

Policy and Performance Scrutiny Committee - 5 October 2015

Non-confidential minutes of the meeting of the Policy and Performance Scrutiny Committee held at on 5 October 2015 at 7.30 pm.

Present: **Councillors:** Gallagher (Chair), O'Halloran (Vice-Chair), Comer-Schwartz, Doolan, Ismail, Kay, O'Sullivan, Poyser, Russell and Andrews
Also Present: **Councillors:** Hull

Councillor Troy Gallagher in the Chair

- 155** **APOLOGIES FOR ABSENCE (Item 1)**
Councillor Klute and Councillor Andrews for lateness
- 156** **DECLARATION OF SUBSTITUTE MEMBERS (Item 2)**
Councillor Jeapes stated that she was substituting for Councillor Klute
- 157** **DECLARATIONS OF INTEREST (Item 3)**
None
- 158** **TO APPROVE MINUTES OF PREVIOUS MEETING (Item 4)**
RESOLVED:
That the minutes of the meeting of the Committee held on 17 September 2015 be confirmed as a correct record of the proceedings and the Chair be authorised to sign them
- 159** **MATTERS ARISING FROM THE MINUTES (Item 5)**
None
- 160** **PUBLIC QUESTIONS (Item 6)**
The Chair outlined the procedure for public questions and filming and recording at meetings
- 161** **CHAIR'S REPORT (Item 7)**
The Chair reported that the meeting to consider the Budget 2016/17 would now be considered at the 21 January 2016 Policy and Performance Scrutiny Committee meeting and not the 11 February meeting as originally envisaged, in order that the Committee has more time to consider this and submit comments to the Executive
- 162** **SCRUTINY REVIEW - TAX AVOIDANCE WITNESS EVIDENCE (Item 8)**
Ramani Chelliah, Chief Contracts Lawyer, Governance and HR was present at the meeting and outlined the report.

During discussion of the report the following main points were made –

- The legal framework that needed to be considered was outlined in the report and whilst there had been initiatives that the Council had taken in relation to blacklisting and the London Living Wage this would be more difficult in the area of tax evasion, given the legal framework

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- The Committee were informed that there were mandatory and discretionary exclusions from participating in a procurement process and these were outlined in the report and there were even exceptions to the mandatory exclusion
- In addition any economic operator that is in one of the situations of mandatory or discretionary exclusion may provide evidence to the effect that measures taken by the economic operator are sufficient to demonstrate its reliability despite the existence of a relevant ground for exclusion. This is known as self cleansing
- It was also stated that the law around tax evasion is complex and it is for HMRC to establish whether companies have evaded tax. Even where this is the case HMRC can reach an agreement with the company to pay the tax and therefore the company can avoid prosecution
- Members were informed that in relation to mandatory exclusion for tax evasion, the period of exclusion is 5 years from the date of conviction, subject to exemptions and self cleansing, and in relation to discretionary exclusion for tax evasion, the period of exclusion is 3 years from the date of the relevant event
- It was noted that the standard form of Pre- Qualification Questionnaire (PPQ) used by the Council asks the tenderer for a declaration in relation to whether any of the grounds for mandatory exclusion apply together with supplementary information, where relevant. The standard form of PPQ, contains additional provisions in relation to discretionary exclusion for non - payment of taxes but these provisions currently only apply to central government contracts over the value of £5m
- The view was expressed that the Council should amend the standard form of PPQ used by the Council in order for these provisions to also apply to Council contracts over the value of £5m. The qualifying threshold of £5m has been adopted by the Cabinet Office, in order to avoid adding an administrative burden to lower value procurements and to small businesses
- In response to a question it was stated that the Head of Procurement would provide the Committee with details of companies that had been found guilty of tax evasion
- In addition it was stated that if an investigation is carried out and companies were found to be guilty of tax evasion the Council would still need to find out if they had taken action to rectify this or self cleanse
- Reference was made to the financial implications in the report and that if additional requirements within the procurement process were adopted this may result in an increased administrative burden on the Council, however at present as this would be limited this could be met within existing resources. The view was expressed that if additional resources were needed this would be on a similar basis to the recommendations on resources proposed in the Blacklisting scrutiny review
- A Member enquired as to the exceptions to the mandatory exclusions in relation to the public interest such as public health or the protection of the environment and it was stated that this may include an instance where there is only contractor who specialises in such work
- A Member also referred to companies whom he knew the Council contracted with that had been guilty of not paying tax, including health contracts that should be looked at once the Committee gets the list of contracts
- In response to an enquiry as to whether the threshold of £5m could be lowered it was stated that this is a relatively low limit as it covered the whole length of the contract and that if it was a 10 year contract then this only equated to £500k per annum
- Members stated that it would be useful to look at the contracts that the Council currently had and the length and value of such contracts

