



REGENERATION & RESOURCES SCRUTINY SUB COMMITTEE

MINUTES of the meeting of the REGENERATION & RESOURCES SCRUTINY SUB-COMMITTEE held on 3 AUGUST 2005 at 7:00PM at the Town Hall, Peckham Road, London SE5 8UB

PRESENT:

Councillor Toby Eckersley (Chair)
Councillor Jane Salmon (Vice Chair)
Councillors John Friary, David Hubber, Billy Kayada and Michelle Pearce

ALSO PRESENT:

Bernie Bartley – Elephant & Castle Traders Association
Ian Fraser – Chair, Elephant & Castle Traders Association
Mark Pratchett – Chair, Shoppers Liaison Group
Shamir Udin – Elephant & Castle Traders Association

OFFICERS:

Shelley Burke – Head of Overview & Scrutiny
Paul Evans – Strategic Director of Regeneration
Stephanie Fleck – Principal Lawyer, Contracts
Stephen Gaskell – Corporate Strategy Officer
Chris Horn – Development Project Director
Karen O'Keeffe – Head of Economic Development & Strategic Partners
Duncan Whitfield – Finance Director
Peter Roberts – Scrutiny Project Manager

APOLOGIES FOR ABSENCE

Apologies were received from Councillors Gavin O'Brien and Charlie Smith (reserve member).

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

There were 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 of the Regeneration & Resources Scrutiny Sub-Committee held on 15 June 2005 be agreed as a correct record of proceedings and signed by the Chair.

1. PERFORMANCE MANAGEMENT [Pages 1 - 71]

- 1.1 The Corporate Strategy Officer introduced the performance reports for quarter 4 and end of year round-up 2004/2005 and quarter 1 ending 30 June 2005.
- 1.2 The Sub-Committee noted that only certain Best Value Performance Indicators (BVPIs) included indicators on cost and efficiency; cost and efficiency indicators had not been introduced locally or across the board. Members were keen that this omission be addressed. Councillor Michelle Pearce suggested that there were areas, such as the speed of processing housing benefit claims from private tenants, where local indicators would be useful. She indicated that she would make proposals to the Sub-Committee at a future meeting.
- 1.3 Members highlighted Key Stage 2 (KS2) performance in schools and expressed concern that this was only monitored annually. Officers explained that, where annual indicators were used, there was a series of milestones against which performance was tracked throughout the year. Members asked that the commentary in quarterly reports draw attention to any performance issues during the year and that, specifically, Officers confirm KS2 performance in the next report to the Sub-Committee.
- 1.4 The Finance Director expressed the view that exception reporting could be of most value to the Sub-Committee in analysing performance. The Sub-Committee agreed that it was important for a commentary to be provided that highlighted exceptions but that it should continue to receive a full set of performance indicators.
- 1.5 Members noted that six-month expenditure monitors for the Regeneration and Strategic Services department were to be submitted to the next meeting. They considered that it would be helpful to see expenditure monitors from all departments, on a regular basis, and in particular identifying virements of over £250,000.

- 1.6 In response to Members' questions, the Corporate Strategy Officer clarified that those BVPIs shown as "in development" had been introduced for 2006. He also explained that Corporate Strategy frequently raised BVPIs with service departments, and with the Government, in terms of whether or not they acted as a true measurement of performance and whether they reflected the management of services at a local level.
- 1.7 Members questioned how particular targets had been arrived at. They asked whether a nationally imposed target would necessarily be the same as targets proposed locally, for instance would the target in respect of BV40, as negotiated with the Department for Education & Skills (DfES), be the same as an aggregate achieved by totalling targets set in individual schools. Members also highlighted that LPI 1, under Cutting Crime and fear of Crime, did not have a Quarter 2 target.
- 1.8 The Sub-Committee was concerned at the update on the refurbishment proposal for the Aylesbury Estate (page 42). The Strategic Director of Regeneration reported that exploratory structural engineering work had identified that further work was needed. As a result, a redevelopment option could now be preferable and perhaps more acceptable to tenants and residents. The Sub-Committee earmarked this issue as a possible item for further scrutiny.

RESOLVED:

1. That the Executive be invited to consider the introduction of across the board local indicators on cost and efficiency (for example in respect of cutting crime and fear of crime).
2. It be noted that Councillor Michelle Pearce is to bring further recommendations on indicators to the next meeting of Sub-Committee.
3. It be noted that the next Key Stage 2 results would be confirmed in the autumn with any performance issues highlighted.
4. That future reports to the Sub-Committee include both a full set of indicators and a commentary that focuses on exceptions, in line with corporate planning procedures.
5. That the six-month expenditure monitor scheduled for the November meeting cover all departments and be expanded to show virements of over £250,000.
6. That, if possible, Officers provide details on any disparity between the target in respect of BV40, as negotiated with the Department for Education & Skills (DfES), and the aggregate which would be achieved by totalling targets set in individual schools.
7. That Officers clarify the lack of a Quarter 2 target in respect of LPI 1 under Cutting Crime and Fear of Crime.
8. That the information in respect of Aylesbury Estate, page 42, be noted and the refurbishment proposal be highlighted as a potential item for the Sub-Committee's work programme.

2. ELEPHANT & CASTLE/SMALL BUSINESSES [Pages 84 - 116]

- 2.1 The Chair of the Sub-Committee stated that this was the final stage of this phase of the scrutiny process, before the Sub-Committee made its recommendations to the Executive. The Sub-Committee may return to consider the redevelopment of the Elephant & Castle at a later date but not until sometime in the New Year.
- 2.2 The Strategic Director of Regeneration introduced the report. He emphasised the Council's commitment to the health of the small independent retail sector as part of the future of the Elephant & Castle.
- 2.3 Members asked whether it was the Council's intention to produce something akin to the Olympic and Paralympic Games Business Relocation Charter (Appendix 1 to the report). The Development Project Director hoped that the Council would produce something that went beyond a statement of bare entitlements and would encompass the current circumstances, relocation and sustaining businesses.
- 2.4 Members asked for clarification of the role of Business Extra. The Development Project Director explained that Business Extra had been given a specific remit to advise businesses, individually and collectively, about business planning and preparing for the future. The traders' representatives were concerned that the sum of £15,000 (paragraph 22 of the report) would cover only a very limited amount of professional advice. It would not provide help to individual traders in respect of specific legal problems. Officers stated that specialist advice on the loss of premises, terms of leases and any possibility of compulsory purchase orders was beyond Business Extra's remit.
- 2.5 In terms of funding additional legal advice, the Sub-Committee stressed the importance of Officers beginning to explore, as soon as possible, any advantages that could be derived for the traders from possible Section 106 monies. Officers emphasised that some regard should be paid to the individual circumstances of traders. Resources should be deployed to the greatest effect in the pursuance of the Council's objectives. Different businesses should be seen as having different interests, expectations and entitlement. The Sub-Committee was in agreement that benefiting from any Section 106 scheme should be aligned on broad black and minority ethnic (BME)/small and medium-sized enterprises (SME) criteria.
- 2.6 The Chair of the Traders Association reported that Business Extra had offered retailers a business health check but that only a few businesses had taken this up. The health check had felt like an over-long exercise and its context had been unclear, particularly in terms of lack of information about the future of the centre and any timetable for the redevelopment. Officers indicated that the original exercise had been intended to collect information that would assist both traders and the Council but acknowledged that perhaps it had been over-complex. Subsequently, the health check had been replaced by a more simplified questionnaire circulated to all retailers. The Development Project Director stated that the secondary survey suggested that 50 out of 70 businesses wanted to remain in the area. Relocating existing businesses created a strong local economy but more information was necessary in order to map out the timing of relocations.

- 2.7 There were a number of other schemes that could provide new business space. These included sites on the New Kent Road and Walworth Road and further schemes would come on line over time. The traders' representatives expressed concern that businesses might be relocated to sites where building works were not yet completed. In response to questions from the Sub-Committee, Officers confirmed that some of the residential developments being proposed could have retail premises at street level. Preliminary talks with developers gave the opportunity to discuss this, perhaps diverting planning gain to meet the requirements of existing local businesses for employment floor space.
- 2.8 Members asked for clarification of the Council's use of well-being powers. Officers responded that it was not fully defined. However, as the Council had determined that a strong independent small business sector was a policy objective, the movement of existing businesses could be seen as a means to that objective and therefore as providing a best fit with well-being powers. There was scope to help businesses where their objectives fitted with the Council's policy objective. Where issues between landlord and tenant were closely connected to issues the Council had a direct interest in, the Council needed to be very clear as to its role.
- 2.9 Members of the Sub-Committee expressed concern that the Centre should remain viable up until it closed and that it should be promoted and remain a strong prospect. The Chair of the Traders Association stated that the ongoing requirement to meet service charges and rent rises had not been addressed. Traders were not in agreement with the statement at A in the report that there were "no significant increases in bad debts or tenants' default amongst the retail and leisure traders". The Chair of the Traders Association claimed that the landlord was demanding rent from a number of tenants and employing bailiffs. If this were the case, the Sub-Committee was unclear about the motives of the landlord, particularly if evictions took place and empty units contributed to a sense of blight at the Centre during the transition period. Officers indicated that it would not be in the interest of the Council, or anyone, for the Centre to be wound down as a result of aggressive action by the landlord.
- 2.10 The Chair of the Traders' Association was of the view that the landlord would not support any proposals for rent reductions or rent holidays. He put forward the view that some of the funds referred to at A in the report could be used to subsidise rent in the transition period. The Sub-Committee noted this view but was unable to enter into any discussion of the circumstances of individual traders.
- 2.11 Members asked whether the current landlord would have an interest in the future development. Officers commented that the landlord was a freeholder in a regeneration area and also a participant in the development competition. At the same time, the Council could not be complicit with one party against another, landlord or tenant. The representatives of the traders reported that the landlord had not supplied footfall figures for the centre, which would feed in to schemes for its promotion. The Sub-Committee urged Officers to obtain this information from the landlord.

- 2.12 The Chair of the Traders Association highlighted the importance of promoting the centre. Members of the Sub-Committee sought further details of the sum of money yet to be agreed, “to support active measures to maintain the maximum shopping centre viability” (page 90). Officers indicated that no budget figure was currently in mind. It was expected that the cost would be borne by landlord and tenants and, to the extent that the Council was a stakeholder in the success of the centre, it was legitimate for the Council to make a contribution. Members of the Sub-Committee saw this as a basis for establishing a closer working relationship between the three parties and emphasised that it should be seen as a priority.
- 2.13 The Sub-Committee asked whether there was also the opportunity to obtain benefits from the eventual developer of the Elephant & Castle. Officers anticipated that the needs of local businesses could be more clearly defined and become an overt part of the planning process. The Sub-Committee was of the view that the future partner to the redevelopment should contribute towards financing the proposals set out in A and B of the report, as part of the final partnership agreement.
- 2.14 In response to a question from the Chair of the Traders Association, the Development Project Director stated that the Council would not be seeking compulsory purchase powers in the near future. A partnership agreement would need to be in place first, in order to demonstrate sufficient intention and to apply for compulsory purchase orders. The process was a long one and would require a decision from the Executive, drafting and advertising an order, producing a schedule of interests and a possible public enquiry. The purpose would be to gain assurance that all appropriate land could be assembled and vested in the Council. The Sub-Committee asked Officers to provide further information at a later date.

RESOLVED:

1. The Sub-Committee notes with broad approval the proposals set out in the Director of Regeneration's report and generally recommends that they be developed in more detail without delay. Throughout the process, sensitivity to the real situations facing the businesses, and consultation with them, are considered to be essential.
2. That Officers or the Executive are invited to consider the recently reported aggressive action by the landlord, possibly towards obtaining vacant possession.
3. The Sub-Committee noted with concern the reported failure of KPI to produce footfall information in the past and asked that Officers continue their efforts to seek from the landlord information in respect of changes in footfall at the centre, and other relevant factors, to help develop a communication/promotion strategy.
4. In respect of the proposal (paragraph 24 A) that a sum of money be agreed with KPI and the business tenants and built into the working arrangements with the eventual commercial partner, in order to support active measures to maintain the maximum shopping centre viability, that Officers are requested to develop clarity on the Council's contribution and arrangements for tri-partite working as a matter of urgency.

5. The Sub-Committee noted that traders expressed the view that flexibility, in respect of funds made available as proposed in paragraph A, would be desirable.
6. In respect of the above proposal in 24 A and the proposals in 24 B, that consideration be given to building an element of funding into the partnership agreement.
7. That Officers be asked to progress with rapidity in-house work to develop Section 106 proposals.
8. That consideration is given as to whether the £15,000 allocation to Business Extra to fund advice to shopping centre businesses is adequate for follow-up on Section 106 proposals.
9. That consideration is given as to whether the criteria for benefiting from any Section 106 scheme should be aligned on broad black and minority ethnic (BME)/small and medium-sized enterprises (SME) criteria.
10. That the Executive be asked to consider a framework for the use of well-being powers in these circumstances (Part 1 of the Local Government Act 2000).
11. That where decisions of the Executive are required in respect of the above, these should be obtained by 30 November 2005.
12. That Officers are invited to provide further information to the Sub-Committee on the expected use and timetable for obtaining compulsory purchase order (CPO) powers.

3. **WORK PROGRAMME 2005/06** [Pages 72 – 83]

3.1 The Sub-Committee noted the following amendments to its work programme:

15 September 2005:

- Delete progress report on Unitary Development Plan
- Reschedule Framework for Monitoring Internal and External Audit Reports to 30 November 2005
- Statement of Accounts (questions for Finance Director requested two weeks in advance of meeting)
- Add briefing on key financial issues affecting local government

30 November 2005:

- 6-month Expenditure Monitors, add wider financial report as detailed under item 1 above

Potential item:

- Aylesbury Estate refurbishment

The meeting closed at 11.10pm.

CHAIR:

DATE: