeting with each of the groups to discuss the implication of potential changes on their operations and their business case was planned. In the first year following the BVR there were no cuts in grant aid to organisations. DW would be recommending that organisations mitigated against their arrears with their grant funding.

Mr Wallis acknowledged that of the nurseries listed, three would move from high to medium risk if they came online, with three others [Copleston Children's Centre, the Welcome and Rosalind Community Nurseries] remaining in the high risk category. DW recognised that capacity building was necessary across the sector. He recommended that nursery places be commissioned across the nurseries. Over 116 places had been created in CNs by NNI funding, which were at the heart of new initiatives [see page 8 of the report].

SCCF were concerned that affected parents had felt "battered" by the fee changes and many were unwilling to talk about difficulties experienced in childcare affordability and arrears.

In respect of whether reduction in grant aid would automatically result in raised fees, SCCF reported that Gumboots nursery had charged above the recommended limit and included children of working parents. SCCF referred to the impact on credibility of subsequently dropping fees from £135, as it could imply to parents a concomitant reduction in quality.

Members expressed concern that the BVR proposals seem to be in conflict with the government's stated aims to increase childcare and that Members should therefore be engaging in discussions about increasing not decreasing such provision especially in the light of the Council's Anti-Poverty Strategy. The Chair did not wish to pre-empt the outcome of the round table discussion. Members noted the timescale for BVR changes and that FTC might also change in the Autumn review.

In respect of questions from Members about whether the allocation of £10,000 to Happy Faces Day Nursery indicated that the authority was less concerned about it, Dave Wallis stated that the organisation had been supported by the Council through an allocation, Neighbourhood Renewal Funding, premises and SureStart funding having being secured to extend the age range to which provision was offered. In addition, Happy Faces' lease agreement had been underwritten by the authority, which gave them the power to draw down funding from SureStart.

In respect of the Executive's decision to charge community groups market rent for properties occupied, Members asked whether grants to such groups would need to be increased to maintain a no-closure policy and a fair rent ? David Wallis agreed, and a discussion about the other factors operating on the situation with community nurseries ensued.

The Early Years Manager confirmed that Early Years Centres were undergoing a radical change and he agreed to provide more information to Members in respect of the wider picture of childcare within the borough, as context for the BVR.

- RESOLVED:**
- 1) That Overview & Scrutiny Committee asks the Executive Member for Resources to consider in detail whether the proposed level of savings from the Best Value Review of Early Years can be achieved for 2004/05 without having a negative impact on Early Years provision in the borough.
 - 2) Overview & Scrutiny Committee agrees to consider the second update report on the implementation of the Best Value Review of Early Years on 15th December 2003, following a meeting between Early Years officers and community nurseries in Early December 2003.
 - 3) That Angela Stanworth [Director of Southwark Community Care Forum] be invited to the next meeting of Overview & Scrutiny Committee on 15th December 2003.

EXCLUSION OF PRESS AND PUBLIC

At 10:25 p.m. it was proposed, seconded and

- RESOLVED:** That the public be excluded from the meeting for consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information that falls within categories 7, 8, 9 & 10 as defined in paragraph 10.4 of the Council's Access to Information Procedure Rules.

The Minutes of the Closed section of the meeting held on 25th September 2003 were agreed as a correct record of proceedings and were signed by the Chair. No other closed items of business were considered.

At 10.27 p.m. the meeting reconvened in open session.

4. REQUEST FOR CALL-IN: COMMUNICATIONS STRATEGY

The Chair advised those present that a call-in request had been received in respect of the Executive decision of 4th November 2003 on the Communications Strategy. Overview & Scrutiny Committee would meet at 6.00 p.m. on Monday 17th November 2003 to consider the request.

5. COUNCILLOR ANNE YATES

The meeting formally wished Councillor Anne Yates well in her new office as Deputy Mayor of Southwark, and thanked her for her scrutiny work on Housing Scrutiny Sub-Committee and Overview & Scrutiny Committee.

The meeting ended at 10.30 p.m.

CHAIR:

DATED: