



REGENERATION AND RESOURCES SCRUTINY SUB COMMITTEE

MINUTES of the meeting of the REGENERATION AND RESOURCES SCRUTINY SUB-COMMITTEE held on 18 NOVEMBER 2004 at 6:30PM at the Town Hall, Peckham Road, London SE5 8UB

PRESENT: Councillor Toby Eckersley (Chair)
Councillor Jane Salmon (Vice Chair)
Councillors Jonathan Hunt, Billy Kayada, Eliza Mann, Michelle Pearce, Charlie Smith.

OFFICERS: Christine Coxen – Finance Manager
Dennis Callaghan – Chief Accountant
Paul Evans – Strategic Director of Regeneration
Stuart Hoggan – Head of Corporate Strategy
Carina Kane – Scrutiny Project Manager
Stephanie Fleck – Assistant Borough Solicitor
Bill Murphy – Assistant Chief Executive
Jay Nair – Finance Manager

OTHERS: Councillor Lorraine Zuleta (Item 1)

APOLOGIES FOR ABSENCE

None.

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 Chair agreed to accept the following items which had not been circulated with the main agenda:

Item 2: Budget-monitoring, performance and priorities

- 6-month budget monitor for Regeneration Department
- 6-month budget monitor for Strategic Services Department

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 Regeneration and Resources Scrutiny Sub-Committee meeting held on 14 October 2004 be agreed as a correct record of proceedings and signed by the Chair.

MATTERS ARISING

The Chair asked for an update on matters arising from the previous meeting. Useful information had been received on the parking debt situation. The requested information on when debts from leaseholders for major repairs contributions are booked in the accounts, had not yet been received, nor had information on sickness performance and monitoring. The scrutiny project officer would continue to chase this information.

1 EXECUTIVE INTERVIEW [Pages 1-3]

The Chair thanked Cllr Lorraine Zuleta, Executive Member for Resources, for attending the meeting. The sub-committee's questions had been submitted to her in advance, and Cllr Zuleta was asked to address each of these in turn.

Cllr Zuleta said that she would provide a written copy of her answers to the sub-committee the following week once she had finalised the wording for this. These are attached as appendix 1. Only the supplemental questions are written below.

Other points made were the following:

- Cllr Zuleta said officers had been asked to look at savings on a spectrum between statutory and discretionary levels, and which ones supported the overall corporate plan. Cllr Zuleta had made it clear that she wanted new, innovative, savings options from officers.
- Cllr Zuleta said she would do her best to ensure the growth options were available for scrutiny in December 2004. However, she had only been informed the previous day that there had been a delay with the settlement.
- In terms of whether there were contractual obligations for the next year that would exceed the 3% inflation, Cllr Zuleta said most contracts were index-linked. The Chair suggested that Executive should receive a schedule of which contracts were index-linked.
- No information was available yet from officers or government about sanctions for 2005/06.
- Cllr Zuleta did not view the modernisation of library services and stock improvement as the highest priority for growth.
- Cllr Zuleta would not have the details of the Customer Service Centre (CSC) charges by service area until December.
- Bill Murphy explained the process required to make the CSC cost-neutral, and the significant change management required to encourage staff to use the electronic document management system.

- Cllr Zuleta's personal view was that it would be better if finance officers reported in a solid line to directors, and a dotted line to chief officers. There were inconsistencies between departments even though there was one system. Cllr Pearce agreed that this was demonstrated in the scrutiny into the communication budget.
- The £1million extra from prudential borrowing would go in ear-marked balance for the future. It had not been soaked up by the overspend.
- Stephanie Fleck said that the government guidelines for what the council could profitably market only came out a few months ago so the council was only now in a position to explore these.

RESOLVED: That there would be a five minute comfort break at 8:05pm.

There was also discussion of the recruitment problems at the council, particularly in traffic and transport. Paul Evans explained that this was common across all boroughs as the market for transport planners had expanded. Bill Murphy said that issues for existing staff was the poor quality of work accommodation and location. London had also become a less desirable place to work. Other factors also played a part (e.g. work/life balance). Cllr Salmon suggested that travel time and expense was also a huge factor. The cost of using temporary staff was also raised. The Scrutiny Project Manager said that Overview and Scrutiny were receiving a report on this at their November 2004 meeting and this could be sent to sub-committee members.

In the interests of time, it was agreed that questions 27-31 would be responded to in written format only.

The Chair thanked Cllr Zuleta for attending the interview.

2 BUDGET-MONITORING, PERFORMANCE & PRIORITIES [Pages 4-48 & 60-63]

Quarterly Performance Report

Stuart Hoggan introduced the 2nd Quarter Performance Report. He noted that a number of comments had been received by scrutiny during the last round, and as much had been taken on board at possible given the short gap between the 1st and 2nd quarterly reports being produced. The report now was more 'newsworthy' and included a context setting section.

The sub-committee made the following comments on the layout and content of the report:

- the colour key on page 5 of the report was difficult to discern
- the report would be difficult to follow if it was printed in black and white due to the number of colours used to follow the charts and graphs in the report
- it was not clear what was meant by "SOAs by IMD score" (page 3 of the report). A suggestion was also made that this diagram should include ward and community council boundaries also.
- whether the second pie-graph on page 5 of the report should refer to "school-age population" instead of "school population".
- the reference to "East Dulwich Programme" at the top of page 7 of the report should state "East Dulwich Estate Programme".

There was discussion of the MORI survey. Stuart said that this would be included in the next Members Bulletin. Members said that they would be interested in receiving a briefing on the survey, preferably taken by Ben Page. They also asked that the survey be put on the Intranet, along with the previous survey for comparison. In response to the question, Stuart said that the MORI survey included measure on assessment of people's fear of crime.

Members were also interested in the performance indicators for tackling poverty. Stuart explained that Executive decided which performance indicators would be included in the corporate basket, and these tracked the council's efforts. The Corporate Plan would review those performance indicators that were being tracked.

Cllr Pearce suggested that bench-marking was required, as the report did not state whether the council was making a difference e.g. was there improvements in tackling poverty. Paul Evans explained that this was not being ignored, but that there were issues to overcome with accessing the data. The Alliance was working to address this.

Strategic Services: Month 6 budget monitor

Christine Coxen introduced the month 6 budget monitor for the Strategic Services Department. This was still in draft form because the explanations given were still being refined. There was a total overspend of £399,000, and the paper explained the reasons why.

Christine also provided supplemental information that had been requested by the Chair. This was the budget monitor for the three largest budgets in Strategic Services (Corporate IT, Social Inclusion, Risk and Financial Control) and the three largest overspends (Chief Finance Officer, Direct Services, Marketing and Communication).

In terms of the large variance in IT Third Party Costs, Christine explained that a lot of costs were initially incurred by Strategic Services, and were then recharged back to other departments to pay from their department budget. An example was payment for phone bills.

In reference to the overspend in Strategy and Performance [page 62 of the agenda], Members queried why projects that were not specifically budgeted for were authorised. Officers explained that more work had been done since the budget was originally prepared. Managers had delegated authority to buy budget from one department head to another – the ultimate aim was to meet the budget target.

The overspend by Legal and Democratic Services was discussed. Land charges were demand-led and subject to market factors, and income had been lower than expected. This was being closely monitored and officers were investigating whether savings could be made elsewhere in the division. Officers also explained that Legal Services operated an internal trading account, which was why the increase in expenditure was matched by an increase in income.

There was also discussion of the £50,000 overspend in Marketing and Communications, and a suggestion that the Executive Member be called in to account for the overspend. However, Members also noted that they had already scrutinised the communications budget.

There was some discussion of the virements. Dennis Callaghan said that the virement schedule would be attached to the refined month 6 budget monitor. The scrutiny project manager was asked to make arrangements for the virements to be available for scrutiny at the same time as budget-monitoring.

Regeneration Department: Month 6 budget monitor

In introducing the month 6 budget monitor for the Regeneration Department, Paul Evans reminded Members that this was a top-level summation based on the accumulation of individual managers' judgement of budget expectations. What had been spent was what was needed in the circumstances, and receiving some income through the planning delivery grant had helped.

The variance was £379,000 overspend. Paul said that in his experience of managing a gross budget of £13million, variance was not untypical because there was some optimism early in the year, but nearer year-end managers were in a better position to make more accurate judgements. The previous year's budget had shown similar variance at mid-year but by end-year the overall budget showed a slight underspend.

Cllr Pearce suggested that a £26,000 overspend for traffic due to the higher usage of agency staff was modest. Paul explained that comparisons of the cost of agency and permanent staff showed that the costs were similar. It was important to ensure that the critical points of staffing were required. In response to questioning about whether it was good practice for agency staff to hire consultants Paul said that all staff, whether they were agency or permanent were contracted to do a job and had to operate in accordance with council procedures.

In response to comments about spending due to the Imperial Gardens Action Plan, Paul said that the action plan would have taken place to some degree as change was needed. Paul also mentioned that he had suggested to Finance officers that there be contingency budgeting, rather than base-budgeting. Inquiries were very volatile and if an inquiry began in the second half of the year, it was difficult to re-juggle costs to accommodate these. He also explained that the reason that the Action Plan was included in the 2nd Quarterly report was because it had been recommended by Executive or Overview and Scrutiny.

The Chair thanked officers for their time.

RESOLVED: That the sub-committee recommends that Executive consider including an employment indicator and housing overcrowding indicator under "Tackling Poverty" section of the corporate performance indicators.

3 SOUTHWARK ALLIANCE ENTERPRISE TASK GROUP [Pages 49-51]

The Chair introduced this item, explaining that he had received a request Lee Bartlett, Co-Chair from the Southwark Alliance Enterprise Task Group asking for two nominations of members to join the task group. The Chair suggested that the nominations should be from the two larger political parties, but if no-one offered, then he was prepared to do it.

Cllr Pearce said it would be useful if there could be an indication of the time and commitment involved. Nominations were received, and the Chair said that he would attend as a reserve.

RESOLVED:

That the Chair would write to the Southwark Alliance Enterprise Task Group outlining the following nominations:

- Cllr Michelle Pearce (Labour)
- Cllr Jonathan Hunt (Liberal Democrats)

4 WORK PROGRAMME [Pages 52-59]

The Chair circulated a letter sent to the Chair of Overview and Scrutiny about the approach that should be taken to budget scrutiny. No response had yet been received. The response could impact on timing of the January/February scrutiny meeting.

The Chair suggested that the item on small businesses should be parked until Lord Ouseley's findings were known, and that the Chair of Overview and Scrutiny had agreed with this approach.

The following ideas were discussed for the February meeting:

- Short report from the procurement team on procurement.
- Capital Monitoring Review Strategy – e.g. how procurement is looking at monitoring economies of scale.
- Disposals of capital receipts and whether the land being sold off is detrimental to certain areas. Stephanie Fleck suggested that members look at the report that went to Executive recently as it looked at issues to be taken into account when disposing of properties.

The Chair said that the item on the Elephant and Castle needed to be addressed in spring (around March) and invited members should think about how to address this. Paul Evans and Chris Horn should attend the meeting for this item.

The meeting closed at 10:25pm.

CHAIR:

DATE: