

**MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE
HELD ON THURSDAY, 9 JULY 2020**

**COUNCILLORS
PRESENT**

Susan Erbil (Chair), Achilleas Georgiou, Lee- David Sanders, Birsen Demirel, Sinan Boztas, Claire Stewart, Mahmut Aksanoglu, Hass Yusuf, and Edward Smith.

OFFICERS:

Jeremy Chambers (Director of Law & Governance)
Joanne Drew (Director of Housing & Regeneration)
Will Wraxall (Shareholder & Commercial Partnerships Manager)
Andy Ellis (Governance & Scrutiny Officer)
Susan O'Connell (Governance & Scrutiny Officer)
Elaine Huckell (Governance & Scrutiny Secretary)
Clare Bryant (Senior Governance Officer – producer of virtual meeting)

Also Attending:

Councillor Mary Maguire (Cabinet Member, Finance & Procurement)
Councillor Joanne Laban (Leader of the Opposition)
Councillor George Savva (Observing)

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WELCOME & APOLOGIES

Councillor Susan Erbil welcomed everyone to the virtual meeting of Overview & Scrutiny Committee. Members of the Committee introduced themselves. Councillor Erbil said Councillor Achilleas Georgiou would chair the meeting for item 4 when the call-in would be considered, Councillor Boztas would substitute for her.

Apologies had been received from Councillor Greer and Councillor Elif Erbil. Councillor Stewart would be substituting for Councillor Greer and Councillor Aksanoglu would substitute for Councillor Elif Erbil.

2

DECLARATIONS OF INTEREST

Councillor Susan Erbil declared a non-pecuniary interest for the call-in item of the agenda. There were no other declarations of interest. There was a brief discussion about the ability of a Scrutiny Committee member to be able to scrutinize a decision made by someone with whom they have a 'close association'. Jeremy Chambers clarified the position as set out in the Council's Constitution

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MINUTES OF THE MEETINGS 21 MAY, 28 MAY AND 4 JUNE

AGREED

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The minutes of the meetings of 21 May 2020 and 28 May 2020 were Agreed.

The minutes of the meeting of the 4 June were agreed, with an amendment to include the following statement in respect of Schools re-opening –

That

- a) Governing bodies have the responsibility to decide on the re-opening of a school and
- b) as a Local Authority we have a duty of care to those who maintain schools and a duty of care to staff.

Matters Arising

Recording of committee meetings –

Advice on the recording of committee meetings was requested from the Director of Law and Governance - Jeremy Chambers. He said the recording of meetings is feasible and possible he will check regulations and inform members accordingly.

Scrutiny Workstreams –

Following a question from Councillor Smith on the work undertaken by the scrutiny workstreams which had been cut short as a result of the pandemic, Jeremy Chambers said it would be for the new Scrutiny Panels to decide how to address the issues/actions raised by the workstreams.

It was thought the new Regeneration & Economic Development Scrutiny Panel would look at the work of the Meridian Water workstream and decide on how scrutiny of this important development should proceed.

Councillor Erbil suggested that members who had chaired workstreams may wish to forward their suggestions to the new Scrutiny Panel Chairs.

4

CALL IN: TRADING COMPANY BUSINESS PLANS

Councillor Georgiou chaired the meeting for this item.

The Committee had received a report from the Director of Law and Governance outlining details of a call-in received on the decision taken by Cabinet on the 10 June 2020 on 'Trading Company Business Plans 2020-23'.

He said the Overview and Scrutiny Committee would consider the called-in decision and would decide to either refer the decision back to Cabinet for reconsideration, refer the matter to full Council, or confirm the original decision.

Councillor Georgiou invited Councillor Laban to give an outline of the reasons for call-in. Councillor Maguire as Cabinet Member for Finance & Procurement would answer the points raised. It was noted that there would be further discussion to consider the part two item containing exempt information.

NOTED

Councillor Laban set out the reasons for calling in the decision:

1. The report mentioned that incomes had stayed at around the same level as before the pandemic. There was great uncertainty around Covid 19 and she said she was uncomfortable with the assumption taken that incomes would stay the same. The ending of the furlough scheme, due to end in October 2020 meant there was a risk of a rise in unemployment, incomes may then fall leading to a fall in rental income available to the trading company.
2. Re Energetik – the report states that in order to compensate for potential delays at Meridian Water, a number of potential developments would provide future customers for Energetik. However, the schemes mentioned had not yet received planning permission and there were no other agreements in place, therefore the business plan could not assume that Energetik would get this business.
3. It could be said there is a conflict of interest with the Council as planning authority to approve the developments and, also as the main stakeholder in Energetik. The Council would have a commercial interest in the developments going ahead with no reduction in the number of units proposed.

Councillor Laban concluded that we do not know the economic impact of the furlough scheme coming to an end and we needed to reflect on whether the plans made are correct in the world we live in today. She requested that Councillors refer the report back to Cabinet to review the decision.

Councillor Maguire Cabinet Member for Finance & Procurement together with Joanne Drew (Director of Housing & Regeneration) and Will Wraxall (Shareholder & Commercial Partnerships Manager) provided information in support of the decision as follows:

1. Councillor Maguire suggested that Councillor Laban should have asked officers questions to obtain any further information needed as she appeared to have misunderstood the report.
2. The report acknowledges that the stability of income has been at least in part due to the furlough scheme and that the effects of the pandemic will remain for some time. Vulnerable tenants may be reliant on universal credit. The furlough scheme has already been extended and there is a possibility it may be extended further.
3. Rents are set by Housing Gateway in line with Local Housing Allowance this ensures residents regardless of their financial situation are able to access benefits which cover the full rental charge. Any residents impacted by the end of the furlough scheme would be able to access benefit if required, this would minimise the impact on cash flow. This situation is being monitored on a regular basis to identify any issues at an early stage this would be brought forward to Cabinet.
4. The report presents the Energetik Operating Plan as opposed to the Business Plan. The Business Plan runs for 40 years and was

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approved by Council in September 2019. The report identifies potential opportunities, they have not made assumptions.

5. The Planning Committee acts completely independently of the shareholder function of Energetik.

Issues raised by members and responded to by Cllr Maguire, Will Wraxall and Joanne Drew

Q1. I am surprised that Housing Gateway appear to be borrowing large sums of money in light of these very uncertain times. It is necessary to ensure that correct judgements are made regarding the level of risks involved. What would happen if a proportion of tenants had a reduction in their income? Can you confirm that if tenants run into difficulties that their housing costs would be covered by universal credit or other benefits so that the company's income stream would not be affected?

Rental costs would be covered, there is more of a risk with universal credit because it takes a while for this benefit to come through, but Housing benefit would cover this.

Q2. What happens to the company's viability if there are delays at Meridian Water? Will there be a financial impact on Energetik in respect of investment decisions already made?

Energetik is in a positive position at present. Slippage at Meridian Water is not significant, and is considered financially sound, however should any problems arise they would be reported back.

Councillor Maguire confirmed that there are regular reports to Cabinet. This is kept under constant review.

There was then further discussion to consider the part two section of the report containing exempt information.

Councillor Laban summed up her concerns by asking members whether they had confidence in the decision made and asked if this was right for where we are today?

Councillor Maguire said from the questions and answers given, members should be satisfied that we are taking our responsibilities with these companies to ensure they are sound and are going in the right direction.

Overview & Scrutiny Committee considered the reasons provided for the call-in and responses provided. Having considered the information the Committee agreed to confirm the original Cabinet decision:

1. To approve the business plan of Housing Gateway Ltd. (HGL) for the period 2020-23, including the development and implementation of an Ethical Letting Agency alongside the company's core private rented business.

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2. To note and support the Operating Plan of Energetik for the period 2020-23.
3. The recommendation as set out in the part 2 report, containing exempt information.

Councillors Aksanoglu, Boztas, Demiral, Georgiou, and Yusuf and voted in favour of the above decision. Councillors David-Sanders and Smith voted against. The original Cabinet decision was therefore agreed.

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DATES OF FUTURE MEETINGS

Noted the date of future meeting as follows:

Virtual Meeting

Thursday 30 July 2020

The meeting ended at 7:35pm