

**MINUTES OF THE GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY
COMMITTEE MEETING
HELD AT 7PM, ON
WEDNESDAY 7 NOVEMBER 2018
BOURGES/VIERSEN ROOM, TOWN HALL, PETERBOROUGH**

Committee Members Present: Councillors: C Harper (Chairman), K Aitken, R Brown, G Casey (Vice-Chair), E Murphy, M Farooq, Judy Fox, A Joseph, D King, S Martin, N Sandford,
Parish Councillors: K Lievesley

Also Present: Councillor David Seaton - Cabinet Member for Resources
Mark Bennett - Strategic Partnerships Director, Serco
Alex Gee - Operations Director, NPS Property Consultants
Mark Sandhu - Head of Customer & Transactional Services

Officers Present: Annette Joyce - Service Director, Environment and Economy
Peter Carpenter - Acting Corporate Director of Resources
Belinda Evans - Complaint Manager
Jeff Austin - Peterborough Direct Manager
Suzanne Jones - Head of Commercial Finance
Anne Keogh - Housing and Strategic Planning Manager
Paulina Ford - Senior Democratic Services Officer
David Beauchamp - Democratic Services Officer

26. APOLOGIES FOR ABSENCE

Apologies for absence were received from Parish Councillor Richard Clarke.

27. DECLARATIONS OF INTEREST AND WHIPPING DECLARATIONS

There were no declarations of Interest or whipping declarations

**28. MINUTES OF THE GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY
COMMITTEE MEETING HELD ON 5 SEPTEMBER 2018**

The minutes of the Growth, Environment and Resources Scrutiny Committee meeting held on 5 September 2018 were agreed as a true and accurate record.

**29. REQUEST FOR CALL IN OF AN EXECUTIVE DECISION: AMENDMENT OF LOAN
FACILITY FOR FLETTON QUAYS HOTEL - OCT18/CMDN/47**

The purpose of this agenda item was to consider the call-In request that had been made in relation to the decision made by the Cabinet Member for Resources on 24 October 2018 relating to the Amendment of Loan Facility For Fletton Quays Hotel.

The request to call-In the decision was made on 29 October 2018 by Councillor Joseph and Councillor Sandford. The decision for call-In was based on the following grounds:

Criteria 3. Decision does not follow principles of good decision-making set out in Part 2, Article 11 (Decision Making) of the Council's Constitution, specifically that the decision maker did not:

(a) Realistically consider all alternatives and, where reasonably possible, consider the views of the public.

(d) Act for a proper purpose and in the interests of the public.

(e) Keep to the rules relating to local government finance.

After considering the request to call-in and all relevant advice, the Committee were required to decide either to:

- a) refer it back to the decision making person or body for reconsideration, normally in time for its next scheduled meeting, setting out in writing the nature of its concerns and any alternative recommendations;
- b) if it considered that the decision was outside the Council's Budget and Policy Framework, refer the matter to the Council after seeking the advice of the Monitoring Officer and/or Chief Financial Officer; or
- c) decide to take no further action, in which case the original executive decision will be effective immediately.

In support of the request to call-in the decision, Councillor Joseph made the following points:

- The Decision did not follow principles of good decision-making set out in Part 2, Article 11 (Decision Making) of the Council's Constitution because:
 - All realistic alternatives had not been properly investigated by the officers concerned.
 - It might not be in the public interest to go ahead with the decision as the company was only incorporated in April 2018. The company had yet to file any accounts for inspection
 - More due diligence was needed before providing Propiteer with £15m of public money.

29.1 RESPONSE TO CALL-IN OF EXECUTIVE DECISION - AMENDMENT OF LOAN FACILITY FOR FLETON QUAYS HOTEL - OCT18/CMDN/47

There being no further questions from the Committee, Councillor Seaton, Cabinet Member for Resources accompanied by the Acting Corporate Director of Resources and the Head of Commercial Finance was invited to respond in answer to the call-In request.

In response to the request to call-in the decision, Councillor Seaton, the Cabinet Member for Resources invited the Acting Corporate Director of Resources to respond. The following points were made:

- The decision to grant the loan was made in September 2017. This paper updated Members of a change of ownership of the company to which the loan was going to be made.
- Deloitte had been engaged to undertake due diligence work. Grant Thornton UK LLP had been used previously. Deloitte had highlighted that there was more strength in the

new directors as Propiteer were regulated by the Financial Conduct Authority (FCA). Norlin Hotels were not originally regulated by the FCA. This gave the Council more comfort with who they were dealing with.

- Hilton Hotels would have also performed due diligence for the new franchisee.
- The purpose of the decision had not changed. The Council were still doing exactly what was set out in the September 2017 Cabinet report.
- This was just a name change and council now had a strengthened partner in terms of due diligence due to the FCA backing.

The Cabinet Member for Resources made the following points;

- The Cabinet Member responded to Cllr Joseph's query about due diligence being conducted on the new company. He stated that all that had been set up was the delivery vehicle. This was a Limited Company that sat under the Propiteer Group; an organisation that had wide-ranging operations and was subject to the Council's due diligence process.

The Cabinet Member for Resources responded to comments and questions raised by members of the Committee. A summary of responses included:

- Mike Aspinall was the director of both the previous company and the new company. He was also an ex-employee of Deloitte. He was the main connection the Council had with Hilton Hotels so he was an important figure.
- The Cabinet Member was not aware of any instructions from the Public Works Loan Board to Councils about this type of lending but would be open to receiving examples of this from the member who raised the issue.
- The Acting Corporate Director of Resources responded that concerns raised by the government were about councils who were investing in schemes far outside of their area. Schemes must be within 60 miles of an authority and this applied to the proposed loan as the scheme was in Peterborough.
- The Treasury Management Strategy was changed just over a year ago so that the Council would have the ability to invest in the infrastructure of Peterborough through various schemes. The Treasury Management Strategy had been through the Audit Committee.
- The Limited Company was just a vehicle used by the Propiteer group for this particular hotel. People involved in the Propiteer group included:
 - David Marshall: Founder and owner of a company ranked as one of the best 100 companies in Essex.
 - Colin Sandy: Former Finance director of Tottenham Hotspur and still Finance Director for Lord Sugar.
- Tom Dalton: Former Chairman of Laing O'Rourke and Explore Investments.
- The Cabinet Member therefore emphasised again that the Council had even more confidence in Propiteer Group than in Nolin.
- Propiteer and Nolin had previously collaborated on investments and had decided that Propiteer Group would focus solely on property transactions, with Nolin focussing on the retail side of the business, hence the proposed name change.
- The Acting Corporate Director added that Propiteer had a strong relationship with Hilton in their own right and had worked with them in the past to deliver hotels.
- A member asked why the company needed £15m from Peterborough City Council if they were so successful. Members were reminded that this had already been discussed in 2017 and was not relevant to this call-in.
- A Member stated that the person of significant control for Propiteer Hotels was Propiteer Ltd. and this organisation had three charges against it and a balance sheet of £44,000. Clarification was therefore sought as to what guarantees were in place for Peterborough City Council to claim the money back in the event of something going wrong and what security was being offered.

- The Acting Corporate Director responded that this decision was only about the change of name and the paper to issue the loan would be written by him separately in collaboration with the Director of Law and Governance under delegated powers from the 2017 decision
- A Member asked how much was being loaned out and what Propiteer were offering their investors and stated that as the decision in 2017 had not been called in, this represented a good opportunity to do so, especially in relation to why the company needed £15m from Peterborough City Council. Members also stated that they were unsure of the links between the Peterborough Investment Partnership, the south bank developments and this proposed loan. The Chairman stated that these issues were not relevant to this call-in.
- A Member stated that the public interest test was a key part of the call-in process, hence the question about Peterborough Investment Partnership and asked how much money they would make, what investors were being paid and the interest rate charged by the City Council and by Central Government.
- The Cabinet Member stated that although the issues raised were not relevant to this particular call-in, there had been extensive discussions at Cabinet and Full Council about the original decision. It was therefore not accurate to say that this decision had not been scrutinised before and the fact that the decision had not been called in was not something he could comment on.
- The Acting Corporate Director of Resources added that due process had been followed for the initial Cabinet paper in November 2017. There would be a second paper containing the detail. This decision was simply about changing the name of the company from one to the other in terms of ownership.

Councillor Sandford joined the meeting at 7.22pm

- Members commented that the loan for the hotel was an excellent idea that created regeneration, growth and gave an excellent return on money invested.
- Members queried what assets Peterborough City Council would be left with if the project was not completed or the company dissolved or folded up. The Acting Corporate Director responded that this was to be decided at the next stage and this decision was just to change the name.
- A Member asked if the original decision had gone to scrutiny and been on the forward plan or gone straight to Cabinet. The Cabinet Member responded that the decision would have appeared on the forward plan and that anything on the forward plan could be scrutinised. The Chairman concurred with this.
- Members challenged the statement that the decision was simply a change of name and asked if this was the case and if so, why had a new company been set up. The Acting Corporate Director responded that this decision represented a change of ownership and not just a change of name.

There being no further questions of the Cabinet Member and having heard all the evidence the Committee debated the request to call-in the decision and whether the Committee should:

- a) refer it back to the decision making person or body for reconsideration, normally in time for its next scheduled meeting, setting out in writing the nature of its concerns and any alternative recommendations;
- b) consider if the decision was outside the Council's Budget and Policy Framework, and therefore refer the matter to the Council after seeking the advice of the Monitoring Officer and/or Chief Financial Officer; or
- c) decide to take no further action, in which case the original executive decision will be effective immediately.

The committee debated the call-in request and in summary, key points raised and responses to questions included:

- Members stated that they were not asking for the project to be abandoned but were simply asking if due diligence had been undertaken on a company that was only six months old and expressed concerns about the level of financial security for the Council should the project go wrong. Some Members felt that this was a valid point but the risks were minimal in comparison with the expected return, especially considering that the same people were involved in the new company. The minimal risk was worth taking.
- Members stated although the new company included someone from the construction industry this was in a financial capacity.
- Members mentioned that the discontinuation of Carillion's work on a school in Ravensthorpe had cost the council approximately £400,000. Similar risks might exist in the proposed hotel project. It was also stated that Peterborough City Council should not be lending a new organisation £15m and should instead be focused on services. The decision should therefore be referred back to Cabinet.
- A member stated that £500,000 would not be raised if the company failed. The member asked if a company that had only been in operation for six months and whose person of significant control had three charges against it should be lent £15m. The risk factors should be looked at to see if the money could be recovered if something went wrong.
- A member stated that the financial competence of the Council was relevant to the call in and expressed concern that there was a limited amount of information around the new company and this should be gathered before the project went ahead.
- There was no objection to the council operating commercially but this needed to be done in a careful and prudent way. This call in was about referring to the decision back to Cabinet in order to get more information about the company to be sure that taxpayers money was being spent in a prudent way.
- Members stated that it was frustrating that it appeared that the questions raised by Councillor Joseph could not be answered until the next stage of the project which would define the elements of the risk and how this would be counted. It was therefore difficult to have this discussion without being in possession of the relevant information.
- The Cabinet Member clarified that the 'charges' against Propiteer were loans secured against it, not criminal charges. This was an investment company and one would expect them to have assets and other loans charged against it.
- In response to a members' concern that the company had only been running for six months, the Cabinet Member responded that this was a limited company set up specifically to build this hotel. It was part of the overarching Propiteer Group who would be responsible for that development.
- A member stated they understood the structure but reiterated that the person of significant control of the company, which had only been in existence for six months, had three charges against it and a balance sheet of £44,000. It was queried if a bank would lend them the money under these circumstances and therefore if the Council should be taking on the risk with more information requested before the project went ahead.
- A member suggested that a financial expert could have been invited to this meeting. The Senior Democratic Services Officer stated that expert witnesses could indeed be invited. A member therefore suggested that the decision should be delayed until an expert could be appointed. Another member disagreed stating that prolonging the process would complicate matters.
- The Acting Corporate Director stated that the next stage, as set out in the 2017 CMDN, was to produce and go through the loan agreement. This was when the absolute assurance sought by members would come regarding how much the council were contributing, who was providing finance regarding Propiteer Hotels, terms and rate of the loan and the detail.
- The Chairman stated that he hoped this loan agreement would come to the Scrutiny committee in the future.

