



REGENERATION & RESOURCES SCRUTINY SUB-COMMITTEE

MINUTES of the OPEN section of the meeting of the REGENERATION & RESOURCES SCRUTINY SUB-COMMITTEE held on Tuesday 6 MARCH 2007 at 7.00PM at the Town Hall, Peckham Road, London SE5 8UB

VOTING MEMBERS PRESENT: Councillor Lewis ROBINSON [Chair]
Councillors Mary FOULKES, Richard LIVINGSTONE, Paul NOBLET,
Jane SALMON, Martin SEATON.

OFFICER SUPPORT: Paul Evans – Director of Regeneration
Amma Boateng – Senior Legal Officer
Lucas Lundgren – Scrutiny Project Manager, Scrutiny Team
Mike Pinder – Head of Audit & Risk, Southwark Council
Graham Sutton – Regeneration Manager – North Southwark,
Regeneration & Neighbourhoods Department
Duncan Whitfield – Finance Director

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Helen Jardine-Brown.

CONFIRMATION OF VOTING MEMBERS

The members listed as being present were confirmed as the voting members.

NOTIFICATION OF ANY OTHER ITEMS WHICH THE CHAIR DEEMS AS URGENT

The draft minutes of the meeting on 31 January 2007 had been circulated after the meeting summons and main agenda despatch.

DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures made nor interests declared.

RECORDING OF MEMBERS' VOTES

Council Procedure Rule 1.17(5) allows a Member to record her/his vote in respect of any motions and amendments. Such requests are detailed in the following Minutes. Should a Member's vote be recorded in respect to an amendment, a copy of the amendment may be found in the Minute File and is available for public inspection.

The Sub-Committee considered the items set out on the agenda, a copy of which has been incorporated in the Minute File. Each of the following paragraphs relates to the item bearing the same number on the agenda.

MINUTES

RESOLVED: That the minutes of the sub-committee meeting held on January 31 2007 be agreed as a correct record of proceedings and signed by the Chair, subject to the following amendment:

Paragraph 1.23 delete ...“state funded further education and”...

1. LONDON DEVELOPMENT AGENCY [LDA] – ITS WORK WITHIN SOUTHWARK
[see pages 1-8]

- 1.1 Adele Harrison, the London Development Agency [LDA] Head of Regional Relationships and Investment Planning [South West] was welcomed to the meeting. She explained her responsibility for the South Central Area Programme including Southwark, and for shaping LDA investment across its programmes into the future, through investment planning.
- 1.2 The LDA is the London Mayor’s agency delivering sustainable economic growth in London, via the Economic Development Strategy [EDS] for London for which it holds responsibility. The EDS sets out how the LDA works with its partners including those in the statutory and voluntary sectors. It was therefore important that the LDA understood borough-level need and aligned its work with local borough priorities.
- 1.3 The Mayor sets overall policy and vision for the Greater London Assembly [GLA] group, which includes delivery agents Transport for London [TfL], London Development Agency, Metropolitan Police Authority and the London Fire Brigade. These agencies work closely together [for example LDA and TfL working together on the tram development].
- 1.4 The LDA has a budget of £400m. The LDA is in addition a Regional Development Agency, whose role is to work to support London’s economic growth and stability and to maintain the city’s position in global markets – with the maximum involvement of London’s population in this process. The LDA delivers on core outputs and in addition the Mayor may also receive direction for additional action on a London basis. The LDA also works through pan-London programmes such as Business Link London and through area-based programmes which work over and above the pan-London programmes.
- 1.5 The EDS sets out the Mayor’s pan-London investment strategy in respect of four key areas, i.e.:
 - *places and infrastructure*
 - *people*
 - *enterprise* – support of growth in London business especially Small to Medium Enterprises [SMEs] which form the largest part of the economy;
 - *marketing and promotion of London* – particularly important with the 2012 Olympics on the horizon in terms of placing the city within the global market.
- 1.6 The LDA’s nine priority regeneration areas had been defined five years ago following a study of needs in London, and in anticipation of key growth areas and opportunities.

- 1.7 The South Central Area Programme area spans Battersea in the South West to Tower Bridge, extending south to Brixton, Elephant & Castle and Peckham. Brixton and Peckham were not originally included in the South Central area, but had been included following programme review and subsequent decision in July 2006. Adele explained that a key issue for the programme was ensuring that residential communities further into South London derive benefit from the creative and development opportunities arising from the Southbank. For example, the proposed tramlink would assist in this but not in the immediate future. The programme was worth £15m for April 2006-March 2009, and she explained that this resource was now substantially allocated. Hence, she advised Southwark to plan now for the post-2009 period and welcomed Southwark proposals relating to the post-2009 period.
- 1.8 She explained that the LDA's area programme projects were based across three different boroughs, those in Southwark including: physical regeneration at the Elephant & Castle [including £1.8m for the southern roundabout and St Mary's Churchyard environmental improvements at the Elephant] and the Tate Modern - a key opportunity. She stated that the LDA was willing to bring additional finance to the table to secure business benefits from the Elephant & Castle development, but that further work was necessary on this.
- 1.9 Enterprise remained one of the least well developed of the LDA's workstrands, although at the Elephant & Castle the LDA was committed locally to creating opportunities for local business including making the LDA's own procurement process accessible to them. She confirmed that LEGI bids were used as a basis for investment decisions within the London South Central Programme: enterprise priorities agreed with the partner boroughs are:
- Business networking – business to business and improved networking of business support organizations;
 - Outreach support – engagement of businesses not normally accessing with existing support services and promoting support for business start-ups;;
 - Youth enterprise – funding for youth enterprise prioritising particular areas in each of the boroughs (Peckham). Possibility of cross-area working between Peckham and Brixton.
- 1.10 Accessible education and training remained important and members noted that the Area Programme projects straddled both the employment and enterprise strands of work. Adele offered to provide a full detailed list of Area Programme projects for the sub-committee.
- 1.11 In respect of likely Olympic opportunities “bleed” for Southwark, members were advised of a Southwark LDA pre-volunteer programme worth £40,000 to the end of March 2007 which was likely to benefit 20 people including disabled participants by serving as a link to employment. By the end of March 2007, the LDA's Business Accord would have opened the dialogue with businesses about what skillsbases were a prerequisite for confident employment. London Business Network was focused on putting London businesses in the most beneficial position to access Olympic contracts and the London 3-Year Tourism Action Plan 2003/04-2005/06 continued to take forward the Visit London strategy for 2003-05.
- 1.12 The Chair asked Adele to comment on whether development resources would drift towards East London in the period immediately before the Olympics in 2012, and noted the two programmes outlined for Southwark would end in 2008. He asked Adele what revenue and capital funding had been agreed beyond 2009, and asked whether any current Southwark programmes would be carried forward.

- 1.13 Adele Harrison responded that there was no intention by the LDA to divert funds from other areas towards East London. The alleged drain of resources towards East London prior to the Olympics was somewhat of an urban myth, as LDA resource was ringfenced for this purpose. Other projects needed to continue not only because they would be essential to the achievement of the Olympics, and it was not in the LDAs best interest for these to fail. The LDA was committed to the area programme until 2009, after which although it would appear *likely* that the South Central Area Programme would be allocated in excess of £15m, although no firm decision had been made on investment levels beyond 2009. With the LDA having been reorganised in September 2006, its area based programmes were under review and might not continue. Adele noted her impression that the future investment direction was towards a pan-London approach and it was possible that LDA might use its pan-London teams and programmes for what would normally be considered area-based work. There was no specific guarantee of financial support for particular areas, but the LDA's investment planning would be guaranteed to take into account local priorities for investment.
- 1.14 In respect of work funding for the Southwark Works! programme beyond 2008, Adele Harrison noted that each project in each area was under rigorous review over the coming few months, including questions being asked about project effectiveness, how they should be developed and about their continued sustainability, and their funding was reassessed accordingly.
- 1.15 Members felt that £15m allocation was not a particularly substantial amount for the large SC area. Cllr Livingstone asked what might be learned about areas in which Local Authorities did particularly well or badly.
- 1.16 Adele Harrison replied that the SC allocation was in fact amongst the largest of the nine priority area allocations. Boroughs themselves needed to have a clear vision for their areas to bring to the table. The £15m could provide a deal of leverage with which to secure substantial further funding which was best achieved by working in partnership and involving and planning for joint delivery especially in respect of larger-scale projects.
- 1.17 Adele Harrison stated that in respect of the agency's enterprise support activity, this was currently focused on identifying procurement opportunities and developing the supply chain. This involved identifying SMEs and their training needs. The pre-qualification process addressed what is involved in the bidding process and the LDA holds buyer/supplier "matching" events. She emphasized that there was no guarantee of contract award, but involvement in the process generally did raise understanding of the process itself and also improved organisational capacity.
- 1.18 One member asked what effort has been made to reach and engage BME business to ensure they were in a strong position to bid, and was interested to know the LDA's thoughts on what its role might be in preparing and supporting such businesses as delivery agents for LDA projects [as an alternative to these being delivered by national organisations].
- 1.19 Cllr Seaton felt it useful to discuss how BME business capacity building work in London compares to that being undertaken in other parts of the UK. In particular, at the Elephant & Castle, the immediate situation in which BME businesses appeared to be losing out from regeneration. He asked what measures existed to ensure that businesses benefited from regeneration activity in the longer term.

- 1.20 Adele Harrison responded that immediate action at the Elephant & Castle would be for allocation to individual businesses to receive support. The recently established officer working group would follow project delivery, consider how to create links with other opportunities and be responsible for the business engagement agenda. The LDA confirmed its support for the E&C business charter with additional resources. The options for this support include: investment in new premises; rent & rates support for businesses; negotiation of benefits with landowners. The LDA will certainly add to the offer, and is reliant upon LBS officers to shape proposals for this investment. Cash is available for investment and there is no time limit on this. However, Southwark will need to be clear on the timetable for the programme of physical regeneration of the Elephant & Castle area as a whole before funding for business continuity can be agreed in detail.
- 1.21 The Chair welcomed the LDA's commitment on this point and urged the organisation to expedite this work.
- 1.22 Councillor Foulkes asked whether London was really as much of a thriving economy as is was said to be, in light of the widening inequality gaps. What assistance is there for the sustainability of SMEs in the longer-term ?
- 1.23 Adele Harrison responded that the Department of Trade and Industry [DTI] had issued strong instruction to limit the number of support projects and to make it easier for businesses to negotiate their way around what is available to them. Results from the Business Support Review in 2006 are critical in feeding into the LDA's business investment planning, as were the content of the LEGL bids. Access to finance is the subject of a comprehensive ongoing programme. She noted that the strands of this programme were set out in a recently produced brochure that could be provided to members. There is £1.5 million ring-fenced for a government enterprise strand in Southwark, focused on how to make business support networks more effective.
- 1.24 The Chair asked how the LDA envisaged engagement with agencies delivering the Youth Enterprise Agenda, and how effectively agencies were delivering these initiatives.
- 1.25 Adele Harrison said she was interested in hearing the borough's views on this and was keen to look at a consortium-based approach, possibly using SME and BME enterprises as delivery agents for some or all of the aspects of such projects, recognising that not all organisations would have capacity to deliver every aspect of a project. Organisations working with young people in South East London do offer work that taps into the LDA's key priorities. She stated however that she remained open to suggestion from Southwark as to how and who to engage.
- 1.26 Graham Sutton confirmed that "youth" in this context referred to age range 16-30 and is a broad spectrum. The exact project target group would depend on the specific needs focus of the particular area, however.
- 1.27 Councillor Seaton noted the many facets of development including: enterprise; skills training; investment in schools; and new shopping areas. He asked what the LDA's specific plans were in respect of Peckham development. Adele responded that no development was discounted if it was within an LDA key area. She reported her recent meeting with Russell Profitt and Claudette Forbes which included a focus on physical regeneration and anticipated real opportunities around specific sites.

- 1.28 The Chair asked why no London LEGI bids had been successful this year. Adele Harrison responded that in the South Central Area all three borough's bids were strong and had since been used to inform LDA investment work strands. The LDA was looking at common themes across LEGI bids to identify issues such as need for other types of investment, for example. The LDA would continue to work with and support the borough bids next year.
- 1.29 Cllr Seaton thought it would be useful to understand the pattern of LEGI bid success across the UK, and asked for information on good practice, previous projects and evaluation of lessons learned from these. Adele Harrison noted that the LDA website contained details of good practice projects and Paul Evans advised that there were at least two or three potential sources of such information. For example, the Government collates evaluation information about its strands of project work, such as business improvement districts. The British Urban Regeneration Association maintains best practice process information with a physical, social and economic regeneration focus.

- RESOLVED:**
1. The Sub-Committee welcomes the London Development Agency's commitment to investing in a specific package of support measures for relocation and other measures, including support for the E&C business continuity charter, in order to support business continuity at the Elephant & Castle.
 2. The Sub-Committee recommends that the London Development Agency should make 2012 opportunities available/known to businesses in Southwark, through Southwark-specific publications.
 3. Regeneration Department is asked to report-back on action taken to pursue additional funding for Southwark in particular to secure ongoing funding to the area beyond 2009.
 4. That details of British Urban Regeneration Association best practice guidance on process for physical, social and economic regeneration be circulated to the sub-committee.

1.30 Paul Evans advised members that it was unlikely that Regeneration & Neighbourhoods Department would be in a position to respond to scrutiny on the future funding position for Southwark until the Government's Comprehensive Spending Review was concluded.

1.31 The Chair thanked Adele Harrison for meeting with the sub-committee and advised that he would welcome a further similar session in the next year.

2. BRIEFING ON RISK MANAGEMENT – HEAD OF AUDIT AND RISK [see pages 9-14]

2.1 Mike Pinder, Southwark's Head of Audit and Risk gave an introductory presentation setting out the role of members in relation to risk management, a copy of which has been placed on the Minute File. He explained the Comprehensive Performance Assessment requirement to deliver risk management training to members and the session aimed to provide an overview to members with a view to more detailed training being rolled out at a future date.

- 2.2 Overall Executive responsibility for risk management rests within the Resources portfolio. Duncan Whitfield holds overall officer risk management responsibility for Southwark.
- 2.3 Cllr Livingstone thanked Mike Pinder for his presentation and acknowledged both that it was incumbent on members to take risk into account in their work and that the sub-committee has responsibility for looking at some of the most risky areas of Council work, such as regeneration. He asked how delivery of risk training to members aligned with the recent decision to establish an Audit Committee for Southwark.
- 2.4 Mike Pinder replied that the Audit Committee was intended to act as a form of scrutiny to ensure management responded to key risks and had taken these into account. On big projects it was clearly useful to identify if a risk process had been taken forward and risks identified. Mike Pinder planned to run a risk assessment workshop in relation to the Elephant & Castle.
- 2.5 Duncan Whitfield noted that the exercise represented a refreshing of the existing risk register, which ideally should be undertaken during the project management process. Cllr Seaton thought the risk register a useful tool to increase member understanding of the risk management of large public projects. Duncan Whitfield said members were welcome to view the current Elephant and Castle Risk Register, which was as a matter of course shared with District Audit. He felt it would be useful for members to explore differences in types and means of risk assessment across Council services and Departments, for example the differences between risks faced by Childrens Services and Regeneration & Neighbourhoods. The Chair agreed to discuss how to bring the current Elephant and Castle risk register information before members with the Director of Finance.
- 2.6 Councillor Noblet acknowledged external risks faced by the authority, such as CPA process, potential changes to Government policy and Local Area Agreement work. He asked officers to comment on the greatest risks facing the authority currently.
- 2.7 Duncan Whitfield identified four main areas of risk for the authority. Firstly, the scale of major projects presented a risk in terms of the amount of resource required to rectify any problems. Secondly, 80% of Southwark's funding is derived from central Government which presents risks to continued service delivery across the Council if this income stream is threatened. Thirdly, there is a risk from difficulties in recruiting and retaining staff, especially to key roles including the planning function. Finally, the threat of major fraud remained a threat to Councils, not only in respect of potential reputation damage.
- 2.8 Councillor Noblet asked officers to explain the process for Departments to feed information into the register. Mike Pinder advised members that nominated Risk Champions in each Council Department now existed, with responsibility for "all things risk". Champions were expected to score existing risks, identify new risks and update the register. Mike Pinder advised that he was working on how to incorporate the top risks identified by each Department into the overall corporate risk structure. This was likely to be based on the top 20 risks to the organisation as a whole. He noted that risk assessment included an element of judgement about risk level.

2.9 Although the authority is required to have public liability insurance at all levels, it is not possible to insure against every type of risk. For example, where damage is to reputation rather than expressed as financial loss. Judgement is exercised as to the levels of indemnity against risks, based on information including reference to previous claims and records.

2.10 Members asked whether risk assessment is undertaken in respect of an individual Department's knowledge of risk. Mike Pinder responded that Risk Champions were nominated by Chief Officers, who have a good knowledge of their own departments. In respect of risk management arrangements within the newly restructured Housing Department, Mike Pinder responded that risks inherited by Housing Finance had been incorporated into its main risk register. He was keen to work with Environment on whether additional risk support was required on existing and newly inherited functions. As part of restructuring of housing functions a new Finance Director post reporting directly to Duncan Whitfield would be created. Risk responsibility would be embedded within this new role.

3. SUB-COMMITTEE WORK PROGRAMME 2006/07 [see pages 77-78]

3.1 Members discussed the remaining scrutiny business on the work programme.

3.2 Further to discussion of member briefing on the Funding Formula during the recent interview with the Executive member for Resources, the Chair proposed that this item be programmed early in the new 2007/08 municipal year. He suggested contact be made with Tony Travers and an invitation extended to Nick Raynesford M.P. and members were agreeable to this.

3.3 Cllr Seaton noted the LDA mentioned several times that Southwark had yet to put together its package of proposed support to traders and had mentioned this as an impediment to LDA involvement and assessment of the necessary level of support required by traders at Elephant & Castle. The Chair agreed to approach Chris Horn and Paul Evans and ask for a written briefing note for the next meeting in respect of this, asking what progress had been made towards bringing this together, including an update on the Business Charter.

- RESOLVED:**
1. That an invitation be extended to both Tony Travers and Nick Raynsford M.P. to an early meeting of the sub-committee in 2007/08 to discuss the Funding Formula.
 2. That Chris Horn and Paul Evans be asked to update the next meeting of Regeneration & Resources Scrutiny Sub-Committee about progress towards putting together a package of support to Elephant & Castle traders, including an update on the Business Charter.
 3. That officers be asked to outline what plans are to be submitted to the London Development Agency for the physical regeneration of Peckham.

The meeting ended at 8:55PM.

CHAIR'S SIGNATURE:

DATED:

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