

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE

HELD AT 6.31 P.M. ON WEDNESDAY, 14 AUGUST 2019

**ROOM C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor James King (Chair)	
Councillor Sufia Alam (Vice-Chair)	– Scrutiny Lead for Children & Education
Councillor Kahar Chowdhury	– Scrutiny Lead for Health & Adults
Councillor Marc Francis	– Bow East Ward
Councillor Tarik Khan	– Scrutiny Lead for Resources & Finance
Councillor Eve McQuillan	– Bethnal Green Ward
Councillor Andrew Wood	– Canary Wharf Ward

Apologies:

Councillor Dipa Das	– Scrutiny Lead for Housing & Regeneration
Councillor Bex White	– Scrutiny Lead for Community Safety & Environment

Officers Present:

Sharon Godman	– Statutory Scrutiny Officer
Adam Boey	– (Senior Strategy & Policy Manager - Corporate)
David Knight	– (Senior Democratic Services Officer)
David Freeman	– (Voluntary and Community Sector (VCS) Strategy Manager)
Mark Baigent	– (Interim Divisional Director, Housing and Regeneration)

1. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST

The following Councillors declared an interest that must be registered in Agenda Item 2.1

- Councillor Sufia Alam;
- Councillor Kahar Chowdhury;
- Councillor Marc Francis;
- Councillor Tarik Khan; and
- Councillor James King.

The following Councillor declared an interest that must be declared in Agenda Item 2.2

- Councillor Tarik Khan

2. UNRESTRICTED REPORTS 'CALLED IN'

2.1 Local Community Fund

The Committee noted that the decision made by the Mayor in Cabinet on Wednesday, 31 July 2019 in respect of agenda item 6.2 'Local Community Fund' had been 'called in' under the Overview and Scrutiny Committee Procedure Rules of the Council's Constitution by Councillors Puru Miah, Gabriela Salva-Macallan, Ehtasham Haque, Shad Chowdury and Shah Ameen ('Call-in Members').

Accordingly, the Committee considered the:

- Cabinet report
- Mayor in Cabinet Decision published on 2 August 2019
- 'Call in' requisition from the Call-in Members (undated)
- Representations by the Cabinet Member for Resources and the Voluntary Sector, Cllr Candid Ronald.
- Representations by the Call-in Members

The Committee also noted that the decision, published on 2 August 2019 had:

- Agreed the Local Community Fund programme and funding to individual organisations for 42 months from 1 October 2019 to 31 March 2023, subject to stated conditions;
- Agreed that transitional arrangements will be put in place for funded organisations as described;
- Noted the Equality Analysis and the specific equalities considerations; and
- Sought a separate report be presented to the Mayor setting out how the Council supports areas such as 'play', 'sports' and 'activities for elders' outside of the Local Community Fund programme and how the conclusion of Mainstream Grants will impact on these programmes.

In addition, the Committee noted the following alternative course of action proposed in the call-in:

- To delay the decision regarding the Local Community Fund programme and funding to individual organisations for 42 months from 1 October 2019 - to allow for the plan for the mitigation measures (as set out in the Cabinet report) to go to Overview and Scrutiny Committee on 23 September 2019;
- To extend if necessary the MSG programme by a month, delaying implementation of the LCF by a month, to (i) provide coverage for those services (potentially impacted) – while the decision goes to Cabinet on 25 September 2019; (ii) conduct spend analysis and audits of organisations for gender, BAME, locality; and (iii) answer questions about double/triple 'dipping' regarding funding;
- The spend analysis and mitigation report should be sent to all members to consider and feedback; and

- That a special session of the Overview and Scrutiny Committee on 23 September 2019 be convened to address legitimate concerns regards the awards – with views of the Committee provided to Cabinet on 25 September 2019.

The Call-in Members then presented to the Committee their reasons for the call-in and above mentioned alternative course of action, and they also indicated that they felt that:

- The outcome of the LCF programme is contrary to the Council's community strategy in that local, small organisations are excluded from funding and bigger organisations with better capability to apply, and go through application process, receive funding, and will result in job losses throughout the voluntary and community sector; and
- The procurement of the assessment service is flawed – there was only one bidder; their capability and expertise is not sufficient; they do not know the Borough and the process was not fair or transparent.

The Committee then posed a number of questions concerning:

- How the procurement process can be fairer;
- How the assessment criteria may be better applied;
- Whether the full against partial funding had been understood;
- Why the rental increases issue was not considered; and
- Those organisations that had already been funded elsewhere.

The Cabinet Member for Resources and the Voluntary Sector, Cllr Candida Ronald, summarised key points about the Cabinet decision:

- Set out the context of the Cabinet Decision and outlined the key elements of the Council's approach to funding, reflecting that the LCF was an outcomes-based approach that had been co-produced with the sector.
- Reiterated that there were over £10M worth of funding applications for LCF, but only £2.6M per year is available. Although there are other avenues open to the sector, including the small grants programme.
- Confirmed that the equality impact analysis found gaps, although this had now been mitigated, and will be addressed in the report to Cabinet in September.
- Stated that any delay would impact the sector and cause difficulties for those waiting for funding and that LCF is about funding projects and not groups.

The Committee raised concerns over the following:

- Assessment criteria;
- Low number of small groups funded;
- Mitigation to support the sector going forward; and
- Addressing the identified equalities gaps and coverage accords the borough.

After hearing from both the Call-in Members and the Cabinet Member, the Committee considered the following issues and concerns:

- The impact on smaller groups, and the assessment criteria that it seems has excluded them, and the possible closures of services as a result of the decision;
- Groups in receipt of funding from multiple sources;
- The outcomes-based approach and the 'all or nothing' approach to funding;
- The funding of bigger organisations;
- The need to address mitigation within the process;
- The equalities issues and support for the protected characteristics;
- The assessment criteria, and how it has been applied and resulted in impacts upon the smaller groups;

As a result of discussions the Chair moved and it was **RESOLVED** to amend the reasons for call-in as follows:

1. Remove examples of organisations listed at point 1;
2. Amend point 2 to make reference to OSC letter to the Mayor and Lead Member, and that the Mayor has made a commitment to provide further detail to the Overview and Scrutiny Committee regarding mitigation in September 2019; and
3. Remove points 5 and 7.

The Chair then moved and it was **RESOLVED** that the decision should be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition with the following additional and amended wording:

- I. In paragraph 2, change the one month to six months for both extension to MSG (if necessary), and delayed implementation (of the LCF programme);
- II. Amend paragraph 3 to: 'this will allow the Council time to do spend analysis and audits of organisations listed in terms of the characteristics highlighted by the OSC letter to the Mayor and Lead Member dated 31 July 2019. Also, allow the Council to answer legitimate questions of double (in some cases triple) dipping by organisations in 6.2f in terms of Council funding and use this in its decision-making. This will also allow for a review of assessment criteria'; and
- III. Remove the remaining three paragraphs.

2.2 LBTH/THH Strategic Review of Housing Management Options

The Committee noted that the decision made by the Mayor in Cabinet on Wednesday, 31 July 2019 in respect of agenda item 6.3 'Strategic Review of Tower Hamlets Homes' had been 'called in' under the Overview and Scrutiny Committee Procedure Rules of the Council's Constitution by Councillors Gabriela Salva-Macallan, Ehtasham Haque, Puru Miah, Shah Ameen and Shad Chowdury ('Call-in Members').

The Committee considered the:

- Cabinet report
- Mayor in Cabinet Decision published on 2 August 2019

- “Call in” requisition from the Call-in Members (undated)
- Representations by the Cabinet Member for Housing, Councillor Sirajul Islam.
- Representations by the Call-in Members

The Committee then noted that the Mayor in Cabinet’s decision, published on 2 August 2019 had:

- Noted the findings of the consultant’s (Altair’s) review of current housing management arrangements and appraisal of future options;
- Considered the outcome of the recent consultation exercise and agreed to proceed with the extension of the Council’s management agreement with Tower Hamlets Homes for four years, possible extension for a further four years (to 2028);
- Delegated to the Corporate Director (Place), in consultation with the Corporate Director (Governance), authority to complete the above extension by July 2020.

The Committee was advised that alternative course of action proposed in the call-in was:

- That the THH contract is extended for a maximum of two years to undertake a full consultation and resident-led appraisal of option 1: in-house management;
- That the Council arranges a peer review for delivery of housing options, assisted by an independent advisor experienced in finance, risk and partnerships to undertake economic and governance modelling of housing options; and informed by a full risk register and comprehensive risk assessments; and
- Undertake economic modelling of financial implications of housing options that reflects the lifting of the HRA debt cap.

Call-in members presented to the Committee the reasons for call-in and their proposed alternative course of action, and added that:

- Across London, other Local Authorities Arm’s Length Management Organisations (ALMO) are different to that as presented in the consultant’s/Altair’s report;
- Engagement with residents was insufficient and contrary to LBTH engagement policy and good practice regarding engagement and consultation; and
- The Altair report wasn’t part of the consultation and didn’t consider HRA debt, value of in-house management, or savings potential for in-house management/options.

Committee then posed a number of questions concerning:

- The implications of the two year delay, or four year extension

- Opportunities to make savings, and performance improvements in house
- Whether consultation was sufficient
- Whether the benefits of in house consultation were described in enough detail
- What the issue with HRA debt cap was
- Whether Full Council considers this decision
- Whether there may be THH workforce implications

The Cabinet Member for Housing, Cllr Sirajul Islam, then advised the Committee that the consultation had been undertaken according to legislation, and that lifting the HRA debt cap has no impact for the management.

The Committee then raised concerns over:

- The adequacy and extent of consultation
- The period of extension
- What residents feel about the proposal
- Savings and performance potentials
- Risk of bringing in-house, or maintaining externally

After hearing from the Call-in Members and the Cabinet Member, the Committee considered the following issues and concerns:

- In-house has merits, as others have done this
- It is unclear to residents as to LBTH or THH ownership and responsibility
- Not the right time to bring house, given other big services are being brought in
- Good performance now with THH, gains may be at risk
- 8 years too long
- Better approach to consultation needed, more consultation with residents needed to understand views
- Need decision in 6 months after better consultation
- Is HRA debt cap a risk – this isn't certain

As a result of discussions on the report the Chair moved and it was **RESOLVED** that the decision should be referred to the Mayor for reconsideration, including consideration of the alternative course of action as set out in the call-in requisition with the following additional and amended wording:

- Amend paragraph 1 to: 'For the reasons outlined above, we would ask that the O&S committee explore these issues in depth and then request a delay to the final reconsideration by the Mayor until January 2020 in order that a full consultation can be undertaken
- Remove paragraph 2:
- Remove paragraph 4: 'That the Tower Hamlets Homes' contract is extended for a maximum of two years so as to undergo a full consultation exercise and allow for a full resident led appraisal of Option 1: In-house Management.'

3. EXCLUSION OF THE PRESS AND PUBLIC

As the agenda circulated contained no exempt/ confidential business and there was therefore no requirement to exclude the press and public to allow for its consideration.

The meeting ended at 9.27 p.m.

**Chair, Councillor James King
Overview & Scrutiny Committee**