



OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the OPEN section of the meeting of the OVERVIEW & SCRUTINY COMMITTEE held on MONDAY APRIL 21 2008 at 7.00 P.M. at the Town Hall, Peckham Road, London SE5 8UB

PRESENT:

Councillor Fiona Colley (Chair)
Councillor Jane Salmon (Vice-Chair)
Councillors Anood Al-Samerai, John Friary,
Adedokun Lasaki, Tim McNally, Lewis Robinson,
Martin Seaton and Veronica Ward

ALSO PRESENT:

Councillor Toby Eckersley – Executive Member for Resources
Paul Kelly – Spike Surplus Scheme
Councillor Alison McGovern

OFFICER SUPPORT:

Rebecca Brown – Head of Strategy & Information
Paul Davies - Senior Surveyor, Regeneration Neighbourhoods and Major Projects
Doreen Forrester-Brown - Legal Services
Jonathan Horne - Principal Corporate Planning & Performance Officer
Eleanor Kelly – Deputy Chief Executive
Kevin Peters - Assistant Director (Modernisation & Improvement)
Jeremy Pilgrim – Development Manager, Regeneration Neighbourhoods and Major Projects
Rachel Sharpe - Divisional Service Manager, Strategy and Regeneration
Des Waters – Head of Public Realm, Environment & Housing
Duncan Whitfield – Director of Finance
Peter Roberts – Scrutiny Project Manager

APOLOGIES FOR ABSENCE

Apologies for absence were received from Ms Ann Marie Eastwood and Mrs Josie Spanswick, education representatives.

NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMED URGENT

The Chair accepted supplemental agenda 1 as late and urgent.

DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

MINUTES

RESOLVED: That the Minutes of the open section of the meeting held on March 3 2008 be agreed and signed by the Chair as a correct record

1. **CAMBERWELL LEISURE CENTRE - UPDATE** (see pages 1 – 7)
 - 1.1 The head of public realm, environment and housing, updated the committee on the response to the development brief for Camberwell Leisure Centre.
 - 1.2 Councillor Alison McGovern addressed the committee and asked the following:
 - Where are the income figures asked for at the last committee meeting? We would like to establish what the income levels are for the centre and whether they have altered since the investment decision was made last February. It would be helpful if officers could set out the membership levels now and any change over the past year together with usage levels and how these have changed over the past year;
 - What is the programme of work for officers going forward now? Given that paragraph 10 of the report says that the project should be held over, what is going to happen to source further funds from the possible £3.65 million now?;
 - What 'matrix' is the planning department using? We understand that they have expressed the view that "it is not realistic to keep the baths open, the most we can hope for is keeping the facade, but we're going through the motions".
 - 1.3 The head of public realm indicated that he would take these issues back to the director of environment and housing who would respond in writing.
- RESOLVED:** That if possible officers bring back the evaluation of the submissions received to the meeting of the committee in June, prior to consideration by the executive meeting.
2. **LOCAL AREA AGREEMENT 2008-11** (see pages 8 - 16)
 - 2.1 The head of strategy and information introduced the report.
 - 2.2 The committee agreed to hold a special meeting to consider the performance indicators to be included in the Local Area Agreement and to make any recommendations to the executive.
3. **GOVERNANCE AND DECISION MAKING**
 - 3.1 This item was deferred to a future meeting.

4. MID-TERM REVIEW OF SCRUTINY (see pages 17 – 24)

4.1 This item was deferred to the next meeting.

5. SCRUTINY SUB-COMMITTEES – CHAIRS’ UPDATES

5.1 This item was deferred to the next meeting.

**6. CALL-IN: DISPOSAL OF VARIOUS COUNCIL OWNED PROPERTIES
(EXECUTIVE APRIL 8 2008) (see pages 25 – 45)**

6.1 Paul Kelly from the Spike Surplus Scheme addressed the committee and outlined the activities of the Scheme. He stressed the shortness of the notice given to the Scheme of the executive meeting and expressed the view that the executive was not in full possession of all the facts when it took its decisions. Mr Kelly explained that the Scheme's lease was due to expire in August and that, in order to continue the project, the Scheme had been expecting a new lease to be negotiated.

6.2 In response to questions from members of the committee, Mr Kelly said that 6 months before the executive meeting a council officer had visited the site and stated that it would not be suitable for building social housing as there was inadequate access. On the day of the executive meeting the Scheme had received a telephone call asking whether workers were aware of the meeting, giving no time in which to properly work up an argument to put to the executive. Officers claimed that two letters had been sent to the Scheme but Mr Kelly said that these had not been received.

6.3 Members asked officers why they were recommending that the property be sold rather than negotiation of a lease with the existing tenants and why no notice had been given of the executive meeting. The development manager, regeneration neighbourhoods and major projects, responded that Consort Road was in the corporate property holding account. He explained the history of the site that, when the property had been squatted and to avoid having to take difficult and costly legal action, a two year lease had been agreed. This had been agreed by the tenants but there was no automatic right to renew. As the lease had a short time to expire it was appropriate to consider the possibility of disposal. This was consistent with the council's policy, adopted in 2001, to dispose of surplus property when it was financially prudent. It would achieve an open and transparent value for the land and would produce a capital receipt to support the council's capital programme.

6.4 Members were uncertain as to why a new rental agreement could not be negotiated, which would bring revenue in to the council. The development manager commented that the original agreement had been at a peppercorn rent and that it was not certain whether the current tenants could pay the open market rent that would be required. Mr Kelly from the Spike Surplus Scheme was of the view that the value of the land was not clear, bearing in mind that it was not suitable for housing. He also stressed that the Scheme was prepared to pay a reasonable rent but that, again, it was not clear what this would be. Mr Kelly also indicated that, at the time of the grant of the original two year lease, the tenants' understanding had been that the lease would continue and that this was set out in the initial order by consent.

- 6.5 In respect of notice given of the executive meeting, the development manager reported that two letters had been sent to the Spike Surplus Scheme. There was no requirement for these to be sent by recorded delivery as a notice was not being formally served. Because of the Scheme's statement that these had not been received, in future such letters would be sent by recorded delivery or delivered by hand. The development manager also underlined the executive's decision to afford the tenants of 39B Consort Road a further period of three months to agree the terms of any sale with the council.
- 6.6 In response to questions, Councillor Toby Eckersley, executive member for resources, stated his view that the executive was in sufficient possession of the facts when it reached its decisions on April 8 2008. He stressed that officers had contacted the tenants and that the resulting deputation to the meeting, together with the information provided in the written report, had fleshed out many aspects for the executive members. He was of the view that the additional three months granted in the decision reflected the attendance of the Spike Surplus Scheme.
- 6.7 Members of the committee asked Mr Kelly for clarification of the Scheme's status over the years, in terms of occupation of the property. Mr Kelly confirmed that they had been squatting on the land before being granted their two year lease. He circulated photos which demonstrated the state of the land following systematic fly-tipping which had taken place and the work undertaken by volunteers to create a community garden. The granting of the lease had allowed the Scheme to apply for grant funding. He drew attention to the report to the executive which did not recognise the work done by the Scheme and described the site merely as "former workshops and yard site". No mention was made of its existing use, the improvements made to it, or its value to the community. Mr Kelly emphasised that hundreds of people used the property. He also indicated that the Scheme was in the position to pay rent but that it would be difficult to buy the site outright within three months.
- 6.8 In response to questions about the use of the land, the senior surveyor, regeneration neighbourhoods and major projects, indicated that current use did not comply with permitted planning use. The development manager added that the project had not been assessed in terms of how far its activities might contribute to the council's priorities in the voluntary sector. He would welcome access to the site in order to carry out a full inspection. Mr Kelly indicated that none of the current funders had made any assessment of the work of the Scheme.
- 6.9 Councillor Eckersley commented that the executive was of the view that the Scheme was not a project as defined within the council's funding of voluntary groups. Numerous activities were taking place on the site, some conforming to the lease and planning requirements and others not. On the other hand, the site was valuable land held in trust to the borough as a whole and its disposal could give rise to a capital receipt. Some members were doubtful that the site was suitable for a light industrial use and whether access was possible.
- 6.10 Some members of the committee were of the opinion that the Spike Surplus Scheme had had opportunity to make proposals to the council about the site during the seven years when they were squatting and subsequently during the two years of the lease. The view was expressed that, if the Scheme was interested in purchasing the site, it should enter into negotiations with the council as soon as possible.

- 6.11 Mr Kelly and other representatives of the Spike Surplus Scheme felt that the council had overlooked the site for a number of years, resulting in the large amount of fly-tipping on the site. They recognised that the committee could not change the executive's decisions but asked that the executive reconsider its decision as the officer report did not adequately describe the situation at the Scheme nor make it clear that the site was different to the other sites being considered for disposal. Mr Kelly reiterated that the Site was keen to continue leasing the land, at a rent it could afford, or to open discussions with the council about possible purchase of the land but with time being allowed to raise the money required.
- 6.12 The committee also considered the sites agreed by the executive for disposal at Athenlay and Gordon Roads. Members of the committee were concerned at the impact on the past pre-fabs project to build affordable housing on the sites. The divisional service manager, strategy and regeneration, updated the committee on the project which since 2003 had released eight sites and resulted in eighty-four new homes for rent.
- 6.13 The three sites considered by the executive would not provide new affordable housing for any of the current occupants of the pre-fabs. The divisional service manager explained that attempts had been made to place affordable housing on the sites but that ultimately these had not been successful due to planning concerns. It was not possible for the council to retain the sites indefinitely while these issues were resolved. In addition, as the sites would go to auction, there was still a chance that they would be developed for affordable housing.
- 6.14 The executive member for resources was not aware of the pre-fabs policy in relation to any of the sites considered by the executive. He commented that officers might welcome a clearer steer from the executive in terms of the balance between the considerations of the policy and the aim to achieve capital receipts. The divisional service manager agreed that there was a tension between gaining capital receipts for the council and the provision of affordable housing.
- 6.15 Members of the committee asked for assurance that the pre-fabs project would not be abandoned in respect of a site on Ivydale Road. The divisional service manager responded that the registered social landlord with an interest in this site was being pushed to sort out planning issues. In respect of the sites already considered by the executive, some members of the committee were of the view that these represented a lost opportunity in terms of building affordable family homes and that this had not been properly addressed in the executive report.
- 6.16 Some members of the committee remained concerned in respect of the disposal of 39B Consort Road; that the two year license was unclear as to future commitments, that the executive report did not take account of the community value of the Spike Surplus Scheme and that insufficient notice of the executive meeting had been given to the Scheme. Some members were of the view that additional time should be allowed to the Scheme to negotiate with the council. Other members were of the view that the executive member had confirmed that the executive had sufficient information at its meeting to take a decision on the disposal but that the Spike Surplus Scheme could be encouraged to enter into negotiation with the council if it was interested in purchasing the property.

6.17 In respect of the other sites, some members of the committee stressed the trade-off between achieving capital receipts and developing affordable housing and argued that, because of this, the decision should be referred back to the executive for further consideration. Other members agreed that the issue of the trade off was important but that it did not impact on the particular disposals agreed by the executive.

- RESOLVED:**
1. That the decisions of the executive can be implemented. The executive's decisions to dispose of 39B Consort Road and 91-99 Athenlay Road were upheld as they were taken in line with the relevant policies and procedures and in line with the needs of the council's capital programme.
 2. The committee encouraged officers and the Spike Surplus Scheme to enter into dialogue regarding the sale of 39B Consort Road and requested that officers show flexibility in regard to the timescale if it appeared that viable progress was being made, up to the lease expiry date.
 3. The committee would welcome clarity from the executive on the balance to be taken in future between maximising property disposal income against maximising the amount of registered landlord and council affordable housing build.

7. **CALL-IN: CONTRACT AWARD APPROVAL – MODERNISATION
PROGRAMME CONSULTANCY (EXECUTIVE MEMBER FOR RESOURCES
APRIL 9 2008)** (see pages 46 – 56)

- 7.1 Councillor Toby Eckersley, executive member for resources, and the director of finance introduced the background to the award of the modernisation programme consultancy contract and its place in achieving £30m in efficiency savings over the next three years.
- 7.2 Members of the committee expressed concern that appropriate expertise was not available in-house. The director of finance explained that additional resources were necessary alongside the day-to-day management and skills that existed within the council. The impact of the move to Tooley Street and various service reviews already underway within the council already placed heavy demands on management. Support from shared services gave added capacity, skills and expertise.
- 7.3 Members emphasised the importance of monitoring the performance of the contractor. The director of finance stressed that the officers forming the efficiency and technology board would undertake the necessary gate-keeping. The board was required to approve each business case submitted by the contractor and would also be monitoring efficiency projects outside of the consultancy. The deputy chief executive suggested that it would be possible to bring regular monitoring reports to the committee.

- 7.4 In response to questions, the deputy chief executive clarified the financial implications of the contract set out at paragraph 34 of the report. The assistant director, modernisation and improvement, explained the creation and composition of the modernisation programme office. This would consist of a core team of three or four people with specialist support and advice provided in respect of each particular project.
- 7.5 Members questioned the return that the council would be receiving in relation to expenditure on the contract, in terms of possible savings to be made over the three-year period. The director of finance referred to paragraph 35 of the report which put the expenditure of £2.5m in the context of a possible £13.5m efficiency savings to be achieved by 2010/11. He confirmed that any expenditure over £2.5m would require further member approval. Officers gave examples of other authorities who had taken out similar contracts, the investments made and the returns. These included Waltham Forest with a £1.2m contract and savings opportunities of £18m identified. Waltham Forest was now working to design and deliver the savings.
- 7.6 Some members of the committee were concerned that savings to be made outside of the contract could not be adequately quantified. The director of finance indicated that the budget report 2008/09 identified savings over most service areas.
- 7.7 Other members of the committee were of the view that officers had done a good job in structuring the contract in terms of the initial sum and then incentivising the contractor to come up with business cases to make savings.

- RESOLVED:**
1. That the decisions of the executive member for resources can be implemented.
 2. The committee asked for a further report in September or October 2008 on the design and implementation of the modernisation programme office; the initial, diagnostic phase of the consultancy testing the council's preparedness for business transformation, including efficiencies planning; and any business cases approved for phase 2 of the contract and the associated draft benefits realisation plan.

The meeting concluded at 10:00 p.m.

CHAIR:

DATED: