

SCRUTINY BOARD (ENVIRONMENT AND NEIGHBOURHOODS)

TUESDAY, 23RD NOVEMBER, 2010

PRESENT: Councillor B Anderson in the Chair

Councillors P Grahame, R Grahame,
G Hyde, M Iqbal, A Lowe, R Pryke,
D Schofield and P Wadsworth

ALSO PRESENT: Councillors A Blackburn and
J L Carter

55 Chair's Opening Remarks

The Chair welcomed Members to this Call-In meeting of the Board, those Members who were substituting for absent colleagues and, in particular, Councillor Wadsworth, who was attending his first meeting after replacing Councillor R Procter on the Board.

56 Declarations of Interest

The following personal declarations of interest were made:-

- Councillor G Hyde – Agenda item 7 (Minute No. 59 refers) – The Future of Council Housing - In his capacity as a Director of Leeds East North East Homes ALMO.
- Councillor R Grahame – Agenda item 7 (Minute No. 59 refers) – The Future of Council Housing - In his capacity as a Director of Leeds East North East Homes ALMO.
- Councillor A Lowe – Agenda item 7 (Minute No. 59 refers) – The Future of Council Housing - In her capacity as a Director of Leeds West North West Homes ALMO.

57 Apologies for Absence and Notification of Substitutes

Apologies for absence from the meeting were submitted on behalf of Councillors P Ewens, A Barker (substitute R Pryke), G Driver (substitute A Lowe), J Marjoram (substitute D Schofield) and L Mulherin (substitute P Grahame).

58 Call - In of Decision - Briefing Paper

The Head of Scrutiny and Member Development submitted a report regarding the procedural aspects of the Call - In process.

Draft minutes to be approved at the meeting
to be held on Thursday 6th January 2011.

Members were advised that the options available to the Board in respect of this particular called-in decision of the Executive Board were:-

Option 1 – Release the decision for implementation. Having reviewed the decision, the Scrutiny Board could decide to release it for implementation. If this option was chosen, the decision would be released for immediate implementation and the decision could not be called-in again.

Option 2 – Recommend that the decision be reconsidered. Having reviewed the decision, the Scrutiny Board may decide to recommend to the decision maker that the decision be reconsidered. In the case of an Executive Board decision – which in this case it was – the report would be presented to the next available meeting. The Executive Board would reconsider its decision and would publish the outcome within the minutes of the meeting. The decision could not be called-in again, regardless of whether or not it varied from the original decision.

In response to Members' queries, the Principal Scrutiny Adviser advised the Board:-

- that it could make recommendations to the decision taker, in this case the Executive Board, but that the decision taker was not bound to accept the Board's recommendations;
- that any Board Members or substitutes arriving late would not be allowed to vote on the matter, as they would not have heard all the evidence presented to the Board.

RESOLVED – That the report be noted.

59 Call-In - The Future of Council Housing

The Head of Scrutiny and Member Development submitted a report, together with background papers, relating to a requested review of the decisions made by the Executive Board at its meeting held on 3rd November 2010 in respect of the appended report of the Director of Environment and Neighbourhoods entitled 'The Future of Council Housing'.

The decisions had been called-in for review by Councillors J L Carter, P Harrand, G Latty, M Lobleby and M Robinson on the following grounds:-

- Proportionality (i.e. the action must be proportionate to the desired outcome).
- Clarity of aims and desired outcomes.
- An explanation of the options considered and details of the reasons for the decision.

- Concerns in relation to the changes around FRS17, and the creation of a Shared Service Centre.

Present at the meeting to provide evidence and to respond to Members' queries and comments were:-

- Councillor J L Carter.
- Councillor P Gruen, Executive Member (Neighbourhoods and Housing).
- Neil Evans, Director of Environment and Neighbourhoods.
- John Statham, Strategic Landlord Manager, Environment and Neighbourhoods.
- Richard Ellis, Head of Finance, Environment and Neighbourhoods.
- Doug Meeson, Chief Officer, Financial Management.

In brief summary, the main concerns raised by Councillor J L Carter were:-

- that the proposed arrangements in respect of the Council assuming FRS17 pension liability in respect of the ALMOs exposed the Council to, in his opinion, a substantial future risk and liability at a time when the future of Council housing in general, and the ALMO model in particular, was subject to review and speculation;
- concerns regarding why the ALMO cash balances were proposed to be returned to the Council and, if this was regarded as necessary, why they were ring-fenced to the Housing Revenue Account (HRA) and not being returned to the General Rate Fund;
- concerns about the present lack of clarity regarding the composition of the proposed Strategic Governance Board and the possibility that such a proposal would concentrate too much power in the hands of very few Members and officers, calling into question the need for the continued existence of the ALMOs;
- concerns regarding the proposed creation of a joint ALMO Shared Services Centre, and a possible lack of responsiveness to local issues and needs.

In response, in brief summary, Councillor P Gruen and the officers made the following comments:-

- That the decision in respect of the Council assuming FRS17 pension liabilities in respect of ALMO staff was in accordance with a previous decision taken by the Executive Board in November 2000 with regard to providing guarantees for pension admission arrangements. It was

also consistent with similar decisions previously taken in respect of Education Leeds, the Leeds Grand Theatre and the Craft and Design Centre, and also in line with similar decisions taken by other local authorities. It was, in practice, a default guarantee and there was no reason to suspect that the ALMOs were in danger of defaulting on their obligations, especially given the nature and closeness of their relationship with the Council.

- It was noted that the ALMOs would retain a proportion of the reserves, that were required to meet both commitments identified in their current approved business plans and to ensure that they were financially viable until March 2013.
- In terms of the composition and role of the Strategic Governance Board, the abolition of the Audit Commission and the existing ALMO inspection regime presented an opportunity to review the strategic co-ordination arrangements for the three ALMOs. The role and composition of the Board would be subject to consultation, but it was highly likely that the Board would comprise representatives (Chairs and Chief Executives) of the current ALMOs and the BITMO (Belle Isle Tenants Management Organisation), plus the Executive Member (Neighbourhoods and Housing) and Council officers such as the Director of Environment and Neighbourhoods and the Strategic Landlord Manager.

The reasoning behind the proposal was outlined in the Director's report before the Scrutiny Board, and the proposed constitution and terms of reference of the Strategic Governance Board would be reported back to the Executive Board in March 2011. The Executive Board would still retain its existing powers, e.g. in respect of financial matters.

- The options considered were all contained in the Director's report. These were a return of housing stock to the Council, a transfer to a registered social landlord, a one ALMO model or continuation of the current three ALMO arrangements. On balance, the continuation of the existing three ALMOs was regarded as the best option, for the reasons outlined in the report. However, it was clear that by combining some of back-office operations, e.g. HR, finance and estate management, and avoiding duplication, savings of approximately £1.6m per annum could be made. This would not affect the autonomy of the ALMOs or their local focus.

The Chair indicated that, regardless of the outcome of today's Call-In meeting, the Scrutiny Board would wish to establish a Working Group to work alongside the officers and the Executive Member (Neighbourhoods and Housing) in defining the proposals prior to the proposed report back to the Executive Board in March 2011, and this proposition was welcomed by Councillor Gruen.

(NB: Councillor R Pryke joined the meeting at 12:52, during the consideration of this item, and took no part in the voting.)

60 Outcome of Call-In

RESOLVED –

- a) That the called-in decision be released for implementation.
- b) That a Working Group be established to work with the officers and the Executive Member (Neighbourhoods and Housing) in defining the proposals contained in the above decision, prior to a further report back to the Executive Board in March 2011.