

Council Assembly

Wednesday 26 February 2014

7.00 pm

Council Offices, 160 Tooley Street, London SE1 2QH

Tabled Items

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Date: 26 February 2014

COUNCIL ASSEMBLY

(COUNCIL TAX SETTING)

WEDNESDAY 26 FEBRUARY 2014

QUESTIONS ON THE REPORT

ITEM 2.1: POLICY AND RESOURCES STRATEGY - 2014/15 to 2016/17 REVENUE BUDGET

1. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR GAVIN EDWARDS

How many times did Southwark Council raise council tax between 2002 and 2010? How does this compare with 2010 – 2014?

RESPONSE

Council tax was increased five times between 2002 and 2010 resulting in the council's precept on a band D property rising from £ 776.10 in 2002/03 to £912.14 in 2010/11 - an increase of 17.5% across the period when the Liberal Democrats ran the council.

In contrast, sound financial management by this Labour administration has resulted in council tax being frozen four years running since 2010.

2. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR MARK WILLIAMS

How much additional government funding was provided to Southwark Council under the Liberal Democrat led administration from 2002 – 2010? How does this compare with the current administration since 2010?

RESPONSE

As the table below demonstrates, the council has been compelled to absorb some unparalleled cuts from government in the last four years. The reduction is the equivalent of £249.28 loss for every man, woman and child living in the borough since May 2010.

In addition, the council faces spending pressures in essential areas of its work to protect vulnerable children and families as a result of government's decisions on welfare changes.

Financial year	Previous year grant	Adjustments	Adjusted previous year grant	Current year grant	Grant increase / decrease	% change	
	£'000	£'000	£'000	£'000	£'000	%	£'000
2007/08	206,763	-582	206,181	211,801	5,620	2.73%	

Financial year	Previous year grant	Adjustments	Adjusted previous year grant	Current year grant	Grant increase / decrease	% change	
2008/09	211,801	7,360	219,161	223,544	4,383	2.00%	
2009/10	223,544	-98	223,446	227,356	3,910	1.75%	
2010/11	227,356	-37	227,319	230,729	3,410	1.50%	17,323
2011/12	230,729	31,717	262,446	232,790	-29,656	-11.30%	
2012/13	232,790	-792	231,998	217,078	-14,920	-6.43%	
2013/14	217,078	44,330	261,408	253,372	-8,036	-3.07%	
2014/15 *	253,372	928	254,300	227,474	-26,826	-10.55%	-79,438

This table shows that the council's grant, in cash terms, increased by 14.3% over the period 2007/08 to 2010/11, and has decreased by 28.0% since that time. This decrease of course does not include the additional real terms loss during that period through inflation.

3. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR MICHAEL SITU

Following the shameful behaviour of Liberal Democrat ward councillors in failing to include funding for the Rotherhithe festival in the Community Council Fund proposals to the Bermondsey and Rotherhithe Community Council, is there any resource for rescuing this festival for local residents?

RESPONSE

Yes.

The final settlement for 2014/15 from government, received on 5 February 2014, was £30,000 more than the level indicated in the provisional settlement that has been used in proposing this budget.

It is therefore possible to find the money from this amount to rectify the worrying decision by the community council. This would ensure that the popular and successful Rotherhithe Festival can go ahead this year after all.

4. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR ROSIE SHIMELL

At the meeting in January, council assembly agreed to the Liberal Democrat proposal of 'funding additional childcare hours on top of those already offered by the government', but no resources have been allocated to childcare in Labour's budget proposals. Do Labour councillors intend to honour their commitment to Southwark's families?

RESPONSE

Yes, Labour remains fully committed to supporting Southwark families with the cost of childcare and will come forward with proposals to do this. We want to ensure that our investment is sustainable, deliverable and has the greatest positive impact for parents. In order to do this it is necessary to consult with parents and childcare providers to identify specific needs and gaps in childcare provision.

We do not believe that the Liberal Democrats' proposal for 15 minutes a day, which conservative estimates suggest will cost £6.2 million to deliver, is the answer. The Liberal Democrats have shown the dangers of relying on uncosted proposals that are hastily put together without proper analysis or consultation ahead of an election.

We welcome the Liberal Democrats voting with Labour at the last council assembly to condemn the Liberal Democrats in government for the changes they have made to the tax credit system, which are hitting families with children hard. If the Liberal Democrats are serious about this, I trust they will join us in condemning Liberal Democrat Minister Simon Hughes for his support of these reforms which are penalising hard working parents, struggling to meet their childcare costs.

5. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR CATHERINE BOWMAN

The medium term resource strategy (MTRS) mentions the housing stock as one of the council's key assets, but doesn't provide details of the current state of this asset group. Will the cabinet member provide an update on the current level of its housing stock assets?

RESPONSE

Asset profile

The housing stock is currently in excess of 51,000 properties, of which around 38,000 are tenanted, and over 13,000 are leasehold properties.

Table 1 below shows that as expected for a social landlord based in an urbanised area, the majority of this stock comprises traditional housing blocks: however, there are also a significant number of street properties and houses within Southwark's management. In terms of its tenanted stock alone, well over 6,500 dwellings are categorised as houses, street properties or conversions.

Table 1: Housing Stock by Property Type

Property Type	Total
Flat – traditional block	80%
House on estate	7%
Converted street property	6%
Street property	4%
Flat – social housing unit	2%
Flat – infill block	1%
Total	100%

Within each of the above categories there is a further range of building types and constructions that require varying strategies for effective long-term management of these assets. Table 2 further illustrates the degree of complexity in the composition of the housing stock.

Table 2 – Housing Stock by Property Archetypes

Property Archetype	Total
Low rise flats post-1945	43%
High rise flats	25%
Low rise flats 1920 – 1944	13%
Flats pre-1920	8%
Houses post-1945	7%
Houses pre-1945	4%
Total	100%

Post-war residential blocks account for the majority of Southwark's stock. However, there is still an unusually large proportion of properties that do not fall within this category, including a relatively high number of pre-war blocks and houses, and properties dating from the turn of the previous century.

6. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR JAMES BARBER

The MTRS discusses the importance of holding reserves and balances. What will be the total value of the council's usable reserves at the end of the 2013/14 financial year?

RESPONSE

We forecast that the total value of the council's "usable reserves" – its unearmarked general fund balance – at 31 March 2014 will be £18.125 million.

It is proposed to use £6.2 million from this sum in the 2014/15 budget.

7. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR TIM MCNALLY

The MTRS states that the council will 'use the New Homes Bonus to incentivise house building by returning the benefits of growth to the community, generally through capital projects'. How will the council pursue this policy in 2014/15?

RESPONSE

Since New Homes Bonus was introduced in 2011/12, Southwark will have received a total of £15.8m by 31 March 2014.

Of this a total of £4.5m (3 years at £1.5m) has been used to support revenue, the remaining £11.3m has been earmarked to fund capital projects.

To date only £1.1m has been used for capital purposes, the remaining £10.2m has been transferred into the new homes bonus grant capital allocation reserve.

In addition, in 2013/14 Southwark received a further £0.9m, this being the New Homes Bonus adjustment, repaying surplus resources clawed back by the government as part of the 2013/14 settlement.

This grant will also be transferred to the reserve, giving a total of £11.1m to fund capital in 2013/14 and future years.

8. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR LISA RAJAN

The MTRS states that the council will 'increase all fees and charges capped by statute to the maximum level the cap allows'. Would the cabinet member consider aiming instead to achieve London-average levels of fees and charges, in order to help support cash-strapped local residents?

RESPONSE

The council's position on fees that are capped by statute has not changed in the last seven years.

The MTRS from 2007/08 onwards have had the same intention on statutory fees and charges which was "All fees and charges capped by statute to be increased to the maximum level the cap allows". This is the same as in the current proposal.

Given the seven years that this policy has been in place, it is unlikely that this policy would result in any significant fee increases in 2014/15.

I therefore think it would be difficult to justify a change in this policy given the severe financial pressures faced by the council. I am not sure why the Liberal Democrat group appear to be asking for a reversal of the policy that they themselves put in place.

However, we are continuing to maintain our policy on discretionary fees that aims for fees at the London average except where this conflicts with council policy or would impact on vulnerable clients.

9. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR ANOOD AL-SAMERAI

The MTRS states that the council aims to 'manage rent reviews and lease renewals to maximise revenue income'. How will this ensure the best community value from Southwark properties?

