



OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the Overview & Scrutiny Committee held on Monday 2 December 2013
at 7.00 pm at 160 Tooley Street, London SE1 2QH

- PRESENT:**
- Councillor Catherine Bowman (Chair)
 - Councillor Toby Eckersley
 - Councillor Dan Garfield
 - Councillor David Hubber
 - Councillor Lorraine Lauder MBE
 - Councillor Rebecca Lury
 - Councillor Paul Noblet
 - Councillor The Right Revd Emmanuel Oyewole
 - Councillor Martin Seaton (Reserve)
 - Councillor Geoffrey Thornton
- OTHER MEMBERS PRESENT:**
- Councillor Fiona Colley, Cabinet Member, Regeneration & Corporate Strategy
 - Councillor Ian Wingfield, Deputy leader & Cabinet Member, Housing Management
- ALSO PRESENT:**
- Stafford Lancaster, Delancey Asset Management
 - Craig Rodgeron, Justice & Secure Services, Capita
 - Dra Patria Roman, researcher working with the Latin American community
 - Paulette Simpson, Jamaica National Building Society
 - Lina Usma, Extra Media
- OFFICER SUPPORT:**
- Jon Abbott, Head of Regeneration North
 - Shelley Burke, Head of Overview & Scrutiny
 - Norman Coombe, Legal Services
 - Richard Heap, Head of Technology
 - Paul Langford, Head of Operations, Housing & Community Services
 - Ian Morrissey, Head of Applications, Data & Operations
 - Stephen Platts, Director of Regeneration
 - Shaun Regan, Senior Finance Manager, Finance & Corporate Services
 - Ian Young, Finance Manager, Housing & Community Services
 - Peter Roberts, Scrutiny Project Manager

1. APOLOGIES

- 1.1 Apologies for absence were received from Councillor Gavin Edwards and, for lateness, from Councillor Paul Noblet.

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

- 2.1 There were no late items.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

- 3.1 There were no disclosures of interests or dispensations.

4. ELEPHANT & CASTLE SHOPPING CENTRE

- 4.1 Steve Platts, Director of Regeneration, reminded the committee of the council's long-term goal to redevelop the shopping centre and reported that its ownership had changed on the previous Friday. He also reminded the committee about the funding that was being provided by the council, TfL and the GLA for a new underground station, peninsularisation of the roundabout and upgrade of the public realm. The council's objectives were a proper town centre, to improve the retail and transport offer and permeability through the site, to increase residential accommodation and to improve the public realm.
- 4.2 Stafford Lancaster represented the new owners of the shopping centre, the property developer Delancey which was partnered by APG. Stafford Lancaster explained that Delancey was London based, backed by family investors and had customer service at its heart. It specialised in long-term retail and residential developments such as the Southside shopping centre in Wandsworth. Its existing assets included the former athletes village at the Olympic Park and it had already invested in Tribeca Square, a site adjacent to the Elephant & Castle mainline station. Stafford Lancaster also explained that Delancey's partner, APG, was Europe's largest pension fund with pension assets of 400 billion Euros and the ability to bring an international perspective.
- 4.3 Stafford Lancaster stated that Delancey was in the early process of engaging with tenants and had not yet begun consultation but had a lot of ideas for the project. It had not been able to consult to date due to strict non-disclosure undertakings with the previous owner. Delancey recognised the strong relationship between Lend Lease and the council and was keen to consult all stakeholders in order to develop a scheme that connected to the wider place. While acknowledging the very early stage of the project, Stafford Lancaster stressed that redevelopment rather than refurbishment was the aim in order to develop a new facility which integrated well with transport links. Delancey was also very focussed on delivery of housing with an emphasis on private rented units.
- 4.4 Members were concerned that the new development would be based on a holistic approach which took into account the recent scrutiny of businesses on the

Walworth Road. Councillor Fiona Colley, cabinet member for regeneration & corporate strategy, indicated that Delancey would submit a scheme to the planners but emphasised that the council's objectives were a new town centre and to open up links and permeability. Jon Abbott, Head of Regeneration North, added that the council aimed to increase the public realm, improve transport, integrate with the Walworth Road and ensure that any proposed retail complimented Lend Lease proposals for retail. Part of the planning process would consider how the scheme impacted on the wider area.

- 4.5 A member was keen to see a strong link to the Aylesbury Estate and asked the likely timeline for the new shopping centre and how this would fit in with the peninsularisation and works to the Northern Line. Stafford Lancaster replied that a full planning application would be developed over the course of next year with hopefully a decision early in the following year and a three-year delivery programme. Delancey was in very early discussions with TfL with a view to the Northern Line and mainline stations being an integral part of the eventual scheme. There would also be close consultation with other major developers in the area, for instance on the Aylesbury. The Head of Regeneration North added that now a new partner was in place, a process of engagement with Network Rail could begin. The Director of Regeneration indicated that a report would be submitted to Cabinet in January on choosing a partner for the Aylesbury development.
- 4.6 Members asked whether Delancey would give any guarantee as to the level of social rented housing in the development. Stafford Lancaster stressed again that these were very early days. He indicated that as the rental model was a mass-market product rent levels would need to reflect this. No firm commitment or comment was possible at this stage but there would be a robust discussion about the viability assessment. Delancey's aspiration was to provide a retail element that was the same or slightly more than that currently existing (but of a modern, high quality standard) and a significant residential element. In response to further questions, Stafford Lancaster confirmed that Tribeca Square and the shopping centre were seen as integrated projects whose success depended on integration with the wider place. Tribeca Square already had planning consent and was under construction. A member asked if there would be a joint announcement about the purchase. Councillor Colley indicated that a press release had been issued that morning.
- 4.7 Members asked whether Delancey and APG had purchased all land to the West of the railway line and whether the council would need to purchase any land by compulsory purchase order. Stafford Lancaster confirmed that Delancey and APG held ownership on a fifty-fifty basis. The Director of Regeneration added that the council would use its statutory powers to deliver a comprehensive redevelopment.
- 4.8 Members were concerned about whether stall-holders would be offered alternative pitches while the development was taking place and whether proper cycle lanes would be introduced around the Elephant & Castle. Stafford Lancaster stated that all occupiers would be fully consulted and that relocation was an important matter. The Project Director reported that cycling was a big part of the design process with options being considered for cycling routes at the Elephant & Castle, including segregation and also how to connect with routes linking to Blackfriars. The number of buses in the area also needed to be factored in. TfL are working on proposals

and a consultation would take place around February.

- 4.9 A member commented that the last Council Assembly meeting had received a deputation from the Latin American community claiming that there had not been any engagement in respect of the shopping centre. Councillor Colley stated that she had made a commitment to meet with Latin American businesses to discuss how the aspirations for a Latin American Quarter could become a commercially viable proposition and that with the change of ownership it was now possible to engage properly. Stafford Lancaster added that Delancey's consultation with all stakeholders would commence early in the New Year. Delancey had given a lot of thought to aspirations for the project but was open-minded. The one clear direction was that the shopping centre would be redeveloped. Members asked whether, if current traders returned to the shopping centre after its redevelopment, their rents would be lower in order to allow them to re-establish themselves. The Director of Regeneration indicated that an affordable retail policy was already built in to the Tribeca scheme. Stafford Lancaster stressed that Delancey took the impact on existing traders seriously and would discuss proposals with them. The challenge was to create a unique town centre which was viable, a successful trading place and appealed to the local community.
- 4.10 Members drew attention to the desirability of attracting a big anchor store, which might require car parking, but at the same time felt that it would be important for the new development to be relatively car free. Stafford Lancaster pointed out that a key driver was the fantastic public transport at the Elephant & Castle. Another attraction was the potential to create a vibrant mix of businesses, a "point of difference", and not just the usual multiples.
- 4.11 Paulette Simpson of the Jamaica National Building Society addressed the committee on behalf of businesses from the Caribbean community. The community was concerned at the lack of consultation, the provision for displaced businesses, whether businesses would be able to afford to return to the new shopping centre and how long the development would take. She asked what profile of businesses Delancey was envisaging, including size and rents, and sought reassurance that current businesses would not be driven out. Stafford Lancaster stressed again that consultation was at a very early stage and that he looked forward to engaging with all businesses.
- 4.12 Lina Usma of Extra Media in Manor Place put forward the concerns of Latin American businesses who had traded in the area for over forty years and contributed a lot to the commercial sector. The traders needed to ensure that they had a place in the new development. Dra Patria Roman, a researcher working with the Latin American community, stated that the major problem was one of sustainability in terms of how businesses could keep going throughout a long process of redevelopment. She also stressed the importance of providing information at appropriate community centres and the need for it to be bi-lingual. A representative of the business team of the Elephant & Castle/Walworth Society reiterated the concern of local businesses that they be shown proposals in order to be able to make their own plans.
- 4.13 In conclusion, the chair of the committee expressed her concern that at the end of a process of redevelopment the Elephant & Castle might be missing its local

community traders. She hoped that an imaginative creative scheme could be developed that would be financially viable for local businesses and the developer. Councillor Colley agreed with this sentiment and repeated that she was keen to meet with community businesses and hoped that Delancey would participate in this. A member hoped that the development would result in a building of exceptional design. Stafford Lancaster indicated that these were both clearly the objectives of Delancey.

5. UPDATE ON IT

- 5.1 Craig Rodgerson, Justice & Secure Services, Capita, acknowledged that the service had fallen below an acceptable level. He explained that he was an executive director of Capita and reported to the main board on a monthly basis and stressed that when Capita had signed a contract it would never walk away without 100% commitment. The Justice & Secure Services Division provided IT for a number of councils including Bromley and Lewisham.
- 5.2 Craig Rodgerson stated that there were two aspects to the contract, maintaining business as usual and developing a new core enabling programme of system improvements. The data centre had been moved in March and April. Issues had arisen with Citrix in May but these had been fixed. Further issues arose with hardware, software and the physical load and by the end of October it was clear that things were going wrong. As a result, weekly governance meetings with the Strategic Director of Finance and Corporate Services had been initiated. The management team had been restructured and Craig Rodgerson emphasised that there was no constraint in terms of finance or staffing in order to resolve the problems.
- 5.3 Craig Rodgerson stated that two deadlines had been agreed with the Strategic Director of Finance and Corporate Services – to stabilise business as usual by Christmas and to achieve the core enabling programme, “the new world”, by February. Capita was very clear as to its contractual position and the council’s possible options should these deadlines not be met. It was also aware of the timetabling required around end of year billing and the elections. Craig Rodgerson emphasised again that Capita would stand by the contract but commented that, with hindsight, the staff handover might have been done differently.
- 5.4 Members reported problems experienced with logging in to the system. Craig Rodgerson agreed that a number of issues had surfaced in September, one of which being that the Citrix log-in script was over-elaborate. This was due to be simplified and, with other hardware fixes, the log-in time significantly reduced. The chair asked whether there were general problems with the IT estate. Craig Rodgerson responded that hardware failures were taking place and that it was not necessarily easy to find replacements.
- 5.5 Members asked when Capita had become aware of the state of the current system. Craig Rodgerson explained that Capita regularly picked up contracts and that some were better documented than others. The detail of a system was not necessarily fully understood until Capita had been in an estate for a while. In addition, in the case of Southwark, a number of key members of staff had not

transferred so were not available to expand on the documentation. Members of the committee highlighted that at a previous meeting it had been suggested that equipment might have been taken from the server room. Ian Morrissey, Head of Applications, Data & Operations, and Richard Heap, Head of Technology, clarified that this was not the case but that it had been discovered that some servers that were thought to be operating were not in fact functioning.

- 5.6 A member asked why the system at Queens Road seemed to be failing on regular occasions and for details of the back-ups that were in place. Craig Rodgerson agreed to look into this and provide an update.
- 5.7 Members focussed on the transfer from Serco to Capita and asked if officers had taken a view on whether bidders for the contract had the capacity to deal with any unforeseen issues arising out of the transfer process. The Officers confirmed that the council had made use of a government procurement service framework for IT Managed Services which identified contractors able to deliver an IT management service the size of Southwark's. Contractors had all been through the Cabinet Office's selection process and subsequently through the council's own procurement process in order to establish whether they were capable of delivering Southwark's IT system. In addition, Capita had a record of success in other authorities.
- 5.8 Members asked for clarification of any change in the management structure. Craig Rodgerson confirmed that Capita had allocated additional resources to Southwark and that these would remain in place as long as was necessary. He explained that originally it had been anticipated that six members of staff would be needed on the help desk but that currently there were ten. Similarly, twenty members of staff were available in the support section in contrast to the original fourteen.
- 5.9 Members were concerned as to whether break clauses in the contract had been explored. The Officers indicated that a joint review of the options had been carried out. If Capita were found to be in breach then the council was able to terminate part or the whole of the contract at any time. In terms of day to day monitoring of the contract, performance against agreed key indicators took place every month. In terms of cost, a significant amount was being withheld from Capita in monthly payments.
- 5.10 Members were of the view that the previous contract had failed in terms of documentation, software, keeping staff in post and an exit strategy. They asked whether the question of possible financial compensation from Serco had been addressed. Officers explained that this had not yet been looked at in any detail.
- 5.11 Members were interested in, once a "new world" had been reached in February, how long it would be before a move to another "new world" would become necessary. Craig Rodgerson commented that, typically, an IT estate should be refreshed every five years at server level and every three years at desktop level. He confirmed that the system that Capita was aiming for would be built with reference to best practice and all changes fully documented.
- 5.12 The committee noted the two deadlines of Christmas and February and

RESOLVED:

That the Strategic Director of Finance and Corporate Services be asked to:

1. Provide a written update to the committee's January meeting; and
2. Look at lessons to be learned as a result of ongoing issues with Capita's management of the IT contract.

6. HOUSING REVENUE ACCOUNT - INDICATIVE RENT-SETTING AND BUDGET REPORT 2014/15

- 6.1 Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management, introduced the Cabinet report, Housing Revenue Account – Indicative Rent-Setting and Budget Report 2014/15.
- 6.2 Members asked why the cabinet member was not supporting the Housing Commission's proposal to borrow more in order to provide more housing units, especially in view of the loss of units in regeneration projects like the Aylesbury. Councillor Wingfield drew the committee's attention to page 3 of the report, Self-Financing Parameters. He stressed that the council needed to be prudent and cautious in planning for a thirty year period. The second bullet point on page 3 of the report addressed the impact of regeneration. The council's aim was to put the HRA on a good financial basis, including making adequate provision for reserves. There was no imperative to borrow additional funds for existing programmes.
- 6.3 A member queried whether there was provision within the HRA for any premium arising due to the early redemption of debt. This might arise if the council chose to re-finance its debt. Ian Young, Finance Manager, Housing & Community Services, responded that there were currently no plans for early repayment although the HRA contained sufficient reserves should the council wish to consider this. Payment would be reviewed on an ongoing basis.
- 6.4 A member highlighted the increase in receipts from leaseholders (page 19) and asked for a more detailed breakdown. Councillor Wingfield stated that Warm, Dry Safe works had brought a lot of programmes forward, increasing the amounts due from leaseholders. In addition, changes in government policy in respect of right-to-buy discounts had resulted in more applications and therefore an increased number of leaseholders. The Finance Manager drew attention to paragraphs 47 and 48 of the report and agreed to provide further detail in writing.

The meeting ended at 9.45 pm