



COUNCIL ASSEMBLY

(BUDGET SETTING)

MINUTES of the OPEN section of the meeting of the Council Assembly held on Monday February 23 2009 at 7.00pm at the Town Hall, Peckham Road, London SE5 8UB

PRESENT:

The Worshipful the Mayor Councillor Eliza Mann

Councillor Anood Al-Sameraai	Councillor Kirsty McNeill
Councillor James Barber	Councillor Jonathan Mitchell
Councillor Paul Bates	Councillor Abdul Mohamed
Councillor Columba Blango	Councillor Adele Morris
Councillor Denise Capstick	Councillor Gordon Nardell
Councillor Fiona Colley	Councillor Wilma Nelson
Councillor Robin Crookshank Hilton	Councillor David Noakes
Councillor Dora Dixon-Fyle	Councillor Paul Noblet
Councillor Toby Eckersley	Councillor Ola Oyewunmi
Councillor Mary Foulkes	Councillor Chris Page
Councillor John Friary	Councillor Andrew Pakes
Councillor Mark Glover	Councillor Caroline Pidgeon
Councillor Aubyn Graham	Councillor Lisa Rajan
Councillor James Gurling	Councillor Sandra Rhule
Councillor Barrie Hargrove	Councillor Lewis Robinson
Councillor Jeff Hook	Councillor Jane Salmon
Councillor Michelle Holford	Councillor Martin Seaton
Councillor David Hubber	Councillor Mackie Sheik
Councillor Kim Humphreys	Councillor Tayo Situ
Councillor Peter John	Councillor Bob Skelly
Councillor Jenny Jones	Councillor Robert Smeath
Councillor Susan Elan Jones	Councillor Althea Smith
Councillor Paul Kyriacou	Councillor Nick Stanton
Councillor Adedokun Lasaki	Councillor Richard Thomas
Councillor Lorraine Lauder	Councillor Dominic Thorncroft
Councillor Evrim Laws	Councillor Veronica Ward
Councillor Richard Livingstone	Councillor Ian Wingfield
Councillor Linda Manchester	Councillor Lorraine Zuleta
Councillor Tim McNally	

1. PRELIMINARY BUSINESS

1.1 ANNOUNCEMENTS FROM THE MAYOR, MEMBERS OF THE EXECUTIVE OR CHIEF EXECUTIVE

The Mayor announced:

- That on the evening of Thursday 16 April 2009 she would be holding a cricket match in Burgess Park. Councillors v officers. Anyone wishing to participate should contact Sonia Sutton in the Mayor's office.
- That on Sunday 23 April 2009, 11 adults from across the borough will be running in the 2009 Flora London Marathon for the charity appeal. There will also be pupils from various Southwark schools taking part in the London mini marathon, raising funds for various causes and some will be supporting the Mayor's charity appeal. Details about how to make donations can be found on Southwark's website on the Mayor's page.

Councillor Tim McNally, executive member for resources, made reference to his written statement concerning agency staff.

1.2 NOTIFICATION OF LATE ITEMS OF BUSINESS

There were no late items of business.

1.3 DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no declarations of interests.

1.4 APOLOGIES FOR ABSENCE

Apologies for absence were submitted in behalf of Councillors Helen Jardine-Brown, Jelil Ladipo, Danny McCarthy and Nick Vineall. Apologies for lateness were received on behalf of Councillors Columba Blango and Mary Foulkes.

2. REPORT FOR RECOMMENDATION FROM THE EXECUTIVE

2.1 POLICY AND RESOURCES STRATEGY – THE COUNCIL 2009 TO 2012 REVENUE BUDGET (THE BUDGET AND POLICY FRAMEWORK) (see pages 1-32 of the main agenda)

There were eleven written questions in relation to this report and eleven supplementary questions. These are attached in the appendix.

In accordance with council assembly procedure rule 2.10 (1) Councillor Tim McNally, executive member for resources, moved the recommendations contained in the executive's report to council assembly.

Councillor Richard Livingstone, seconded by Councillor Fiona Colley, moved Amendment A.

During the debate on Amendment A (Councillors Nick Stanton, Lisa Rajan and Kim

Humphreys), Councillor James Barber, seconded by Councillor Jane Salmon, moved that the question be put. The procedural motion was put to the vote and declared to be carried.

Following Councillor Tim McNally's right of reply, Amendment A was put to the vote and declared to be lost.

Councillor Peter John, seconded by Councillor Richard Livingstone, moved Amendment B.

The meeting debated Amendment B (Councillors Nick Stanton, Adele Morris, Tim McNally, Kim Humphreys, Alison McGovern, Mark Glover, Barrie Hargrove and Paul Bates). During the debate Councillor Kim Humphreys raised a point of personal explanation, thereafter the meeting continued the debate on Amendment B (Councillors Paul Noblet, Jeff Hook and John Friary).

Councillor Richard Thomas, seconded by Councillor James Gurling, moved that the question be put. The procedural motion was put to the vote and declared to be carried.

Amendment B was put to the vote and declared to be lost.

Councillor Paul Bates, seconded by Councillor Peter John, moved Amendment C.

Following debate (Councillors Lorraine Zuleta, Aubyn Graham and Kim Humphreys), Councillor James Gurling, seconded by Councillor David Hubber, moved that the question be put. The procedural motion was put to the vote and declared to be carried.

Councillor Tim McNally exercised his right of reply.

Prior to Amendment B being put to the vote and in accordance with council assembly procedure rule 1.13(4), more than 45% of members present requested a recorded vote by roll call, the result of which were as follows:

In favour of Amendment B (29)

Councillors Paul Bates, Fiona Colley, Dora Dixon-Fyle, Mary Foulkes, John Friary, Mark Glover, Aubyn Graham, Barrie Hargrove, Peter John, Jenny Jones, Susan Elan Jones, Lorraine Lauder, Evrim Laws, Richard Livingstone, Alison McGovern, Kirsty McNeill, Abdul Mohamed, Gordon Nardell, Olajumoke Oyewunmi, Chris Page, Andrew Pakes, Sandra Rhule, Martin Seaton, Tayo Situ, Robert Smeath, Althea Smith, Dominic Thorncroft, Veronica Ward and Ian Wingfield.

Against Amendment B (30)

Councillors Anood Al-Samerai, James Barber, Columba Blango, Denise Capstick, Robin Crookshank Hilton, Toby Eckersley, James Gurling, Michelle Holford, Jeff Hook, David Hubber, Kim Humphreys, Paul Kyriacou, Adedokun Lasaki, Linda Manchester, Eliza Mann, Tim McNally, Jonathan Mitchell, Adele Morris, Wilma Nelson, David Noakes, Paul Noblet, Caroline Pidgeon, Lisa Rajan, Lewis Robinson, Jane Salmon, Mackie Sheik, Bob Skelly, Nick Stanton, Richard Thomas, Lorraine Zuleta.

Absent (4)

Councillors Helen Jardine-Brown, Jelil Ladipo, Danny McCarthy and Nick Vineall

The Mayor declared that Amendment C was lost.

During the debate on the substantive motion (Councillors David Noakes, Chris Page, Susan Elan Jones, Anood Al-Samerai, Fiona Colley, Richard Livingstone, Paul Kyriacou, Kim Humphreys, Peter John, Aubyn Graham, Caroline Pidgeon and Paul Bates), Councillors Fiona Colley and Adele Morris made points of personal explanation.

Councillor David Hubber, seconded by Councillor Michelle Holford, moved that the question be put. The procedural motion was put to the vote and declared to be carried.

Following Councillor Tim McNally's right of reply the substantive motion was put to the vote and declared to be carried.

RESOLVED: That the recommendations from the executive for a general fund budget of £315.152 million and zero council tax increase for 2009-10 be agreed.

Note: In accordance with the budget and policy framework procedure rule 2(e) the decision was implementable with immediate effect.

2.2 SETTING THE COUNCIL TAX 2009-10 (See pages 33-44 of the main agenda)

The clerk advised that as part of the consideration of the previous item on the revenue budget, council assembly had agreed the level of council tax for 2009-10. This was set out in the executive's recommendation as agreed in the resolution in item 2.1. Council assembly was now required to agree formally the council tax resolution in line with the decisions of item 2.1.

In accordance with council assembly procedural rule 2.10(2), the Mayor moved the recommendations contained within the report.

The recommendations were put to the vote and declared to be carried.

- RESOLVED:**
1. That the Greater London Authority precept level of £309.82 at Band D be noted.
 2. That the council tax for band D properties in Southwark be set at:
 - (i) the former parish of St Mary Newington £1,220.08
 - (ii) the former parish of St. Saviours £1,220.23
 - (iii) the remainder of the Borough £1,221.96
 3. That the formal resolution for council taxes in 2009-10 (shown in appendix B of the report) be approved.
 4. That the existing local war widows schemes for housing benefits and council tax benefits be continued in 2009-10.

