



REGENERATION AND RESOURCES SCRUTINY SUB COMMITTEE

MINUTES of the OPEN section of the meeting of the REGENERATION AND RESOURCES SCRUTINY SUB-COMMITTEE held on 14 JULY 2004 at 7:00PM at the Town Hall, Peckham Road, London SE5 8UB

PRESENT:

Councillor Toby Eckersley (Chair)
Councillor Jane Salmon (Vice Chair)
Councillors Jonathan Hunt, Billy Kayada, Michelle Pearce, William Rowe [non-voting].

OFFICERS:

Jo Anson - Financial Governance Manager
Paul Evans – Strategic Director of Regeneration (Item 2 only)
Dave Howes - Head of Client Services
Carina Kane – Scrutiny Team

APOLOGIES FOR ABSENCE

Received from Councillor Charlie Smith.

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

None.

DISCLOSURE OF INTERESTS AND DISPENSATIONS

None.

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 was 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 meeting held on 7 April 2004 be agreed as a correct record of proceedings and signed by the Chair.

1 Membership and Terms of Reference [Pages 1-2]

- 1.1 The Chair acknowledged the wider remit for the Regeneration and Resources Scrutiny sub-committee, and emphasised the need to be focused in taking on scrutiny reviews.
- 1.2 There was some discussion about asset management and whether the ICT and Call-Centre came under the sub-committee's remit. The Chair suggested that clarification be sought from Overview and Scrutiny Committee on this point.

RESOLVED: That the Membership and Terms of Reference of the Regeneration and Resources Scrutiny Sub-Committee for 2004/05 be noted.

2 WORK PROGRAMME [pages 3-11]

- 2.1 The Chair invited Paul Evans, Strategic Director of Regeneration, to speak to the meeting, as he had to make an early exit. Mr Evans briefly outlined the role of regeneration and its key roles: setting up and revising strategies, projects, and services.
- 2.2 Paul Evans gave an explanation of the three main strategies: Unitary Development Plan (UDP), economic and transport strategies. The aim was to finalise the UDP in March 2005, and he suggested that the sub-committee may chose to input to this and the area-based and thematic plans that would be coming out of it. He explained that the economic strategy was conducted though the Local Strategic Partnership and would be subject to a review, and also discussed the enterprise and employment strategy. The Chair asked for a schedule of the enterprise strategy once it was known.
- 2.3 Paul then provided some basic information about key regeneration projects and where each of these projects were at. Projects included the Elephant and Castle Regeneration, Alyesbury Estate, Canada Water, Bermondsey Spa, Peckham, South Bermondsey/North Livesey developments. He suggested that scrutiny might wish to be involved in some of these projects (e.g. to ensure quality of life was as satisfactory as possible in regeneration area while the Elephant and Castle Work was going on).
- 2.4 In terms of services, Paul briefly outlined the various aspects of Council responsibility for property i.e. managing portfolios, review the Council's own accommodation, and managing disposals. Planning had been a big focus for the regeneration department, and a long-term improvement plan had been developed. Paul advised of progress with tourism and the development of the information centre in the north of the borough, and the cross-borough partnership (which was often, but not exclusively, transport-related).
- 2.5 Cllr Pearce commented that it was important to have early input into regeneration initiatives as this was often left too late. She mentioned that a major issue of late seemed to be how to support and encourage small business enterprises. Paul Evans said that he was producing a paper on black and minority ethnic and small businesses for early September. This paper would identify issues and tracks of work to be taken forward.

- 2.6 There was discussion about the link between central agencies and local authorities in terms of business. Paul said that he was due to have a meeting with central government and local delivery people as to why there seemed to be difficult getting a good match. The government was now allowing some flexibility.
- 2.7 The sub-committee thanked Paul for his input, and Paul left the meeting.
- 2.8 The Chair suggested two topics for the next meeting of the sub-committee:
1. Invite Stephen Bishop to attend to talk through the capital programme and budget milestones for 2005/06.
 2. Additional spend on the Integrated Cleaning Contract (which had been financed from existing departmental budget). The Chair suggested that Cllr Richard Thomas could be invited to address how the overspend of £2.2 million arose, whether it was foreseen in the 2003/04 budget, what had lost out as a result, and lessons for the future.
- 2.9 Members agreed to consider the Integrated Cleaning Contract. Cllr Michelle Pearce commented that she had put a question to council about where virements came from so there may be a part response in the Council papers. Cllr William Rowe suggested that they consider the implications for the current year such as whether it was still overrunning.
- 2.10 Cllr Pearce suggested that the sub-committee look at the revenue-pilot project, possibly in January 2005.
- 2.11 The sub-committee noted that part of its remit was an overview of the best value process. The scrutiny project manager was asked to obtain a list of the best value review programme for information at the September 2004 meeting.
- 2.12 Members were aware that OSC had recommended the sub-committee undertake a scrutiny about small businesses, but there was concern about the lack of focus for the scrutiny. The Chair said that he would write to the Chair of OSC asking for a focused remit, with the remit to be considered in September along with Paul Evan's small business paper. Cllr Pearce suggested that the scrutiny could take place in a venue/time convenient for small businesses to attend. Cllr Jonathan Hunt suggested that consideration be given to looking at how policies work for different traders, e.g. sole traders versus larger-sized small businesses, as well as the effect of transport changes on traders.
- 2.13 There was talk of taking an item on Business Improvement Districts (BIDs) at the October meeting, but the sub-committee decided to wait until after the paper had been to Executive in late July 2004. Cllr Billy Kayada suggested that a scrutiny could also explore the extent that the model could be applied to areas where there was not the same volume of business activity.
- 2.14 Cllr Hunt suggested that there be a scrutiny into the effect of the East London Line, as Peckham would become a hub for other areas. A scrutiny could include whether the transport links would be used to take people/businesses out of the area or bring them in, and the effect on the UDP. The Chair noted that the UDP was in the sub-committee remit and said this was a useful point to make.

- 2.15 Cllr Hunt also suggested that there be a review of employment in different parts of the borough (e.g. North versus South) to geographically look at job creation. Cllr Pearce made the point that regeneration should be done in a way that was non-threatening to residents – such as focusing on how regeneration could be planned to enable continuity in business.

3 FINANCIAL STANDING ORDERS [pages 12-23]

- 3.1 The Chair introduced this item. It had been on the agenda of the Finance and Economic Development (FED) Scrutiny Sub-Committee meeting for May but the meeting was inquorate. Since then a private meeting had been held between the Chair and finance officers, and the information from these was to be discussed at the present meeting. A revised version of the Financial Standing Orders (FSOs) contained in the *Southwark Constitution 2004/05* was tabled at the meeting. The revised version outlined the changes that had been agreed at Constitutional Council on 26 May 2004.
- 3.2 Jo Anson and Dave Howes addressed the questions that had been raised for the FED scrutiny sub-committee meeting in turn. The main points are summarised below.

- Changes were made to wording of the FSOs as a result of the appointment of the Chief Financial Officer as the Section 151 Officer. Technical changes were also needed to the FSOs, and were made at Constitutional Assembly in May 2004.
- FSOs 3(b)(iv): Allocation of resources through detailed budgets on SAP was included within the budget manual timetable and revenue budgets have been loaded onto SAP for all departments.
- FSO 3(d): Integration of strategic planning within 3 year budgeting was continuing and would be further developed as part of the Forward to Sound Financial Management Initiative.
- Revised budget monitoring procedures were being implemented across all departments in 2004/05 – these would take greater account of risks and activity levels. Chief Officers provide reports to Executive Members regularly. All members received the reports in months three, six and reports would be presented at month 12 also.
- PwC (the council's internal auditors) check that departments had an appropriate scheme of delegation. There was no indication that FSO 5(c)(i) was not being met. The best value review team would be reviewing the scheme of management in departments, including delegation and its arrangements.
- FSO 8(b)(i): Practices varied across departments in regards to reporting of the capital expenditure. There was a fundamental review of the monitoring process which has focused on review but would also cover capital. Some departments have also made efforts to improve their own procedures e.g. Environment and Leisure have set up an internal monitoring group.
- The Capital Working Group was disbanded and has been replaced by the Capital Investment Strategy Team, which last meet on 4 May 2004. It considers a range of reports e.g. cash flow request on signalled controlled crossings, full approval request for Chumleigh Gardens.

- 3.3 During the course of the discussion, a number of issues were raised that the Chair asked officers to draw to Stephen Bishop's attention, in order that Stephen could respond to them at the September sub-committee meeting. These were:

- progress on developing the 3-year budgeting, and whether members would be briefing on 3-year budgeting. [Refer to FSO 3d].

- explain how he perceived 5(b) of the FSOs, and the corporate monitoring timetable in regard to this.
 - progress in resolving the defect found in the Environment and Leisure example for schemes of delegation [Refer to FSO 5(c)(i)].
 - update on the Senior Finance Managers Group's consideration about a potential loophole about reporting virements (e.g. where different amounts of less than £500,000 were taken from different things but in total added up to more than £500,000). [Refer to FSO 5(c)(iii)].
 - address 8(b)(iv) of FSOs in regard to what was reported to the Executive about the outturn position for capital expenditure (e.g. Statement of Accounts or a more detailed document)
 - discuss FSO 8(b)(v) in relation to the role of the Capital Investment Strategy Team's decision-making abilities and the translation from broad-brush allocations to priorities.
- 3.4 Officers also advised that there was a system on the Council's intranet site which dealt with effective management of budget and over and underspending. This could be accessed via the page finance@southwark, with a search for "protocols".
- 3.5 The sub-committee discussed the extent to which it should be actively involved in budget monitoring, and the role SAP print-outs of departmental budgets could play in this. There was also consideration of the role of the other sub-committees in looking at financial figures. Members believed it useful to have a budget breakdown by business units at each meeting, as this would help to understand the budgets and how they changed over time. Officers said this could be useful provided members were clear about what they wanted, as there were about 100 business units.
- 3.6 A majority vote determined that the sub-committee would only look at financial information for the regeneration and strategic services departments, not all departments. For the next meeting officers were asked to produce a set of papers that could be used for budget monitoring. The sub-committee would informally consider the suitability of the format and level of information provided, and at its October meeting it would aim to provide formal recommendations to OSC about how the sub-committees could monitor the budgets for their related departments.

Next meeting dates

The dates for the next two meetings were agreed as:

- Thursday 9 September 2004
- Thursday 14 October 2004

The meeting closed at 9:29pm.

CHAIR:

DATE: