

SCRUTINY BOARD (ENVIRONMENT, HOUSING AND COMMUNITIES)

MONDAY, 9TH NOVEMBER, 2020

PRESENT: Councillor B Anderson in the Chair

Councillors J Akhtar, J Bentley,
A Blackburn, D Collins, A Gabriel,
P Grahame, P Gruen, M Harland,
K Brooks, H Hayden, K Renshaw and
J Shemilt

42 Appeals Against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents.

43 Exempt Information - Possible Exclusion of the Press and Public

The agenda contained no exempt information.

44 Late Items

No formal late items of business were added to the agenda, however the Board was in receipt of a supplementary pack relating to Agenda item 7 "Merger of Groundwork Leeds with Groundwork Wakefield and North Yorkshire and Leeds City Council's Future Role in Groundwork Yorkshire" which contained a report entitled 'Groundwork Wakefield Merger Proposal' presented to Wakefield MDC Cabinet on 31st October 2017.

45 Declaration of Disclosable Pecuniary Interests

No declarations of disclosable pecuniary interests were made; however Councillor P Grahame and Councillor A Blackburn both wished it be recorded that they were Trustees of the Board of Groundwork Leeds, appointed by Leeds City Council.

46 Apologies for Absence and Notification of Substitutes

Apologies were received from Councillors Smith, Sharpe and Khan. Councillors Shemilt, Hayden and Renshaw attended the meeting as substitutes. Apologies were also received from Councillor Dobson.

47 Call In Briefing Paper

The Head of Democratic Services submitted a report in relation to the procedural aspects of the call in process.

Members were advised that the options available to the Scrutiny Board in respect of this particular called in decision were as follows:

Option 1- Release the decision for implementation

Having reviewed this decision, the Scrutiny Board may decide to release it for implementation. If the Scrutiny Board chooses this option, the decision will be

immediately released for implementation and the decision may not be called in again.

Option 2 - Recommend that the decision be reconsidered

The Scrutiny Board may decide to recommend to the decision maker that the decision be reconsidered. If the Scrutiny Board chooses this option a report will be submitted to the decision maker.

In the case of an Executive Board decision, the report of the Scrutiny Board will be prepared within three working days of the Scrutiny Board meeting and submitted to the Executive Board. Any report of the Scrutiny Board will be referred to the next Executive Board meeting for consideration.

In reconsidering the decision and associated Scrutiny Board report, the Executive Board may vary the decision or confirm its original decision. In either case, this will form the basis of the final decision and will not be subject to any further call in.

Failure to agree one of the above options

If the Scrutiny Board, for any reason, does not agree one of the above courses of action at this meeting, then Option 1 will be adopted by default, i.e. the decision will be released for implementation with no further recourse to call in.

RESOLVED – That the report outlining the call in procedures be noted.

48 Merger of Groundwork Leeds with Groundwork Wakefield and North Yorkshire and Leeds City Council's Future Role in Groundwork Yorkshire

The Head of Democratic Services submitted a report that presented background papers to an Executive Board decision which had been called in in accordance with the Council's Constitution.

The decision had been called in for review by Councillors Jonathon Bentley, Colin Campbell, Chris Howley, Diane Chapman and Ryk Downes.

The Scrutiny Board considered the following written information:

- Call in request form – Friday 23rd October 2020
- 'Merger of Groundwork Leeds with Groundwork Wakefield and North Yorkshire and Leeds City Council's Future Role in Groundwork Yorkshire' - Executive Board report 21st October 2020
- Minute 57 Executive Board, 21st October 2020
- Supplementary Pack containing a report 'Groundwork Wakefield Merger Proposal' to Wakefield MDC Cabinet meeting 31st October 2017.

The following were in attendance:

- Councillor Mohammed Rafique, Executive Member for Environment and Active Lifestyles
- Councillor Al Garthwaite, Lead Member for Parks and a trustee of Groundwork Leeds
- Councillor Robert Finnigan, Leader of the Morley Borough Independent Group
- James Rogers, Director of Communities and Environment
- Tony Stringwell, Recreational Development Manager
- Michael Everitt, Head of Finance
- Mark Turnbull, Head of Service, Legal Services
- Adrian Curtis, Chief Executive, Groundwork Leeds
- Trevor Lincoln, Chair, Groundwork Leeds

As the Nominated Lead Signatory to the Call In, Councillor Bentley addressed the Board on his concerns regarding the material presented to the Executive Board to support its decision making. Councillor Bentley was concerned that the report lacked the detail and supporting documents to enable Executive Board to make a decision in the best interests of Leeds City Council, as a Member of Groundwork Leeds Board of Trustees. Councillor Bentley explained the process he had gone through in submitting the call in request, confirming that he had received briefings from relevant Senior Officers and that the supplementary document provided to this meeting arose from those pre-discussions. In particular, he identified the following:

- The lack of an option appraisal within the report, to identify those options not taken forward and to clarify the rationale for the proposed merger of Groundwork Leeds, Ground Wakefield and Groundwork North Yorkshire to create 'Groundwork Yorkshire'. Councillor Bentley referred to the conclusion of the Executive Board report which highlighted that the merger would provide no immediate additional benefit to Groundwork Leeds, noting that collaborative working was already undertaken under the existing Groundwork structure.
- The perceived lack of due diligence in terms of risk and financial assessments to provide the Executive Board with assurance over the future sustainability of the merged Trust. Councillor Bentley noted that reference had been made to a review by BHP, but that it had not been provided to the Executive Board.
- The lack of legal advice relating to the merger and whether the proposal complied with Charity commission requirements.

During his presentation, Councillor Bentley introduced Councillor Robert Finnigan, Leader of the Morley Borough Independent Group, as an external witness. Councillor Finnigan outlined his significant concerns regarding the future of the former Wesley Street Mills complex in Morley which had been repurposed to the Environment and Business Centre and acted as the headquarters for Groundwork Leeds. Councillor Finnigan stated that the building remained synonymous with the partnership between Groundwork and the local community of Morley and he was concerned that this asset could be used as security against a debt owed to Wakefield Council by Groundwork

Wakefield and sold off for development to support the future Groundwork Yorkshire, to the detriment to the town of Morley. .

In conclusion, Councillor Bentley sought the remittance of this decision back to Executive Board for further consideration, along with additional materials outlined above to support their decision.

Members were given the opportunity to ask questions / provide comment at this stage. Discussions included:

- Ownership of the building, noting that it was owned outright by Groundwork Leeds.
- Assurance received from LCC Groundwork Leeds Board members that the issues raised by Councillor Bentley had been discussed and addressed throughout the development of the merger proposals at Groundwork Board level.
- The previous membership of the Board of Trustees and proposed future membership, where Leeds will retain seats on the Board.
- The rationale to the dissolution of Groundwork Leeds and North Yorkshire which arose from the complications associated with dissolving Groundwork Wakefield due to its ownership of Kirkgate Railway Station and the leases to Network Rail and other business users of the premises which have been successfully converted to office space.
- The assets owned by the existing three Groundwork Trusts.

The Executive Member for Environment and Active Lifestyles addressed the Board and responded to the concerns raised. In particular, the Executive Member informed the Board that the merger proposals would improve the resilience of Groundwork and provide opportunities to generate additional income. He assured the Board that due diligence had been undertaken through an independent review of the merger proposals by BHP, which included option appraisals, and the developing merger proposals had been considered over several years by the Groundwork Board. The Executive Member also referred to discussions at Executive Board which focussed on the Groundwork Leeds asset; when confirmation had been given that the building would not be used as loan security.

Councillor Al Garthwaite also addressed the meeting, referring to the current and proposed membership of the Board of Trustees and reiterating that Leeds would retain influence on the reconfigured Board of Trustees with three seats. Additionally, Councillor Garthwaite reported that a local Leeds Board would be created to oversee and influence local issues.

Mr Adrian Curtis addressed the meeting and confirmed that the Groundwork Wakefield loan was secured against the Wakefield Kirkgate Station asset; he noted that the negotiations with Network Rail had taken some time since the Wakefield Cabinet paper had been considered in 2017. Mr Curtis outlined the significant piece of work undertaken by the BHP independent review of the proposals, as well as reviews undertaken internally by Groundwork colleagues, which had concluded that a merger was the best option for the

three Trusts. He reported that the merger was supported by the Groundwork Federation. A reduction of £700k Government funding had been the trigger to identify new income streams and the development of the merger proposals. Groundwork Wakefield owned a number of assets which contributed to the running costs of Groundwork Yorkshire; and realigning administration and support services had also brought savings.

Members were given the opportunity to ask questions / provide comment at this stage. Discussions included:

- Consultation not undertaken with Morley ward Members.
- The Board noted that there was no intention to dispose of the Wesley Street building; however, the Council was not in a position to place restrictions on the charity over its future use of the building.
- Whether documents to support the merger proposals, such as the BHP review, financial implications and risk assessments were in the public domain. Mr Curtis confirmed that although not published to the Groundwork website, documents including Board meeting minutes were available on request and any queries regarding the process of decision making would receive a full response from the Trusts officers. In response to a query, Mr Curtis confirmed that consideration would be given to publishing relevant documents to the future Groundwork Yorkshire website.
- Tony Stringwell provided additional information around the BHP review, which had included a review of the Trusts 3-year business plan. Michael Everitt provided an overview of the financial monitoring undertaken by LCC since 2017 as the merger proposals developed; and provided assurance that the trajectory of the Trust was upwards having turned previous deficits around.
- Whether there was a facility to request regular updates on the progress of the proposed merger, if the decision was released for implementation.

To conclude, the Executive Member reiterated that the proposed merger would provide stability for the Trust's long term future and its work in Leeds. Trevor Lincoln additionally highlighted the rigorous consideration of the proposals by the Leeds Groundwork Board of Trustees and that a Partnership Board had been established across the three Trusts together to challenge and test the proposals at every step of their development.

Councillor Bentley closed his submission by confirming he was content with the call in process administered at the meeting, and reiterated that there had not been enough information in the report before the Executive Board and urged transparency in the work going forward. Councillor Bentley reaffirmed his request that this matter should be remitted back to Executive Board for reconsideration, with a report containing the due diligence information discussed today; namely the BHP report; financial performance information and a risk assessment.

In bringing the discussions to a conclusion, the Chair made the following comments regardless of the decision yet to be taken:

- When drafting reports to the Executive Board, report authors consider using appropriate mechanisms to direct general readers to further sources of supplementary or contextual information to increase transparency about the decision making process.
- That Groundwork Leeds (or Groundwork Yorkshire) be requested to consider briefing the Morley ward Councillors on proposals for the Wesley Street building, should there be any in the future.
- To note the offer made by Mr Curtis for Groundwork to consider publication of relevant documents to the Groundwork website in the future.

RESOLVED – That the contents of the report and the information presented during the meeting be noted.

49 Outcome of the Call-In

The Scrutiny Board considered whether or not to release the decision for implementation. A vote was subsequently held and the Scrutiny Board agreed (by majority decision) that the decision be released.

RESOLVED – That the decision be released for implementation.

50 Date and Time of Next Meeting

RESOLVED – To note the date and time of the next meeting as Thursday 12th November 2020 at 10.30 am