Note: In accordance with the budget and policy framework procedure rule 2(e) the decision was implementable with immediate effect.

3 OTHER REPORTS

3.1 TREASURY MANAGEMENT STRATEGY – INCLUDING ANNUAL INVESTMENT STRATEGY, PRUDENTIAL INDICATORS AND ANNUAL MINIMUM REVENUE PROVISION (see pages 45-76 of the main agenda)

Councillor Toby Eckersley sought and was given legal advice on members liability in relation to counterparty exposure (see page 50 of the report).

In accordance with council assembly procedural rule 2.10(2), the Mayor moved the recommendations contained within the report.

Following debate (Councillor Fiona Colley), the recommendations were put to the vote and declared to be carried.

- RESOLVED:**
1. That the treasury management strategy be noted.
 2. That the annual investment strategy 2009-10 set out in appendix A of the report, keeping capital preservation as a key objective, be agreed.
 3. That the prudential indicators covering capital finance, borrowing and cash management for the years 2009-10 to 2011-12 as set out in appendix B of the report, be agreed.
 4. That the annual minimum revenue provision statement 2009-10 about prudent sums set aside from revenue to reduce debt, as set out in appendix C of the report be agreed.
 5. That a capital allowance of £177 million described in paragraphs 45-48 of the report enabling the council to continue retaining capital receipts for affordable housing and regeneration be agreed.

Note: In accordance with the budget and policy framework procedure rule 2(e) the decision was implementable with immediate effect.

The meeting closed at 9.45pm.

MAYOR:

DATED:

COUNCIL ASSEMBLY

(BUDGET SETTING)

MONDAY FEBRUARY 23 2009

**QUESTIONS ON ITEM 2.1: POLICY AND RESOURCES STRATEGY – THE COUNCIL'S
2009-10 REVENUE BUDGET (THE BUDGET AND POLICY FRAMEWORK)**

1. QUESTION FROM COUNCILLOR IAN WINGFIELD

In light of the fact that in the final of quarter of 2008 the Royal Institute of Chartered Surveyors (RICS) recorded that 100% of their members expected further falls in rents for office space in Central London, what steps has the council taken to renegotiate its rent for the new offices on Tooley Street?

RESPONSE

The lease for Tooley Street provides for the rent to be reviewed every five years – this is standard practice for these types of leases. The council is paying a discounted rent for the first five years - this includes an 18 month rent free period. The rent set at the next review will reflect market conditions.

SUPPLEMENTAL QUESTION FROM COUNCILLOR IAN WINGFIELD

Thank you Madam Mayor and I would like to thank the executive member for the response. I notice in a way he has not answered my question – I mean its good to be informed about the lease arrangement and perhaps he could indicate from what date that lease started. But really in a time when people up and down the country are renegotiating all sorts of contracts that they have been involved in perhaps for a period of years, let alone as this one, which I presume is only months or weeks. You say we can wait until another five years before there is a rent review. I still think it is not beyond the means of this council and its professional officers to negotiate something further because we are talking about public money at the end of the day . I would like some sort of assurance from the executive member that at least an attempt will be made because there is no indication here that anything has been done under the present financial circumstances, so I would like the executive member to give this chamber that commitment?

RESPONSE

Thank you Madam Mayor. I would like to thank Councillor Wingfield for his supplemental. Following his enquiry, which seems a very sensible thing to ask, I went and met with the head of property to satisfy myself that the arrangements we entered into in regard to Tooley Street still offer good value for money to the council. Whilst I am not able in this chamber to disclose the details of the financial deal for commercial confidentiality reasons I have been satisfied that the amount per sq. ft. that was negotiated still represents very, very good value for money given the area of London and the size of the property involved.

2. QUESTION FROM COUNCILLOR VERONICA WARD

In the light of only an “adequate” rating for Southwark Youth Services in last year’s Joint Area Review, how will the allocation of fewer resources to youth services enable

the improvements to be made to the service as recommended in the report? What voluntary sector youth provision will be cut to meet the savings outlined in the budget?

RESPONSE

The provision of youth activities remains a high priority for this council. This is why the changes to resourcing the youth service are predominantly targeted at reducing management overheads of the service, rather than frontline services. These changes to the management structures are to support the delivery of key findings and actions highlighted by the inspection in the joint area review and is to ensure the services are in line with new government requirements for integrated and targeted youth support.

The funding of voluntary sector youth providers continues to be key to the delivery model for the youth service. Funding arrangements for voluntary youth provision are managed through a robust and transparent commissioning process that evaluates provision against local needs and allocates funding accordingly. Where a community group that was previously allocated funding is not being recommended for funding next year, this is predominantly because of a failure to meet service level agreements or meet priorities determined in the children and young people's plan. All grant funding, including voluntary sector youth provision funding, is subject to 5% efficiency savings and agreed inflation levels.

SUPPLEMENTAL QUESTION FROM COUNCILLOR VERONICA WARD

Thank you very much for this reply. Youth services should have the highest priority including support to the community and voluntary sector providing those services. What services will be directly affected by substantial reduction in management and what frontline services will be established to meet the voluntary sector gaps you envisaged and how will you do this with reduced management capacity?

RESPONSE

Thank you Madam Mayor. I am going to refer this question to my colleague, the executive member for children's services and education.

Thank you Madam Mayor. I think as is given in the written answer to the question, the main area where we are achieving savings is in the management structure of youth services. I think youth services is an absolute priority for this council and it has become apparent that they are also a priority for members of the community and all our residents and that is why we are making sure that our youth services department works extremely well. I think at the moment it would absolutely benefit from a restructure and a change in the way it works. As members will know the response from the joint area review and its recommendations on the youth service was that it was graded as "adequate" and I think a restructure is in order so that this can be sorted out.

3. QUESTION FROM COUNCILLOR RICHARD LIVINGSTONE

What are the maximum and minimum estimates for the total number of jobs that will be lost as a result of this budget? Please provide an estimated itemised breakdown of the character of those job losses (e.g. compulsory redundancy, voluntary severance, agency staff, early retirement, deletion of vacant posts).

RESPONSE

We know times are tough for residents, which is why we have put together a budget which includes freezing council tax at April 2008 levels until 2010. In order to do this we have had to make savings. Most of these savings come from a plan to relocate the majority of staff into either a central headquarters or modern hubs in the community and so spend less on administration and staff support.

The move includes proposals for approximately 180 posts to be removed from the council's official establishment (ie total number of roles). However, this does not necessarily mean redundancies; our plan is that most of the reductions will be met by not filling existing vacancies, ending the use of agency staff, redeployment or other roles that are no longer needed. Redundancies will be a small fraction of the reductions. I am unable to provide a breakdown of such redundancies by department as detailed reviews are still taking place.

SUPPLEMENTAL QUESTION FROM COUNCILLOR RICHARD LIVINGSTONE

I would like to thank the executive member for his response. However given that we are about 6 weeks away from the start of the new financial year I am surprised that so late in the day the numbers seems so vague still. Where in his answer he talks about a small fraction could he outline roughly for assembly what that small fraction may be - is that a $\frac{1}{3}$, a $\frac{1}{4}$ - are there any ideas of the scale of that fraction?

RESPONSE

Thank you Madam Mayor. I would like to thank Councillor Livingstone for his supplemental. As you will see in my update on agency staff the first review of shared services for human resources resulted in 20 posts being identified as potential savings. Because of the use of agency staff and because of the possibilities for relocating staff elsewhere the actual number of staff made redundant in that case was only 5% so that gives him some idea of what happened. Obviously each situation would be slightly different but obviously staff have to be fully consulted on this so the exact answer to how many is not available. I will very happily update him once the outcome has happened.

4. QUESTION FROM COUNCILLOR SUSAN ELAN JONES

In Appendix 1 to this report the change in eligibility for social care appears in the Improved Use of Resources and Efficiencies section. Which is it, an improved use of resources or an efficiency?

RESPONSE

We made it very clear in October 2008, when we took the decision to raise eligibility, that this decision was made for purely financial reasons and was a direct consequence of the government's poor three year settlement.

The health and adult care budget has been under significant pressure for a number of years with budget overspends as a result of increasing demand, despite the council making above inflation increases totalling £22m in funding between 2003-07.

The failure by the government to properly fund the level of need and deprivation in Southwark, the changes to the children and adult funding formulas and the under counting of Southwark's population have further increased the financial pressures on the health and social care budgets.

The decision is thus a direct consequence of the government's failure to adequately

fund social care and this is dramatically illustrated as being a national problem by the fact that over 75% of councils across England have stopped offering moderate care. In this light, the saving is an improved use of resources, within the context of unsustainable budget pressures and the potential threat of a further significant loss of funding should the government decide to remove the floor after 2010-11.

SUPPLEMENTAL QUESTION FROM COUNCILLOR SUSAN ELAN JONES

I would like to thank the executive member for his response but this afternoon one local MP and eight of us local councillors received a letter from a Southwark resident with a serious medical condition. The adult care services he received from Southwark Council will be withdrawn in 2 weeks. Please can the executive member explain to us why the council insist on making this cut of £2.5m in social care when they seem quite happy to spend £4m in communication and spin.

RESPONSE

Thank you Madam Mayor. I would like to refer this question to my colleague, executive member for health and adult care.

Thank you Madam Mayor. I would like to thank Councillor Susan Elan Jones for her question but I think she is being disingenuous in not understanding the situation that we have here. As she well knows, if this was to be put under any line it would ideally be put under a line of lack of government funding in the budgeting, because as she knows the reason we had to make the difficult decision around eligibility was because of the 3-year funding settlement and the budget pressures that we have on the health and adult care budgets. Strangely if you look around the country that is the same reasons that have forced a lot of other councils, in fact over 75% of councils around the county, to also raise that eligibility. It is also the reason why 7 out of 32 councils still offer moderate level eligibility. It is also the reason presumably why no Labour councils in London offer moderate care eligibility. The fact is that we have real funding pressures, even aside from the three year funding settlement, we have real funding pressures and have done for a significant time on the health and care social budget. I suspect the opposition speak with double tongues here because although they say they oppose the decision they didn't seem to run much of a campaign. All that their campaign seems to be is a couple of letters and that was it. I heard anecdotally there are actually members opposite that agreed that it was a decision that had to be made and I suspect it is one that you rather we made because we are in power and that is the way we intend to keep it.

5. QUESTION FROM COUNCILLOR LINDA MANCHESTER

Can he explain why the council has increased rents for council tenants, at the same time as freezing council tax?

RESPONSE

The government's housing subsidy rules ensure that council's are financially penalised if they vary rents, either up or down, from the prescribed guideline rent. Under the government's policy of rent restructuring, the capacity to set an increase below the guideline is limited by the annual withdrawal of housing subsidy at least equal to the guideline increase.

As a result, the council is unable to freeze rents for council tenants without incurring significant financial penalties.

SUPPLEMENTAL QUESTION FROM COUNCILLOR LINDA MANCHESTER

I would like to thank the executive member for his response. Could I just ask that he will undertake to write to the government and ask them to review whether it is possible to increase local control of the rent settings.

RESPONSE

Thank you Madam Mayor – I would like to refer this supplemental to my colleague, executive member for housing management.

Thank you Madam Mayor. In terms of what we have been doing in terms of dressing the situation, we have first of all taken part in an initiative led by a number of London authorities, including the City of Westminster, opposing the rent increases that have been put forward. Members should note that the way that housing finance regulations work – essentially they are controlled in terms of deciding what level of rent we set, this is essentially limited by the government because if we do not set the level they expect us to set it at they will reduce the level of subsidy that we get on a pound for pound basis. The second thing that is invidious, particularly at this point in time, about the regulations, is the fact that the inflation rate, the RPI inflation rate, that the government uses to calculate that is set back in September – and we have written to the government about that. I would like to point out to members that the inflation rate in September was 5% and as such residents in this borough have had to pay for that historic inflation rate in terms of their rent going forward. That does not seem right and it seems to me that a thorough review of the way housing finance and rent setting is done is thoroughly needed.

6. QUESTION FROM COUNCILLOR LORRAINE ZULETA

Can he explain why - unlike the Leader of Lambeth Council - he did not announce a freeze in council tax for the 2010-11 financial year at the same time as his announcement of a freeze for 2009-10?

RESPONSE

The events of the last year would have been unthinkable 12 months ago. Changes in economic growth, interest rates and inflation have been almost unprecedented in their scale and speed. In this climate and with such uncertainty about future grant settlements it would be imprudent to make any assumptions about the state of the economy and how that will impact on the council's budget.

However, this council is committed to keep council tax increases at or below the rate of inflation. We will keep to this commitment and will seek to freeze council tax again next year if it is at all possible.

SUPPLEMENTAL QUESTION FROM COUNCILLOR LORRAINE ZULETA

Thank you Madam Mayor – I would like to thank the executive member for his answer to my question and I would like to ask if we were to enter a period of deflation would he then seek to cut council tax?

RESPONSE

Thank you Madam Mayor. I would like to thank Councillor Zuleta for her supplemental. This administration made a commitment in our manifesto that we would keep the level of council tax at or below the level of inflation. So, yes, if we

were in a deflationary situation, if for example inflation was minus 2% then the costs to the council in procuring items would obviously be going down and there would be flexibility within the budget to pass on that saving and I think it would only be right to do so should that occur. Furthermore I think that Lambeth were very silly in declaring up front that they were freezing it at 0% next year because they have effectively cut off the possibility of passing on any savings should that situation occur.

7. QUESTION FROM COUNCILLOR JAMES GURLING

Given the likelihood of a further cut in interest rates when the Bank of England Monetary Policy Committee next meets, is he aware of any government plans to compensate local authorities for the loss of income from interest payments, as has been requested by London Councils, among others?

RESPONSE

Unfortunately, despite repeated requests from local authorities and London Councils, the government has not indicated it has any plans on how they will compensate local authorities for this loss which will have significant impact on council budgets and services across the country.

SUPPLEMENTAL QUESTION FROM COUNCILLOR JAMES GURLING

Thank you Madam Mayor. I think everybody in the chamber will recall an incredible interesting question of the leader, very similar along these lines, at the last council assembly meeting. I had hoped that between that time and now some progress could have been made with the government bearing in mind it has been flatly turn down. Could the executive member tell us, just remind us as we begin to discuss the budgets and budget options, just exactly how much is lost in income by the difference in interest rates that we find ourselves in as a council.

RESPONSE

Thank you Madam Mayor. I would like to thank Councillor Gurling for his supplemental. The positive effect of the retail price index in December, the month we use when considering that council tax, was 0.9%. It has now dropped to 0.1%. Fortunately this year that is below the 1.75% government settlement, so that is fairly good news for us and represents a benefit to the council of about £2½m. However at any one time the council in moving money about as part of its overall budget, which when taken across the whole of the capital programme the HRA, the dedicated schools grant and revenue budget, is some £1.5b is that each percentage cut in interest rate cost us some where in excess of £2m that is why there is a provision of £6m. So overall the effect of Gordon Brown's recession has been to cost us an additional £3½m in this year's budget.

8. QUESTION FROM COUNCILLOR CAROLINE PIDGEON

Can he explain how the savings of £16m which the council is making this year breakdown by department?

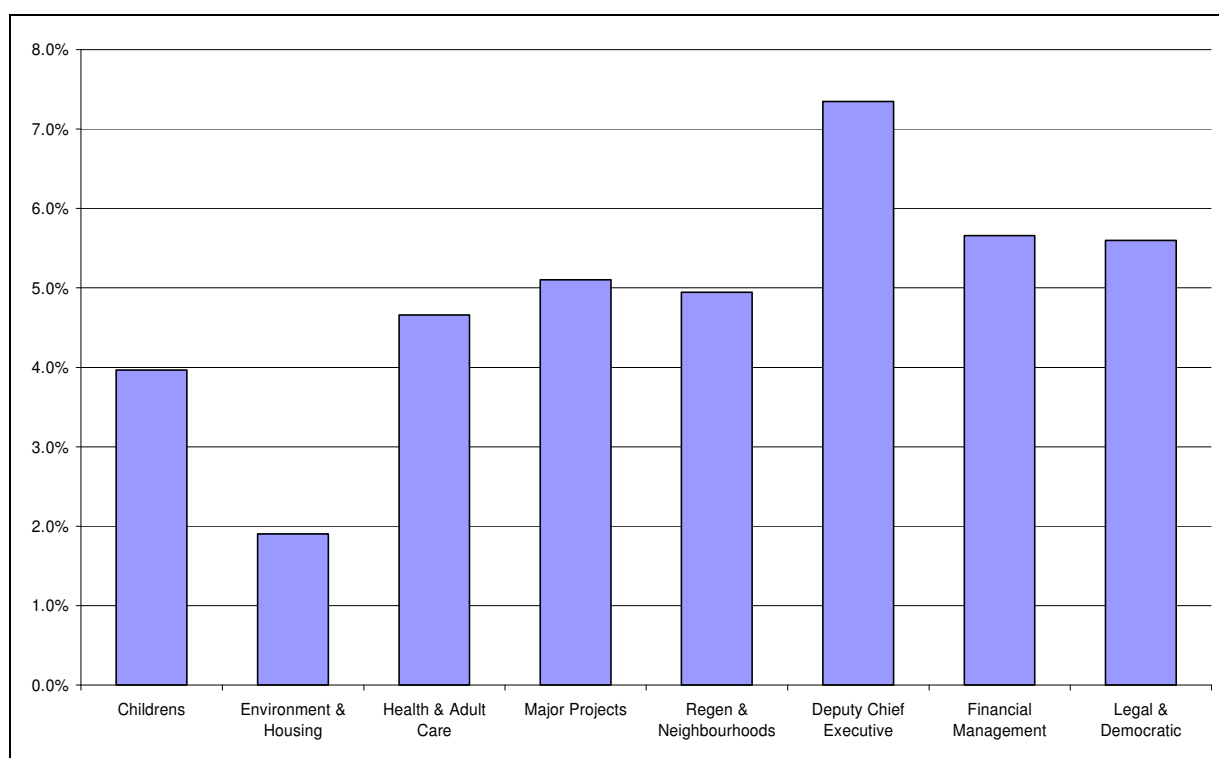
RESPONSE

	Savings (£000s)	% of adjusted* departmental budget
Children's services	2,931	4.0%
Environment & housing	1,107	1.9%

	Savings (£000s)	% of adjusted* departmental budget
Health & adult care	4,125	4.7%
Major projects	178	5.1%
Regeneration & neighbourhoods	851	4.9%
Deputy chief executive	3,927	7.3%
Financial management	360	5.7%
Legal & democratic	236	5.6%
Shared services	3,593	N/A
Total savings	17,308	

(*) Excludes accounting entries not countable towards savings targets; being financial reporting standard (FRS17), capital charges, support cost reallocation charges, and area based grant funded grants

% of adjusted departmental budget



SUPPLEMENTAL QUESTION FROM COUNCILLOR CAROLINE PIDGEON

I would like to thank the executive member for your answer. Do you believe that these saving figures that you put there within the overall budget suitably reflect council priorities and will ensure decent local services were taking no more money from Southwark residents?

RESPONSE

Thank you Madam Mayor. I would like to thank Councillor Pidgeon for her supplemental. I think it's excellent that we are managing to freeze council tax and keep the pounds in the pockets of Southwark's residents at this time by making a series of prudent savings across the council. What particularly gratifies me, maybe members opposite will find the graph easier to understand, is that the principal savings are being taken on a percentage term from the deputy chief executive's

department by financial management services and by legal and democratic services all of which are back office functions of the council. That reflect the nature of this budget, it is a back office budget making the council more efficient, better value for money whilst still remaining the lowest council tax in South East London.

9. QUESTION FROM COUNCILLOR JAMES BARBER

Can he elaborate on how the centralisation of 2000 staff in Tooley Street will deliver savings for the council?

RESPONSE

The Tooley Street move is part of the savings sought over three years by relocating the majority of the council's staff either into the new headquarters or, if they work with the public, into modern hubs in localities where residents will be able to access more services in the same place.

The move gives the council the chance to introduce more modern, flexible and environmentally friendly ways of working, for example, motion sensitive lights and reducing journeys between offices made by council staff. The authority will also be able to slash the amount it spends on administration, because departments will be able to share resources.

Amongst other things, the council will save money by:

- sharing administration staff between departments
- sharing personnel staff between departments
- sharing finance staff between departments
- reducing the use of agency staff.
- improving retention of staff - recruiting is an expensive process
- more efficient management of resources - less stationery, less paper (reduce, re-use, recycle)
- reducing travel by staff between council offices - an estimated 1,000 fewer car journeys
- greater use of public transport by staff.

A large number of the 180 posts that will be removed from the council in this year (as mentioned in the answer to question 3) will be as a result of this move.

In addition, the move means the council will be selling a number of buildings as well as making better use of existing buildings to support improvements to providing services to residents. It is estimated that this will bring in £20 - £30m.

The council will also save as much as £20m by not having to spend money to modernise old, not-fit-for-purpose buildings.

SUPPLEMENTAL QUESTION FROM COUNCILLOR JAMES BARBER

Thank you Madam Mayor. Could the executive member tell me how the fit out of Tooley Street is going and are we on track to make the savings that we need to make.

RESPONSE

Thank you Madam Mayor. I would like to thank Councillor Barber for his supplemental. I visited Tooley Street last Friday when we actually took position of the

5th floor, which is now this week being occupied by staff from Chiltern House. We came in ahead of time. We are coming in under budget – that is the efficiency and value for money that this council delivers.

10. QUESTION FROM COUNCILLOR JANE SALMON

Can he explain what the council is doing in this year's budget to help local people deal with the consequences of the recession?

RESPONSE

I am committed to making sure the council does everything it can to help local residents and businesses through these difficult times as best we can.

I think the most obvious way we can help local people is by freezing council tax at 2008 levels in order to reduce the burden on people who may be facing a difficult time paying their bills. In addition, this year's budget sees us allocate an additional £2m to help local businesses and tackle unemployment. The money is being used to run a number of projects, including:

- Reopening the Southwark works office in Bermondsey
- Projects to encourage take up of learning and skills council funding and train to gain support
- A local business health check project, which involves working with local businesses to raise awareness of the issues they face and advise on the practical steps.

Furthermore, the council's revenues and benefits service are expanding their good work through the introduction of new services to help the unemployed or others who might be struggling. One of the initiatives, the 'In and Out of Work Scheme', is a dedicated benefits fast-tracking service involving joint working between the council's benefits service, Job Centre Plus and Her Majesty's Revenue & Customs to help people access benefits and support them back to work. In addition to this, our £850m major regeneration projects will generate 850 new jobs.

The projects outlined above indicate our first response to the onset of recession; the executive and the corporate management team are continuing to work together to look at reducing the impact of the recession on the council, local businesses and residents, and on plans for making sure Southwark is well prepared for the eventual recovery.

SUPPLEMENTAL QUESTION FROM COUNCILLOR JANE SALMON

Technical fault therefore supplemental question not recorded.

RESPONSE

I would like to refer this to my colleague the executive member for regeneration.

I would like to thank Councillor Salmon for her supplemental. We are working particularly within the council to look at creating apprenticeship within the council. I think we are putting together something in the region of £200,000.00 apprenticeships with the council. I should also mention, as I know she has a great interest in the Elephant & Castle development, that across major projects in the four areas of the borough we are hoping over the next four years to create something in the region of 850 jobs for local people and to help them gain the skills they need to fulfill their post

through part of the agreement with developers.

11. QUESTION FROM COUNCILLOR ANOOD AL-SAMERAI

Given the fall in the rate of inflation and the positive impact on the council's financial position, does he still think it necessary to continue the campaign to secure fairer funding for Southwark?

RESPONSE

I continue to believe that there is something seriously wrong with government funding for local authorities. It is essential that Southwark continues to campaign for changes to protect services in the years ahead.

The government's use of a flawed formula for allocating social care funding has led to them to the conclusion that Southwark is spending over £20m more on these services than we should be. Independent government inspections have never found these services to be inefficient. The council and social care services in particular are being protected from the full impact of this cut by the grant floor. Should the government decide to remove the floor after 2009-10 there is the potential for significant loss of council funding.

In addition, the continued use out of date population figures means that the council is not funded for the full population of the borough. The Office for National Statistics' (ONS) own updated 2007 figures for Southwark say the borough's population is some 9,300 people more than the figures being used when deciding how much to fund the council.

The continued use of flawed and incorrect assumptions in allocating local government funding means that Southwark faces the prospect of remaining on the grant floor for some years to come. There is no guarantee that the floor will be retained beyond 2009-10 or at what level any floor would be set. As a result, I believe it is essential that the council continues to campaign to seek changes to the government funding methodology.

SUPPLEMENTAL QUESTION FROM COUNCILLOR ARNOOD AL-SAMERAI

Thank you Madam Mayor and thank you to the executive member for his answer. Given the fundamental importance of this issue will he assure me that he will continue to seek cross party support for the fairer funding campaign?

RESPONSE

Thank you Madam Mayor – I would like to refer this supplemental to my colleague, the leader of the council.

Yes Madam Mayor – I think the only thing more vital than clearing my throat is managing to sort out a basis for fairer funding settlement to Southwark. I am pleased that scrutiny committee has now started to look at the issues around demographics and population churn because I think it is a matter of concern to all members. I think that we need to make sure that as we approach the next census that we are satisfied that we are taking all the measures we can in Southwark to make sure that counts accurately the amount of people living in Southwark on which government formulas are based. I hope that members from all parties will continue to campaign on this issue because I think its in the interest of all the citizens of Southwark that we do have a fair funding settlement.