- A member asked if there would be complete transparency regarding the company (e.g. who invests in them and who their shareholders were) at the stage of producing the loan agreement. Similar information had been asked for in the past and had been told it was commercially sensitive. The Acting Corporate Director stated that this information was commercially sensitive and they would have to come to a view on what could be put in the public domain.
- The Chairman suggested that this information could be brought to the committee in an Exempt Session but suggested that legal advice would need to be taken. The Acting Corporate Director agreed, stating that the decision makers would have access to this information but advice would need to be sought regarding commercial confidentiality.

Following debate the Chairman, reminded committee members that:

Call-in should only be used in exceptional circumstances where Members of a Scrutiny Committee have evidence which suggests that the Executive did not take the decision in accordance with the principles set out in Part 2, Article 11 (Decision Making) of the Council's Constitution.

The Committee would need to base their decision on the facts and evidence that had been presented to them during the meeting.

After considering the request to call-in and all relevant advice, the Committee have the following options:

- (a) refer it back to the decision maker for reconsideration, setting out in writing the nature of our concerns and any alternative recommendations;
- (b) if we consider that the decision is outside the Council's Budget and Policy Framework, refer the matter to the Council after seeking the advice of the Monitoring Officer and/or Chief Financial Officer;
or
- (c) decide to take no further action, in which case the original executive decision will be effective immediately

The Chairman asked for any proposals based on one these three options:

It was clarified that option b) would require seeking the advice of the Monitoring Officer.

Councillor Murphy seconded by Councillor Joseph proposed that the committee refer it back to the decision maker for reconsideration, setting out in writing the nature of concerns and any alternative.

The Chairman asked the Committee to vote on the proposal.

The Committee voted **AGAINST** the proposal to agree the request to call-in the decision (4 in favour, 6 against, 1 abstention).

Councillor Casey seconded by Councillor Aitken proposed that the Committee decide to take no further action in which case the original Executive Decision could take effect immediately.

The Committee voted **IN FAVOUR** of this proposal **NOT** to uphold the call-in (6 in favour, 4 against, 1 abstention)

AGREED ACTIONS:

The request for call-in of the decision made by the Cabinet Member for Resources on 24 October 2018 relating to the Amendment of Loan Facility for Fletton Quays Hotel was

considered by the Growth, Environment and Resources Scrutiny Committee. Following discussion and questions raised on each of the reasons stated on the request for call-in the Committee did **not** agree to the call-in of this decision on any of the reasons stated.

It was therefore recommended that under the Overview and Scrutiny Procedure Rules in the Council's Constitution (Part 4, Section 8 and paragraph 10), implementation of the decision would take immediate effect.

30. SERCO ANNUAL REPORT 2017/18

The report was introduced by the Acting Corporate Director of Resources accompanied by the Strategic Partnerships Director - Serco, the Head of Customer and Transactional services and the Cabinet Member for Resources which gave the committee an opportunity to hear from and question officers of the Council and the Serco Partnerships Director on the performance of Serco during 2017/18.

The Growth, Environment and Resources Scrutiny Committee debated the report and in summary, key points raised and responses to questions included:

- Members commented that the new offices at Sand Martin House provided a much better working environment for council employees.
- Members had asked for the energy specifications of Sand Martin House while being given a tour of the building and these had not yet been received. There was particular concern over the Engine Shed because of its high ceilings and glass roof panels. The Acting Corporate Director believed that the building had the second highest rating for energy efficiency. It was agreed that the Acting Corporate Director of Resources would provide energy efficiency information for Sand Martin House to members of the committee via email.
- Members congratulated officers on their awards received and praised the move to Sand Martin House which was proving valuable.
- Universal Credit was live in Peterborough. The Council's focus was on moving new Housing benefit claims to Universal Credit. Improvements to housing benefit were referenced in the report. Some years ago, the Council had been struggling with the speed at which they processed housing benefits but were now in the top quarter of all local authorities nationally in terms of processing speed. All applications for Housing Benefit were submitted online in order to improve efficiency and prepare people for Universal Credit which were all submitted online.
- It was difficult for officers to comment on the success of Universal Credit due to working for the Council and Serco. It was a central government scheme and was the responsibility of the Department of Work and Pensions. Officers worked closely with Citizens Advice and other agencies to try to help customers who might be struggling as much as possible.
- Members asked if there was anything that could be done to improve the percentage of calls answered. Officers stated that they could always answer more calls and this had been debated in the past. Officers were happy with the statistics provided as they were mindful that, although they wanted calls to be answered quickly, they also wanted to encourage people to use online services which were more cost effective. There was room for improvement and progress was being made in this area. The report from the previous month, not seen by the committee, had the best performance of the year.
- Members stated that they were glad to see that benefits were being processed faster than in the past and praised the achievements in the report.
- Members referred to the I.C.T. overspend listed on page 29 and asked for an explanation and sought reassurance that this would not be the case every year as there was insufficient funding to maintain this. Officers responded that the overspend was related to the Council's 2017/18 transition from server-based to cloud storage. The Council and

Serco had been working hard over the last six months to bring the ICT spend back to budget.