RESOLVED:

- (a) That consideration be given to the amendment of the Council's standard contract conditions, for contracts over the value of £5m, to allow for contract termination

for non-compliance with tax payment obligations when recommendations are made to the Executive

- (b) That consideration be given to widen the scope of tax enquiries made of suppliers during the pre-qualification stage of the procurement process for contracts with a value of over £5m when recommendations are made to the Executive
- (c) That the information relating to the legal framework for dealing with the issue of non-payment of tax, as part of the procurement process be noted
- (d) That the Head of Procurement provide details of those companies that had been found guilty of tax evasion to Members of the Committee within the next 2 weeks
- (e) That details be provided to Members of the Committee on the value of the contracts that the Council currently had and who these contracts were with

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SCRUTINY REVIEW KNIFE CRIME/MOBILE PHONE THEFT - WITNESS EVIDENCE - VERBAL (Item 9)

Catherine Briody, Victims Offender and Support Manager, was present for discussion of this item.

Jennie Walsh, Forensic Psychologist, Gangs Team gave witness evidence to the Committee together with Ian Howells Acting Superintendent, Islington Police and Theresa Ikoko Gangs Team Transition Service worker.

During consideration of the witness evidence the following main points were made –

- It was stated that mobile phone theft did not just take place in Islington but also in other neighbouring boroughs
- The number of criminal offences had reduced from 444 at the beginning of the year to 225 offences in September, a reduction of 41%
- The most prolific offenders were being targeted and one person had been arrested 32 times and there will be a dedicated gangs team employing a range of strategies
- Partnership working and sharing of information was good and the Metropolitan Police had put in a strong presence in the borough in recent months and there had been proactive patrolling
- There had been more targeted stop and search and more engagement and diversionary activities were being employed towards offenders
- The view was expressed that there needed to be increased co-ordination with schools, as it was important not to exclude children and also there needed to be liaison with schools from years 5 and 6 to alert agencies to individuals who needed to be assisted to deter them from possibly getting involved in crime
- Reference was made to the crime figures over the Summer period and it was stated that these would be circulated to Members
- It was stated that the Gangs Team tried to engage those at risk and offenders and looked at a series of issues such as housing, employment, and mental health and tried to remove these barriers. A number of these individuals had been in Pupil Referral Units and lacked social skills and also converted to crime through family relationships or violence
- The Gangs Team engaged with partners to share information and is now focusing on outcomes rather than outputs
- There is also now mental health expertise in the team and focused on young people with multiple risk factors and so far to date 35 young people had been seen
- Young people were actively engaging with the mental health service who otherwise not meet the threshold for treatment
- A Member stated that the Children's Services Scrutiny Committee were carrying out a scrutiny into Alternative Provision and that early intervention was key in preventing

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children being excluded from school. It was added that there was good work in Camden going on in relation to mental health and the Committee would consider taking witness evidence in this regard

- Reference was made to the difficulties faced by young people in turning their backs on criminality and the barriers that they faced. Housing was a major issue and it was often difficult to persuade them to have aspirations and go into training, college etc. when they risk losing benefit and their accommodation
- An evaluation form had also been drawn up which enabled young people to track their progress
- It was felt that there was pressure on young people to achieve and if they could not do this academically they sometimes turned to criminality and there was also a sense of inclusion in being in a gang and being part of a group
- Reference was made to the issue of criminal behaviour orders and the view was expressed that this often excluded young people from their family and areas they were familiar with. However it was stated that criminal behaviour orders came into force in October 2014 and there had been 16 applied for and these stopped a criminal from going back into an area engaging in crime however not all the conditions imposed were geographical and they were only granted by the Courts if they were necessary
- There was a need to identify young people at an early stage and there were schools police officers in named secondary schools and a Police Sergeant who would be working with schools
- It was stated that often at 14 years of age some young people displayed a pattern of criminal behaviour and the earlier agencies can intervene the outcome was usually more successful
- In response to a question it was stated In Lambeth there was better provision for youth services and well established community leaders that could link in with parents
- In certain areas there were gangs that were linked to more organised crime and drug dealing and the new Gangs Team were looking to do more with schools
- Reference was made to the incidence of mobile phone thefts outside stations, particularly Old Street, and that businesses and TfL should work with the Council to erect public noticeboards and signs to warn of the dangers of mobile phone thefts and that the electronic noticeboards on estates should be used
- Members expressed the view that children who were excluded from school tended to be labelled and everything possible should be done to prevent permanent exclusions from school
- In response to a question it was stated that in relation to criminal behaviour orders that the aim is to protect the community and the individual is not always excluded from their own area and these orders often related to individuals crossing borough boundaries to commit crimes
- It was stated that the Police were seeking to work more on youth engagement to break down barriers, however this was difficult and he stated that he would circulate details of the types of youth engagement that the Police undertook
- Reference was made to the fact that mental illness amongst young people could be a complicating feature of youth crime

The Chair thanked the witnesses for attending and their evidence

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FINANCIAL UPDATE (Item 10)

Councillor Andy Hull, Executive Member Finance and Performance was present and was also accompanied by Steve Key, Service Director Finance.

During consideration of the following items the following main points were made –

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- There was a projected overspend at the end of month 4, however it was hoped that this could be reduced or eliminated by the end of the financial year. However if there is an overspend this will be funded from one off contingency reserve in the first instance
- There were overspends in Housing and Adult Social Services, due to the pressures of providing temporary accommodation and ongoing changes in the welfare support system
- There is currently a forecast of £1.6m overspend in Environment and Regeneration for the reasons outlined in the report and corporate savings of £0.45m had been applied to the structural overspend, due to the Government shelving plans to introduce locally set licensing fees
- It was noted that the HRA is forecast to break even over the financial year, however there is a need to look at the Government announcement of a 1% reduction in social rents would need to be looked at during the budget process
- It is forecast that £114.6m of capital expenditure will be delivered by the end of the year 2015/16
- Reference was made to the Chancellor's statement concerning Business Rates retention by Council's and the details were still not clear and details would need to be analysed, however it was felt that this would not make up for the loss of Government support grant and the timing of any introduction could mean that the Council still has to make substantial savings in the interim. Reference was made to the possibility of increases in the service charge in response to this and Councillor Hull stated that he would investigate this with Councillor Murray and the Director of Housing and Adult Social Services
- In relation to no recourse to public funds there was likely to be additional financial pressures placed on the Council if they had to accommodate refugees from Syria and that the Government had stated that funding would only be available for one year. It was stated that if the refugees were orphans this would be extremely expensive for the Council and would be for a number of years however it was unclear at present how many refugees the Council would take. Councillor Hull indicated that the Leader was discussing with other London Councils and the Mayor the implications for Councils of taking refugees
- In response to a question it was stated that there needed to be established whether any refugees that had job skills that could be matched or training could be given to them to ease the financial burden on the Council. Councillor Hull responded that he would raise this matter with the Leader and Executive Member for Economic and Community Development
- A Member stated that the Housing Scrutiny Committee were currently carrying out scrutiny reviews into the Capital Programme and Responsive repairs and there could be an opportunity for savings to be made that could assist any HRA shortfall
- Reference was made to the increase in development management pre application fees and it was stated that this had been agreed by the Executive
- A Member enquired whether the increase in the budget for temporary accommodation was a temporary or permanent one and if there should be extra budget provision if this were to be permanent. Councillor Hull indicated that he did not feel that there should be revisions to the budget at this stage as it is hoped that these overspends can be brought down but at some point in the future it may be necessary to look where temporary accommodation is provided as at present, unlike many other London Boroughs, families were being placed in temporary accommodation in London, rather than outside London

RESOLVED:

That the report be noted and that Councillor Hull investigate the points raised above in relation to skills of refugees and the issue of addressing a possible shortfall as a result of a reduction in social rents and respond thereon to the Committee

165 EXECUTIVE MEMBER FINANCE AND PERFORMANCE - PRESENTATION (Item 11)

Councillor Andy Hull, Executive Member Finance and Performance was present for discussion of this item.

During consideration of the report the following main points were made –

- A balanced budget had been delivered for 2014/15, and a further £37 m of savings have had to be made in the 2015/16 budget as a result of Government spending reductions, meaning that in total the Council has had to reduce spending by £150m since 2010 and by two thirds in the last 10 years
- The budget strategy and process and timeline for 2016/19 has been developed
- As a result of action £560,000 of the Local Welfare Provision Fund had been maintained for Islington and Discretionary Housing Payment had been allocated to assist those affected by welfare reforms to enable them to remain in their homes whilst seeking more affordable accommodation/looking for work
- One of the few Councils in the country who has spent their entire DHP allocation supporting families in financial hardship
- Collected more Council Tax, contributing £1.9 m to savings targets
- Delivered £7.8m of savings across the Finance and Resources Department in the last financial year
- Agreed a new Procurement strategy for 2015-2020
- Commissioning and Procurement Board supporting and challenging all procurements to reduce costs and improve effectiveness
- Training delivered to businesses, including local small and medium sized enterprises and the voluntary sector
- Continued to make services available on line, with an upward trend in transactions and on track to hit ambitious targets to reduce telephone calls and visits to Contact Islington
- More people paying Council Tax by direct debit and benefit processing times in top quartile in London
- Developed and published Islington Digital Strategy 2014/18 and prepared proposals to share ICT services with Camden Council, which will deliver savings and provide opportunities for shared services
- Recognition of good processes in place to protect personal data
- Successfully threatened judicial review of the Government's decision to cut the local welfare provision fund
- Successful challenge leading to the Government accepting additional areas in the borough, where permitted development rights would not apply
- Integration of repairs service and concierge service staff under TUPE
- Adoption of new and revised employment procedures
- Schools HR successfully taking responsibility for a number of new schools outside Islington
- Smooth delivery of the General Election and Islington being the second London Borough to declare the result
- Managed introduction of individual voter registration and congratulated Andrew Smith Head of Registration and Electoral Services and his team on the handling of the election

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- Continued leadership on the London Living Wage. Councillor Hull stated that he would provide a presentation on the LLW to the Committee, prior to its next meeting on 2 November at 6.30p.m.
- Reviewed and refreshed the Council's performance indicators and held monthly performance panel (MPP) meetings with relevant Executive Members, Corporate Directors and the Leader to hold departments accountable for their performance. In addition there is quarterly monitoring of reports and comparison with benchmarking data across London
- Members congratulated Councillor Hull on the clear presentation of his report and Finance officers for achieving the savings in the department
- In response to a question it was stated that Councillor Hull would provide Members of the Committee with details of the types of training provided to small and medium size businesses to assist them in the procurement process
- Councillor Hull also stated that he would provide the Committee with details of any effect that the changes to working tax credits may have on Council budgets
- In response to a question on whether there was felt to be a need for increased youth services, given the increase in youth crime, Councillor Hull stated that with the large reductions in funding imposed by Government it would be difficult to increase funding

RESOLVED:

- (a) That the report be noted
- (b) That Councillor Hull be requested to inform the Committee of the types of training provided for small and medium sized businesses during the procurement process, and the effect that the changes to working tax credits would have on Council budgets
- (c) That it be noted that there would be a presentation to the Committee on the London Living Wage, prior to the next PPS Committee on 2 November at 6.30p.m.

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RECRUITING AGENCY STAFF/TEMPORARY STAFF POLICY (Item 12)

Debra Norman, Assistant Chief Executive Governance and HR was present for discussion of this item and outlined the report.

Councillor Andy Hull, Executive Member Finance and Performance, was present for discussion of this item.

During consideration of the report the following main points were raised –

- There has been a number of approaches taken over the previous 6 years to enable agency staff covering establishment posts to apply to be directly employed by the Council, as outlined in the report
- In response to a question in relation to paragraph 3.9 of the report it was stated that the cleaning service had previously made high use of agency staff, 49% of the workforce Councillor Hull stated that he would establish the current figure and inform Members of the Committee. In addition, Councillor Hull added that he would inform the Committee of any savings made as a result of the reduction in agency staff, even though these savings may not be significant
- Members were of the view that it would be beneficial if there could be an agreed temp to perm policy in place
- A Member referred to the fact that some staff had lost confidence in the recruitment procedures and that in his view there should be equality representatives on interview panels

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- Members congratulated officers on the report and the Director of Environment and Regeneration on the reductions he had achieved in reducing the employment of temporary staff
- In response to a question the Assistant Chief Executive Governance and HR stated that agency staff were paid by their agency and Commensura was responsible for the relationship with the agencies and for their performance on behalf of the Council and that she was not aware of any issues raised around this
- Discussion took place as to the employment of agency social workers and it was stated that this could be considered in more detail when the Committee considered the agency staff report at the December meeting but discussions had been taking place with other London Boroughs about controlling rates of pay so that 'poaching' of staff would be reduced. However many agency staff preferred to work for an agency
- In response as to whether the proposal for an 'in house' agency was being proceeded with it was stated that it was this was not considered financially viable at present and efforts are being made to reduce the number of agency staff

RESOLVED:

- (a) That the report be noted and the Audit Committee be recommended to review the Council's approach to recruiting agency staff to temporary posts
- (b) That the Assistant Chief Executive Governance and HR be requested to inform Members of the current figure of agency cleaning staff and any savings received as a result of the transfer of agency to directly employed staff

167 MONITORING REPORT (Item)

RESOLVED:

That the report be noted

The meeting ended at 10.20 p.m.

CHAIR