

COUNCIL ASSEMBLY
(COUNCIL TAX SETTING)
TUESDAY 22 FEBRUARY 2011
QUESTIONS ON THE REPORT

ITEM 2.1: POLICY AND RESOURCES STRATEGY - 2011/12 - REVENUE BUDGET (THE BUDGET AND POLICY FRAMEWORK)

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

Would it be prudent to use more of the council's reserves and balances in this financial year?

RESPONSE

Our budget proposals will be removing £6.3m from the council's reserves and balances and it would be unwise to take even more. This is in response to the dreadful grant settlement received by the council. Southwark's reserves and balances are already considerably less than the inner London average.

The current general fund balance stands at £18.2m. As one of London's largest and therefore highest spending authorities, this working balance represents just 1.92% of 2009/10 general fund spend, an even lower proportion were we to include the capital programme. This is well below the inner London average of 2.36%. Increasing to the Inner London average would mean increasing balances by £4.2m to £22.4m.

The target level for the general fund working balance has been set at £20m over the medium term, as recommended to this assembly by the previous administration.

This target has been supported by the district auditor over a number of years. Although the council has made progress to achieving this level of balances, there have been insufficient surplus resources over the years to be able to achieve this target. Maintaining an adequate level of reserves and balances are therefore key factors in the finance director's assessment of the robustness of the budget.

Other reserves are funds set aside from proposed budget contributions and unexpected or unplanned windfall savings. These are to meet contractual commitments or future expenditure plans, including financial risks or liabilities that may arise at a later date.

The council's general fund earmarked reserves at the end of 2009/10 totalled £68.6m. This represents 17.9% of our general fund spend, compared to an inner London average of 30.4%. In contrast, Kensington & Chelsea has earmarked reserves of 84.6% of its spend, the Corporation of London 49.4% and Wandsworth 48.3%. It is unfortunate that the secretary of states' call for councils to use their reserves are based on these extreme examples and not the cases of the majority of local authorities who carry more modest reserves.

These earmarked reserves, by their nature, are reserves set aside and earmarked for spending plans. Many of those spending plans were already in progress as at the end of

2009/10, especially around the council's modernisation agenda and major regeneration projects. The reserves also include balances that the council cannot freely reallocate, for example dedicated schools grant unspent or PFI credits received in advance to meet future years' costs on the waste PFI scheme. Progress on the Elephant and Castle and on proposals for the Aylesbury rely on reserves put aside for regeneration purposes.

The council has a number of pressures which fluctuate over time and are unpredictable in nature. These could include winter maintenance (such as pot holes and road gritting for highways) and/or meeting the upkeep of older buildings that the council operate from. Reserves are the most effective way in which to mitigate these pressures. Looking ahead, another example of real but unquantifiable pressure is one-off redundancy costs. It may be that these costs cannot be met from existing revenue budget provision. Therefore and, subject to an appropriate business case, reserves may have to be used to support these costs and to relieve pressure on council tax payers in particular years.

This cabinet remains committed to maintaining the general fund balance at an appropriate and prudent level and to maintain the financial standing of this council through some very difficult times ahead. At the same time, we will be seeking to sustain the regeneration and modernisation programmes that are so important to the health and prosperity of our residents.

SUPPLEMENTAL QUESTION FROM COUNCILLOR NICK DOLEZAL

I think there is always that question about what would be the impact of the Liberal Democrat budgets on the reserves should that path be followed?

RESPONSE

I would like to thank the member for his supplementary question. Clearly the state of our reserves at the moment are well below the inner London average, our project proposals here are reducing them still further, I think that's the right thing to do in the current climate. The great danger with the Liberal Democrat amendment today is that they are not taking account of the fact that the government is likely to make further cuts in the money that we get in 2013/14, and have no solution to that. So the real danger is that we would be in a catastrophic financial situation with no reserve at all if we were to accept their amendment tonight.

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

The budget indicates that the housebound library service is due to be cut 2013/14. This will affect vulnerable residents who rely on this service. Is there a plan to try and ensure the continuation of this service?

RESPONSE FROM THE CABINET MEMBER FOR CULTURE, LEISURE, SPORT AND THE OLYMPICS

We know that the home library service is a lifeline for many people. It is with great regret, therefore, with the expectation of further cuts in Southwark's settlement from the government, that we will stop funding the service in the third year of our budget.

However, over the next two years we will look fully at alternative ways of providing an alternative home library service. As part of the library review we will consider the possibility of providing the service in partnership with other organisations including the potential for volunteers to be involved in service delivery.

SUPPLEMENTAL QUESTION FROM COUNCILLOR HELEN MORRISSEY

I would like to thank the cabinet member for their reply and I would like to ask how confident are you in that an alternative way of providing the house bound library service will be found?

RESPONSE

Thank you very much for your question. To reiterate, the home library service is not closing in the coming year or the year after, and that gives us time, as we have not been given enough time to look at other ways of providing services with the few short weeks we have had with this very, very serious cut in our settlement. But we will have time to look at the whole situation of the future of the library service. It will form part of the review of library services which we plan to start straight away and we will look at alternatives and actually already have some leads.

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

Should the council press ahead with its promise to introduce free school meals for every child in the borough?

RESPONSE FROM THE CABINET MEMBER FOR CHILDREN'S SERVICES

In line with our commitment, we will deliver free healthy school meals for primary school children in the borough.

This administration inherited one of the highest levels of childhood obesity in the country, affecting children from across our borough - free healthy school meals for all primary school children will help to tackle this.

We also inherited a borough with significant areas of high levels of deprivation - a third of our children are in poverty. There is also a significant 'cliff edge' issue for parents who are earning just above the government's free school meals eligibility threshold. On the whole, parents of children in our maintained primary schools are not well off. This issue is more pressing for families in Southwark now, given the changes to welfare will impact on many families earning just above the government's free school meals threshold following the local spending settlement. Our free healthy school meals policy means that every primary school child in Southwark will be able to eat at least one nutritious meal a day in term time.

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

Could you give some details of how far the £300,000 set aside for Community Games will maintain the programme and what plans are in place to ensure funding beyond 2012/13?

RESPONSE FROM THE CABINET MEMBER FOR CULTURE, LEISURE, SPORT AND THE OLYMPICS

With government cutting funding to sporting bodies and the end of the working neighbourhoods fund, the previous funding level of over £800,000 for the community games is not sustainable. We have secured at least £300,000 for the years 2011/12 and 2012/13 and are still researching opportunities for further funding. This will provide continuation of the sports development function including:

- Continued involvement in London Youth Games
- Delivery of the Disability Sports Programme
- Continuing work on club liaison and pursuing external funding opportunities
- Ongoing schools uptake of 2012 opportunities and an Olympic year event for young people in Southwark
- Up to 7,000 young people involved in community games activity

We will in the next two years investigate all funding opportunities, working in collaboration with sports bodies nationally, business, the wider voluntary sector and community and with local sports organisations in order to continue to secure a community games beyond the Olympic year.

SUPPLEMENTAL QUESTION FROM COUNCILLOR NORMA GIBBES

I wish to thank the cabinet member for her answer. Does the cabinet member think that the community games provided on such a level of funding as proposed in the budget over the next two years will be good and worth while?

RESPONSE

Thank you very much for your question. I think it will be good and it will be worth while, because the thing that I have been talking about - we must collaborate and maximize resources - because of course we have had to make a very serious reduction to the budget for community games because it was over £800,000 and with the working neighborhoods funding going and other sports funding being reduced by this government we know we could not keep that level of budget up. But I am very grateful to officers for all the hard work they have done in thinking through what I am confident we will have an agreed and effective partnership as well of taking this service forward. I am also confident with these partnerships we may well be able to attract more funding for the games.

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

Can you give further detail regarding what the council's transformation of youth services will look like?

RESPONSE FROM THE CABINET MEMBER FOR CHILDREN'S SERVICES

We are redesigning the youth service to provide a service which meets young people's needs in a cost-effective way. The future youth service will include strong universal provision across the borough as well as targeted interventions for vulnerable young people.

Designs are not yet finalised but we are working to ensure there will be more youth workers visible on the streets and in local communities; and activities and services in the right places and at the right times to best suit young people's needs.

Historically the MORI poll of residents told us that many people were dissatisfied with the youth service provision. We will be co-designing the new youth service with young people, to ensure their views are heard.

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

Can you provide an update on the situation regarding lunch clubs and day centres?

RESPONSE FROM THE CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE

The government's decision to make deep cuts to Southwark's budget over the next two years means that we can no longer afford in the long run to subsidise lunch clubs and day centres at the current levels. We are currently consulting on how these services will change in the future.

However, in light of the appeals made by these organisations for more time to look for alternative funding I will be supporting the late and urgent amendment on the budget this evening from Councillor Neil Coyle.

SUPPLEMENTAL QUESTION FROM COUNCILLOR CLEO SOANES

I thank the cabinet member for her response. I would like to ask can she give some sort of indication as to what the extended length of consultation will be and what are some of the innovative ideas that are coming forward?

RESPONSE

Thank you for that question. I would like to say first of all some ideas coming forward are to share premises amongst luncheon clubs, to actually also apply for our transition fund which we have got started - a million pounds transition fund and we also have a innovation fund for adult and social care of £200,000. There is also a national transition fund as well. On the timing of consultation - we are going to have an amendment later on this evening so I will be pleased to support that amendment, which will actually see the consultation period extended.

7. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR THE RIGHT REVD EMMANUEL OYEWOLE

What do you intend to do about double-swiping of taxi cards?

RESPONSE FROM THE CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE

We will be reintroducing double-swiping from 1 April 2011 and we will consult with stakeholder groups beforehand on steps to make this affordable within the limited resources from Transport for London. This may include reviewing the number of trips users are entitled to or finding ways of focusing resources where they are most needed.

SUPPLEMENTAL QUESTION FROM COUNCILLOR THE RIGHT REVD EMMANUEL OYEWOLE

I would like to thank the cabinet member for the written answer. Does the cabinet member think that this would go some way to addressing the concerns of taxi card users?

RESPONSE

Thank you for your question Councillor Oyewole. Yes I do think it goes some way to address the concerns of users of this service. The representations I have received from people that use the service and also our assembly members, Val Shawcross and our finance member have received representations that say that this is a very, very valuable service. I have been out and about talking to people and they have said they want to keep this service and keep this particular double-swiping. Now sadly our Tory London Mayor

said the he will not fund it any longer, that is why we are in this position of having to dig deep, to find more funding to actually keep double-swiping going. But before we introduce it let me say we have got a very limited amount of money and what we will have to do is to consult with stakeholder groups to find ways of actually managing to keep this scheme, to keep double-swiping going, and yet work within the limited amount of money we have so we will be consulting very soon.