- Members congratulated officers on their good work but challenged the assertion that the closure of cash offices had led to greater efficiencies, stating that the figures for the number of permits issues had dropped, suggesting that evasion was a problem which could limit the claimed efficiency savings.
- Officers did not have figures in front them relating to parking permits but they were familiar with the number of customers paying for council tax and other debts to the council. All of these have moved in a positive direction with regard to people moving online. Customers still had the ability to pay in post offices or Payzone outlets.
- The Acting Corporate Director stated that while he did not have the figures available, the review process involved looking at how things had moved from the cash office to new modes of payment. If there were issues in these areas, officers could see if there were other ways of helping customers.
- It was agreed that the Acting Corporate Director of Resources and Head of Customer and Transactional Services would provide the committee with information on the number of parking permits issued before and after the closure of the cash office. This to include information on whether the move to online permits has encouraged people to avoid paying for them and if adequate enforcement resources were in place to prevent this and chase-up cases of non-payment? Considering the possibility of evasion, did the move to online permits actually represent an efficiency saving?
- Members restated concerns previously made at the Budget Working Group and Full Council about the cost of transitioning from Microsoft I.C.T. systems to Google and now back to Microsoft. Members asked officers for the true cost.
- The Cabinet Member stated that the Council had transitioned from Microsoft Licences to cheaper licenses and back again and this was the only change. Hardware could still be used on either system.
- The Cabinet Member Resources stated that the current Google licences cost £200,000 per year and Microsoft licenses cost £350,000.
- When the decision was made to transition to Google systems, the officers had thought that other organisations would follow suit and provide efficiency savings. The collaboration facilities provided by Google were excellent and Microsoft had responded with Office 365 as they were worried that people would switch to Google. An issue faced by the Council after using Google for several years was that very few other Councils nor central Government used it, necessitating the continued use of Microsoft applications when communicating with them. If enough Councils had moved to Google with Peterborough, as Hounslow and Warwickshire had done, there might have been a critical mass to avoid the need to respond to central government in the Microsoft format.
- As a supplementary question, Members emphasised that they were interested in the overall cost of the I.C.T. transitions, not just licenses, including training and hardware. Members acknowledge that the transition back to Microsoft would probably not cost as much as there was less need to retrain people due to them having previously used this system.
- It was agreed that the Acting Corporate Director of Resources would provide the committee with information on the cost of moving from Microsoft to Google and what would be the cost of moving back.
- Members stated that they regularly dealt with residents experiencing difficulties with council tax enforcement agencies and asked if this could be reviewed. Officers responded that the Council continually reviewed the enforcement agents used. Officers acknowledged Members' point and gave the reassurance sought.
- A new scheme had been introduced this year to invite customers to work with the Council to avoid taking them to court and the associated £68 cost in doing so. Citizens Advice Officers had sat alongside Recovery Officers and Enforcement Agents when speaking to those individuals. Officers encouraged Members to publicise this service.

- Members suggested that some of the I.C.T. budgetary pressures faced this year were caused by expected savings from new systems and agile working not being realised. Members requested information on the cost of contracts for systems such as Salesforce, what things had been bought that were not needed and whether less money would have been spent and a better service provided if I.C.T. had been kept in-house.
- The Acting Corporate Director stated that there had been a devolved I.C.T. structure so Serco had not taken everything on initially such as the social care systems which were not delivered by Serco until later.
- It was agreed that the Acting Corporate Director of Resources would provide the Committee with a year-by-year breakdown of I.C.T. costs as far back as possible.
- The Chairman thanked officers for attending and providing a comprehensive report and for responding to questions and asked them to thank their teams for their hard work.
- As part of the review of actions at the end of the agenda item, Cllr Seaton stated that the transition back to Microsoft had recently been signed off in a CMDN so the action point relating to the cost of this had already been covered. The Cabinet Member was however happy to provide this in written form via a link.

AGREED ACTIONS:

The Growth, Environment and Resources Scrutiny Committee considered the report and **RESOLVED** to review and comment on the report and the following information was requested:

1. The Acting Corporate Director of Resources to provide energy efficiency information for Sand Martin House to the Committee via email.
2. The Acting Corporate Director of Resources and Head of Customer and Transactional Services to provide the Committee with information on the number of parking permits issued before and after the closure of the cash office. This to include information on whether the move to online permits has encouraged people to avoid paying for them and if adequate enforcement resources are in place to prevent this and chase-up cases of non-payment? Considering the possibility of evasion, does the move to online permits actually represent an efficiency saving?
3. The Acting Corporate Director of Resources would provide the Committee with information on the cost of moving from Microsoft to Google and what would be the cost of moving back.
4. The Acting Corporate Director of Resources would provide the committee with a year-by-year breakdown of I.C.T. costs as far back as possible.

31. NPS PETERBOROUGH LIMITED 2017/18

The report was introduced by the Acting Corporate Director of Resources accompanied by the Operations Director, NPS Property Consultants and the Cabinet Member for Resources> The report provided the committee with the opportunity to hear from and question both officers of the Council and the NPS Peterborough Joint Venture Director on the performance of NPS Peterborough during 2017/18.

The Growth, Environment and Resources Scrutiny Committee debated the report and in summary, key points raised and responses to questions included:

- The Acting Corporate Director of Resources clarified that the disposals were done in order to hit the targets in the MTFs.
- There was a gross profit figure which was split 50/50 with the local authority. NPS payed tax on their component to produce a net profit figure. This was classed as a volume discount rather than a profit share or dividend for legal reasons and contained within NPS's Articles and Associations. This was scrutinised on a quarterly basis by a Board of which the Cabinet Member for Resources was a member. The Acting Corporate Director of Resources had also participated at this meeting.
- NPS's I.T. systems were part of the Peterborough City Council ICT system. The NPS Network was also used meaning that a different email ending was used; nps.co.uk not peterborough.gov.uk. Citrix provided access to NPS's Outlook and Microsoft Office services.
- There was a joint Board between PCC and Norse. PCC representatives received no specific remuneration for being on that Board.
- NPS actively worked with other organisations, mostly other local authorities within the public sector.
- NPS had worked with Cambridgeshire County Council, South Kesteven, North-West Leicestershire and South Holland District Councils. This work was undertaken by the NPS Peterborough Estates and Asset management team which directly benefited the profitability of the joint venture.
- The Cabinet Member added that NPS had recently taken over the management of the Eco Innovation Centre which had been transferred from the management of Opportunity Peterborough.
- When the joint venture began, property within Peterborough was split into three component parts:
 - Growth and Regeneration team within the City Council
 - Estates and Asset Management team within Serco
 - Property Maintenance Division within Amey

The first two formed part of the joint venture and staff were transferred under TUPE arrangements. The Property Maintenance division remained with Amey.

- Members referred to section 4.1 on page 40 which stated that rental return was £2.3m from a net book value of properties worth £401m, a yield of 0.5% compared with typical private sector returns of 5-10%. Members asked if this was being continuously reviewed to ensure this became comparable with the private sector. The Acting Corporate Director responded that the £401m figure was the netbook value for all buildings and he would provide the netbook value of just the commercial portfolio which would result in a higher yield.
- It was agreed that the Acting Corporate Director of Resources would provide the member with information on the yield of the commercial portfolio.
- Members asked if NPS dealt with Town Hall and if the empty space in the Town Hall could be rented out efficiently to get maximum return. Officers responded that the South Side of the building had been refurbished and this was now occupied by the Department for Work and Pensions (DWP). The North Side of the building would be refurbished and conversations were underway with a potential long term client.
- Members asked for the total cost of refurbishing of the Town Hall, mentioning that the last figure that had been received was £2.7m, but were not sure of this because of officers' statement that the refurbishment was an ongoing process and was not yet complete.
- Members expressed concern that the Town Hall was being retained for sentimental, rather than commercial, reasons. Members asked if officers were still convinced that there was still a strong commercial case for the council to retain the Town Hall and asked if a review had been carried out into this, as was done periodically with all council-owned assets.

- Officers responded that a large amount of money had been needed to bring the Town Hall up to standard. Figures for the costs of refurbishment would be provided as the refurbishment of the North side took place.
- It was agreed that the Acting Corporate Director of Resources would provide the committee with information on what the present capital costs and associated income flows were and any savings associated with leasing the North and South Wings of the Town Hall.
- The 2016 Cabinet Report set out the rationalisation for what was being retained. The Council wanted to keep a presence in the Town. The Civic functions still resided in the Town Hall and there was no Council Chamber in Sand Martin House. These were still owned by the Council so it made sense to try to get long term leases for the North and South parts of the Town Hall to have the benefits from long term tenants in the building. The overall office accommodation budget was currently cost-neutral and was constantly being reviewed. However additional benefits such as job creation, the Hotel, the Gin and Whisky Distillery would bring visitors into Peterborough.
- The Cabinet Member stated that when the business case was originally signed off, there was a figure of £7.6m over 27 years. The Acting Corporate Director had to be cautious with his calculations as Section 151 Officer but he felt that the scheme would be better than cost neutral. This was because there was £18m of NNDR in the original calculation which had now been taken out of the calculation.
- Clarification was sought on whether the decision to retain the Town Hall was being continually reviewed. The Cabinet Member responded that it was although certain key elements were debated at the time. Examples included whether the Mayor's Parlour and Council Chamber were still needed. It had been agreed that these historic elements of the building would be kept.
- Members referred to NPS's assistance to the council with school sites on page 41 and asked what their criteria were for school sites and sought reassurance that these sites had sufficient parking for parents taking into account the safety of children. Officers responded that the work done by NPS in this area was to provide project management support to develop the sites and schemes to go to planning and highways for transport assessments. Their role was not to select the sites.
- Members stated that the primary focus of NPS had been disposals and the year on year figure had gone up by 200%. Much of this income was from the disposal of underperforming assets, Members asked what scope there was to maintain levels of income from disposals. Officers responded that there was only so much to sell and it would not be advisable to sell everything the council owned as their assets were an investment.
- NPS provided the Acting Corporate Director and Cabinet Member with the disposals list and where progress had been made on a weekly basis. It was not NPS's decision to decide what was on the list and NPS would take forward the Council's decision on what buildings were surplus to requirements. NPS would make a recommendation as to whether they agreed with this decision but ultimately if the council stated that an asset should be disposed of this would be done. NPS worked with the Acting Corporate Director and his team to make the best use of assets held.
- The only significant disposal taking place next year would be the football club.
- The Acting Corporate Director stated that the Council had had a number of 'one-off' income sources in the MFTS and he was trying to reduce the Council's budgetary dependence on these over a number of years to ensure a more deliverable budget over time, hence why these 'one-offs' were reducing over the next few years.
- Assurance was sought that the portfolio of acquisitions was not underperforming. Members were informed that the Council held about 120 commercial properties. The Council were also required to hold other things due to the fact they were a Local Authority and these had a 'cost of carry'. Local authorities were required to have some assets unlike a normal company.

AGREED ACTIONS:

The Growth, Environment and Resources Scrutiny Committee considered the report and **RESOLVED** to review and comment on the report and:

1. That the Acting Corporate Director of Resources would provide the Committee with information on what was the actual return that had been made on the commercial property portfolio.
2. That the Acting Corporate Director of Resources would provide the Committee with information on what the present capital costs and associated income flows were and any savings made.

32. PORTFOLIO PROGRESS REPORT FOR THE CABINET MEMBER FOR RESOURCES

The report was introduced by the Cabinet Member for Resources accompanied by the Acting Corporate Director of Resources. The report provided the Committee with an update on the progress of items under the responsibility of the Cabinet Member for Resources.

- Members commented that they were in favour of shared services and it was right to highlight the benefits of them.
- The saving of £9m from shared services was split into £4.5m being delivered next year and £4.5m to be delivered the following year. This was built into the base budgets for 2019/20 and 2020/21. Officers were always looking at different ways of doing things. Some of the bigger initiatives to come included joining up the People and Communities Directorate with regard to Children's and Adults service to move towards a delivery model in which Peterborough and Cambridgeshire were doing 'the same thing at the same time with the same processes' to improve efficiencies. This had an 18 month lead time to deliver.
- The Cabinet Member added that in delivering these efficiencies, the costs were being shared between two councils.
- Members asked if many duplications had been identified and if there would be any job losses as a result. Officers responded that Peterborough City Council and Cambridgeshire County Council were currently moving towards having a true shared service. The two councils currently have different processes; e.g. PCC used Google and CCC used Microsoft. There would be synergy in this area in the future. Shared services were very I.T. driven. The plan was to move both councils on to the same system and make sure the same processes were being used. The experience of customers must always be taken into account.
- Members praised the creation of the Constitution and Ethics Committee of which the Cabinet Member was a part. There had been good debates on constitutional points. The advantage of this committee was that they could refer matters directly to Full Council whereas the previous Constitutional Working Group had to refer matters through Audit Committee.
- Members stated that when Peterborough was part of Cambridgeshire it was unfairly treated with regard to Education and Social Services with much of the spending taking place in Cambridgeshire even though the priorities were in Peterborough. While recognising that all Councils needed to explore shared services and make savings, Members asked how far the sharing of services with Cambridgeshire would continue. Concerns were expressed that if this continued beyond a certain point, Peterborough would lose its autonomy. The Cabinet Member responded that PCC had a written agreement with CCC that set out the exact terms made it clear that the respective autonomies of each Council would not be lost. It was agreed that the Cabinet Member would circulate this agreement to members of the committee.
- The Acting Corporate Director added that he had previously worked under a tri-borough arrangement which had been a much larger scale example of shared services. There

was no delegated legislation to allow sharing to take place. Sovereignty of transactions for each council must therefore be demonstrated. The September Cabinet Report outlined rules and protocols around how finance, costs, benefits and investments would be shared and how HR policies would work etc.

- Members expressed concern about the fact that the average level of sickness was 7.33 days per employee and asked how much of this was stress related. The Cabinet member stated that he did not have this information immediately available but provide this after the meeting. The figure 4.28% was considered a good figure for a council but the Cabinet Member would be happy to provide a further breakdown. Members were concerned that although the figure may be good for a council, this was still poor when compared with the private sector and asked what the cause was and what was being done to address it.
- It was agreed that the Acting Corporate Director would provide information on the percentage of sickness absences that were related to stress and if the overall and stress related figures were good compared with the private sector and what was being done to address this.
- Members asked why the sharing of services had to be with Cambridgeshire and not other Councils. The Cabinet Member responded that he saw no reason why this should not take place in the future.
- Members expressed general concern about the finances of the Combined Authority.
- Members asked for an update on the progress of Asset Transfer work and requested that this process was not pushed too far because many of the buildings were not in a good state and would not be advisable to transfer them to people and organisations that might fail. Care should be taken to ensure that organisations and people taking these buildings on were capable of doing so to avoid losing more communities centres and village hall. The Cabinet Member understood and noted the concern. Members were advised that around 33 community centres were being transferred by the end of this year and a target of 66% by the end of the financial year although it was likely there would be some slippage.
- The 1329 employees mentioned on page 76 were those who were directly employed by the City Council, not contractors or consultants.

AGREED ACTIONS:

The Growth, Environment and Resources Scrutiny Committee considered the report and **RESOLVED** to note the report and

1. Requested that the Acting Corporate Director would provide information on the percentage of sickness absences that were related to stress and if the overall and stress related figures were good compared with the private sector and what was being done to address this.
2. It was agreed that the Cabinet Member for Resources would circulate copies of the shared services agreement with Cambridgeshire County Council to members of the committee.

33. ANNUAL CORPORATE COMPLAINT REPORT 2017-18

The report was introduced by the Complaint Manager accompanied by the Peterborough Direct Manager, the Acting Corporate Director and the Cabinet Member for Resources which analysed the performance of the council's formal Corporate Complaints Procedure and other corporate complaints between 1st April 2017 and 31st March 2018.

- Members stated it was more important to focus on how to handle complaints rather than on the number of overall complaints.

- Members asked if the council examined best practice in other organisations, such as First Direct Bank, as there was always room for improvement no matter how good the complaints handling process was. Officers stated that the previous report had highlighted the Excellence Award that customer services had achieved over the last 10 years. They examined parts of council's complaints process, how the council learn from feedback and how aware staff were of how to utilise this process. There were several parts of this assessment that relied upon complaints data and what the Council's process was.
- The Peterborough Direct Manager added that the complaints process was reviewed every three years to make sure customers had the opportunity to make a complaint that the council learned from complaints and how the complaint process was managed. In instances where a complaint was resolved, customers want to be contacted again to make sure they were still satisfied with how the complaint process worked and doing this helped the council make sure they were doing the job. It was important to make sure Members of the public were happy with the process as well as the resolution.
- Regarding Best Practice, the Customer Service Manager added that she belonged to an Eastern Region Complaints Managers Group and the National Complaint Managers group. Best practice in complaint process and complaint handling was shared. Representatives from the Local Government Ombudsman (LGO) and Information Commissioner's Office (ICO) also visited this meeting as there was crossover between data protection matters, freedom of information matters and complaints. The Council were looking to benchmark with similarly sized councils in the Eastern Region to look at their complaint handling and volumes to try and provide comparative information in the future.
- The Chairman asked how officers assess that the complaints process was well-communicated and understood by members of the public. Officers responded that the number of complaints received online suggested that the process was straightforward and easy to find. The complaints team maintained regular contact with the service areas. Service areas would sometimes receive complaints directly and sometimes they were passed on to them via the complaints team. Customers also came into the Customer Service Centre to make complaints directly. In this instance, a complaints officer could capture the complaint in person. There was a published telephone line and the call centre were able to connect people through to the complaints team if the issue was not resolvable within the service. Complaints were also still received by post. All services knew the complaints process and they were reminded of their obligations every time they were sent a complaint regarding the timescales, how to deal with direct complaints etc. There had been no recent feedback from customers suggesting that they had been 'passed around' or unable to locate the complaints team.
- The Cabinet Member added that making a complaint online was extremely straightforward.
- Members asked if the complaints discussed so far included partner organisations such as Skanska or Serco and if so, why Vivacity and Amey did not use this process. How did the Council scrutinise the complaints procedure of partner organisations?
- In response, officers referred to the chart on page 81 of the reports pack, which showed the growth of complaints for the Council, Amey and Vivacity. The paragraph detailed the differences across the three areas. When Enterprise took over the management of waste, they already had their own complaints process and they wanted to use this. They had a monitoring officer within the Resources Directorate who meet with them monthly to discuss all aspects of the contract including complaints. This process was effective. There were few unsatisfied complaints referred back to the council by customers; around 5-10 a year. If a complaint from a customer for Amey was received, this was passed through to Amey for their own process to be followed. If a customer had been through this process and were not satisfied the Monitoring Officer would be engaged to assess whether they were satisfied with the outcome and that Amey's own complaints process had been correctly followed. The Local Government still considered the council to have

responsibility for the waste service regardless of how the service or complaints procedures were outsourced.

- Amey received many complaints on how bins were not being collected, frequency of grass cutting or bush cutting which were easy for them to resolve quickly; either through fixing the problem or explaining the policy. Some complaints were received expressing dissatisfaction that Amey had not been contracted to perform a particular service. These would become a Council complaint about policy. There was joined up working in terms of how complaints went through to Amey and how escalated complaints were referred back to the Council. Customers would sometimes complain to the Local Government Ombudsman in which case the Council would become aware of something that Amey had dealt with not seen by the Council. This was however rare.
- Vivacity had decided to set up their own complaints process when they were established. They also had a Monitoring Officer and the same process applied as with Amey. Their complaint volumes were very low. Serco and Skanska decided to adopt the Council's complaints process when the service transferred over to them. The Council complaint telephone number therefore including complaints about Skanska and Serco.
- Members asked if the council would require companies undertaking partnerships with them in the future to use the council's complaints process. Members suggested that this would be preferable. Officers responded that the Local Government Ombudsman (LGO) were satisfied with complaints being outsourced if this suited the service as long as the council monitored the complaints process and took ownership of the end result. This would be a commercial decision between the council and the outsourced service.
- The Acting Corporate Director added that the Members' question was very valid. It was important to ensure that complaints went through the councils systems and processes, interfaces with I.T. systems, how customers were dealt with through the website. Officers would ensure that these factors were included in future procurement documents. This was sometimes decided through commercial consideration as some companies might have a better complaints system than the council.
- Members queried if any officer could deal with a complaint as in some other organisations complaints were referred to the central complaints team instead. Officers responded that staff, especially in customer services, were made aware of the complaints process in their inductions. They could capture the complaints and pass it through to the complaints team or deal with it themselves. The complaints policy stated that the service area that received a complaint relevant to them should deal with it there and then. The policy stated that the complaint should be passed to a team leader or a manager. Customers could choose to go the complaints team. Because they manage the website's complaints form more complaints were being received centrally. 65% were received via the web. The complaints team then log and monitor complaints being responded to. Customers still had the option of going directly to a service area and the service area would respond. This would generally be a manager rather than a front line officer.
- Members asked how people make complaints about the behaviour of an officer. Officers stated that this was why it was important for a manager or team leader to deal with the complaint. If the complaint was about the conduct of the officer they were engaging with, they would not want to complain to that person. Customers did sometimes contact the complaints team saying that they had complained about both their officer and their manager and wished to complain to someone more senior. It was then the responsibility of the complaints team to find that senior person most suitable to have the complaint referred to them.

AGREED ACTIONS:

The Growth, Environment and Resources Scrutiny committee considered the report and **RESOLVED** to consider the report and make recommendations for further scrutiny if deemed appropriate.

34. AFFORDABLE HOUSING NEED AND DELIVERY IN PETERBOROUGH

The Housing and Strategic Planning Manager accompanied by the Acting Corporate Director of Resources introduced the report which provided a current picture of affordable housing need and delivery in Peterborough against the backdrop of any significant policy, legislative or funding developments that had occurred since the adoption of the Housing Strategy in April 2017.

The Growth, Environment and Resources Scrutiny Committee debated the report and in summary, key points raised and responses to questions included:

- Members referred to the SHMA 2017 update which indicated that an additional 559 affordable homes were required each year to meet current and arising need in Peterborough. Therefore even the updated delivery figure of 152 homes was around 400 homes short of requirements and it was difficult to see how this would help tackle the housing crisis. Officers responded that SMHA figures were a globalised picture of housing need within Peterborough. Housing Register Need information was included as well as this was representative of the immediate housing need. The SMHA figures reflected everyone who found it difficult to meet their housing need in the open market. There would be some people who could afford to rent someone with benefit support who would come into this category of housing need. The housing register and the number of families in temporary accommodation would be a better indicator of the position faced in Peterborough.
- The SMHA figure was valuable because it reflected affordability in Peterborough. Although house prices in Peterborough were not very high, the city also had a low wage economy which limited the ability of people to meet their housing need in the market.
- It would never be possible to meet all the identified housing need in the city and no local authority could do this. The Council tried to focus on delivering the right products for those with the highest need. These were people in band 1 of the housing register and people in temporary accommodation. This was why the Council wanted to deliver more rented units rather than home-ownership units as this would alleviate the housing register need.
- Members stated that it appeared that Peterborough had only received £2.75m of funding from the Combined Authority which seemed to be a small proportion of the total combined authority housing funding figure of £100m.
- Members thanked officers for an excellent report and commented on their work on affordable housing and gaining as much funding as possible from the Combined Authority.
- Members asked if the council had the teams in place to take advantage of new legislation allowing local authorities to borrow an unrestricted amount of money to provide affordable housing. Officers responded that they did not have a Housing Revenue Account (HRA) or housing stock, so the City Council did not have these teams in-house at present.
- The Acting Corporate Director added that there had been two tranches of money over the summer of £2.2bn and £2.7bn going to councils with HRAs.
- Councils that had HRAs had not been able to borrow money as artificial caps had been introduced by the government some years ago. Everything had to be delivered from revenue or rents and councils could not borrow to improve or increase the housing stock which had caused problems for some authorities.
- The Acting Corporate Director stated that they were looking at whether an HRA should be set up again due to the funding being provided in this area. There was only one council that had gone back and set up an HRA which was Hartlepool. The Council needed to evaluate whether it was worth doing.
- Members felt that it would be worth looking at the possibility of introducing social tenure to get this funding. Members estimated that Peterborough should be receiving £26m-

£28m from the Mayor's budget. The Mayor's enthusiasm for local land trusts was not necessarily suited to Peterborough. Members requested that the committee recommend that the Council examine the possibility of setting up a Housing Revenue Account (HRA).

- Members stated that full council had passed a unanimous motion to look at a wide range of options for housing, such as cooperatives, HRAs etc.
- Members asked if there were still plans to use Midland Road for homeless person's accommodation as social housing. Officers responded that the 29 Medesham Homes Units would be used as permanent homes for families in temporary accommodation. This would enable other people to move into the temporary accommodation. The issue was that the Council had a shortage of temporary accommodation. This was expensive and had a high social cost. It was important to have a 'churn' of people moving from lower quality temporary accommodation such as Travelodge's into higher quality temporary accommodation into a permanent stable home. Although temporary accommodation was needed, more permanent homes to move into from temporary accommodation were also needed. The Midland Road project would consist of permanent homes which were desperately needed.
- Some Members felt that this subject had not received the scrutiny it deserved at this meeting and should have been placed earlier on the agenda or an agenda with less items. The Chairman stated that call-ins could not be accounted for in agenda setting.
- Members responded that the Council were spending £200,000 per month on temporary accommodation, there was a housing emergency, 11% of houses were empty and not enough was being done.
- Members suggested the Council should buy houses off the open market rather than waiting for them to be built. Officers referred to a paragraph page 110 in the report, which stated that the Council were looking to purchase housing stock as a quicker way of accommodating people so this process was in place.
- Members stated that there were many people in Peterborough who could not get onto the housing register because they were 'adequately housed' in private accommodation which cost twice as much as social housing. This gave these people a burden. They did not have security of tenure, the ability to decorate or have pets for example. The need for these comforts should not be dismissed and people in this position should not be ostracised. The Council should consider providing housing to these people,
- Officers acknowledged the point above but stated that there were 3,000 people on the housing register and this level of need required prioritisation. This meant that the Council could not open its criteria so wide that anyone in a rented property could be considered to be a priority for re-housing. In the past there had been 9,000 people on the housing register before the criteria were revised. Otherwise, people would have been on the register continuously and never been rehoused. This was not good for these people as the Council would never have sufficient resources to house this number of people and people's hopes would be given false hope. The Council made the criteria more realistic to limit who was considered eligible for rehousing. It was still difficult to rehouse 3,000 people.
- Members responded that they would not consider it a luxury to live in a house that one could afford without having two jobs or going without essentials.
- Councillor Murphy, Seconded by Councillor Martin proposed that Cabinet examines the viability of setting up a Housing Revenue Account (HRA). The Committee unanimously agreed to the recommendation.

RECOMMENDATION:

The Growth, Environment and Resources Scrutiny Committee **RESOLVED** to recommend that Cabinet examines the viability of setting up a Housing Revenue Account (HRA).

AGREED ACTIONS:

The Growth, Environment and Resources Scrutiny committee considered the report and **RESOLVED** to review and comment on the report.

35. MONITORING SCRUTINY RECOMMENDATIONS

The Democratic Services Officer introduced the report which enabled the committee to monitor and track progress of recommendations made to the Executive or Officers at previous meetings.

It was noted that the committee's recommendations made at the July 4 meeting regarding the role of rural areas Active Lifestyles had been incorporated into the Strategy.

ACTIONS AGREED:

The Growth, Environment and Resources Scrutiny Committee considered the report and **RESOLVED** to consider the responses from Cabinet Members and Officers to recommendations made at previous meetings as attached in Appendix 1 to the report and provides feedback including whether further monitoring of each recommendation is required.

36. FORWARD PLAN OF EXECUTIVE DECISIONS

The Democratic Services Officer introduced the report which invited Members to consider the most recent version of the Forward Plan of Executive Decisions and identify any relevant items for inclusion within the Committee's work programme or to request further information.

ACTIONS AGREED:

The Committee considered the report and **RESOLVED** to consider the current Forward Plan of Executive Decisions:

37. WORK PROGRAMME 2018/2018

The Democratic Services Officer introduced the report which gave the committee to review the work programme and highlight any additional items that needed to be considered.

The Chairman noted that the agenda for the 9 January meeting was already very full and that no more items would be advisable. The January agenda would be set at group reps.

ACTIONS AGREED;

The Growth, Environment and Resources Scrutiny **RESOLVED** to note the latest version of the work programme.

38. DATE OF NEXT MEETING

28 November 2018 - Joint Scrutiny of the Budget

9 January 2019 - Growth, Environment and Resources Scrutiny Committee

7pm - 9.35pm
CHAIRMAN