RESPONSE

In considering rent reviews and lease renewals, the council will continue to be mindful of the 2011 budget principles that are set out earlier in the budget setting section of the medium term resources strategy.

The council has long held the policy, including throughout the previous administration, that the most transparent and appropriate approach on setting rents for properties occupied by the voluntary and community sector is to charge the appropriate market rent level and then pay grants to organisations to help cover the cost of that rent in those cases where the council recognises the benefit that organisation has to the community.

Doing so makes clear the level of subsidy that the council is making to that organisation rather than losing the value of that contribution through a less-transparent deal on rent between the council and organisation.

It must be remembered that whether:

- a) the council charges market rent to a community organisation which it then gives an openly-declared grant to assist with the rent, or
- b) if it decides to a less-transparent subsidy by offering the property at a value below market rent that there is a cost to the general fund, either through the grant or the lost income.

10. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR ADELE MORRIS

A key part of managing the council's housing stock assets effectively is determining which properties to sell and which to maintain, and the council currently sets the threshold at which council homes will be considered for sale at £300,000. This has led to a sharp fall in council properties in my ward, and across the whole of the north of the borough, in favour of expensive private flats that local people could never dream of being able to afford. Will the council raise this threshold to £500,000 and stop its council home sell-off?

RESPONSE

It is not correct to claim that there has been a sharp decrease of council properties in Cathedrals ward that result from the council's policy on void sales. Since 2010, only seven properties have been sold in the ward through this policy. That is significantly less than the number of new council homes at social rent where a site has already been proposed in the ward.

Of those seven properties, only one was sold for less than the £400,000 value agreed by the previous administration and only two for less than the £500,000 threshold proposed in this question.

Since 2010, 138 void homes (excluding those as part of the East Dulwich Regeneration) have been sold across the borough, of which only 19 were sold for less than the £400,000 threshold agreed by the previous Executive in March 2009. This figure of 138 over four years contrasts with the sale of 103 void properties **per year** proposed by the by the Liberal Democrat/Conservative executive, on 17 March 2009.

On the more general point on the supply of council homes in the north of the borough, it should be noted that of the total 495 sites for new council homes identified to date by the cabinet, 262 (53%) are in the Bermondsey and Old Southwark constituency.

11. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR MICHAEL BUKOLA

What are the total savings the council has made from freezing performance-related pay over the last three years? Where does this saving appear in the budget?

RESPONSE

Performance-related pay is part of the contractual terms of employment for a number of our senior staff to reward high performance. It is only given where high performance can be demonstrated. It does not have a budget – performance related payments have only been made when there has been sufficient underspend against a year's budget to allow such payments to be made.

Given the financial restraints facing the council, performance-related pay has been suspended for the last three years. As those payments would only have been taken from budget surpluses, there is not an identifiable saving.

Any attempt to identify a figure for how much might have been paid in those years would be highly speculative. I am advised that the sum would have been unlikely to exceed £200,000 in any one year.

If performance-related pay had been awarded, the impact would have been to reduce money returned to the council's unearmarked balances. This budget already proposes using £6.2m from those balances to avoid further cuts.

REVISED AMENDMENT D

ITEM 3.1 – SETTING THE COUNCIL TAX 2014.15 (see pages 94 - 106 of the main agenda)

REVISED AMENDMENT D

Moved: Councillor James Barber

Seconded: Councillor David Hubber

To reflect an increase in the assumed council tax collection rate from 96.5% to 97.5% - achievable now that the service has been brought in house – and a corresponding 1% reduction in the Southwark element of council tax for all residents:

In paragraph 2, **delete** '£1,211.14' and **insert** '£1202.02'.

In paragraph 5, **delete** all occurrences of the figure '£1,211.14' and **insert** '£1202.02'.

In paragraph 17, **delete** the table and **insert**:

Authority	Band D tax 2013/14 £	Band D tax 2014/15 £	Change %
Southwark Council Tax	912.14	903.02	(1.00)
GLA Precept	303.00	299.00	(1.32)
Total Band D council tax	1,215.14	1,202.02	(1.08)

In paragraph 19, **delete** '£1,211.14' and **insert** '£1,202.02'.

In paragraph 20, **delete** '£1,211.14' and **insert** '£1,202.02'.