



## **REGENERATION & RESOURCES SCRUTINY SUB COMMITTEE**

MINUTES of the meeting of the REGENERATION & RESOURCES SCRUTINY SUB-COMMITTEE held on 30 NOVEMBER 2005 at 7:00PM at the Town Hall, Peckham Road, London SE5 8UB

---

**PRESENT:** Councillor Toby Eckersley – Chair  
Councillor Jane Salmon - Vice Chair  
Councillors David Hubber, Billy Kayada and Michelle Pearce

**OTHER COUNCILLORS:** Councillor Neil Watson – Chair, Housing Scrutiny Sub-Committee

**OFFICERS:** Jo Anson – Head of Financial Governance  
Cathy Doran – Head of Budgets and Financial Planning  
Chris Brown – Head of Housing Management  
Paul Evans – Director of Regeneration  
Stephanie Fleck – Principal Lawyer, Contracts  
Stephen Gaskell – Head of Corporate Planning and Performance  
Carina Kane – Scrutiny Project Manager  
Rachel Sharpe – Divisional Service Manager, Housing Strategy and Regeneration  
Duncan Whitfield – Finance Director

### **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors John Friary and Gavin O'Brien.

### **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 September 2005 be agreed as a correct record of proceedings and signed by the Chair.

### **1. REVENUE MONITORS** [pages 1-5, 17-41]

- 1.1 The Chair invited the Finance Director to introduce the October Executive report 'Revenue and Capital Monitoring' (refer agenda pages 17 to 35). The Finance Director explained that the report informed about both capital and debt. At the time the report was prepared there was a projected underspend of £2.1M on the General Fund, however Executive had agreed to put some of the funds aside for restoring the Peckham Pulse Leisure Centre. The projected underspend was currently £1.9M.
- 1.2 Members were interested in the additional funding set aside for the Peckham Pulse Leisure Centre. The Finance Director updated Members on the decisions recently made by Executive. The estimates for the repairs had increased from £1.2M to £1.95M, and the Director had been tasked by Executive to approve the final estimate before the funds were made available. He also confirmed that there was still £1M from prudential borrowing that had not been drawn from.
- 1.3 The Chair suggested that a projection of un-earmarked balances as at 31 March 2006 could add value to this type of report. The Director agreed that this could be included in future reports. He explained that he was reluctant to release the prudential borrowing costs to balances. This was due to recent events around the proposed waste management site at Old Kent Road, as one option was to use prudential borrowing to secure the investment. The prudential borrowing could also be required to support invest to save schemes in part to deliver efficiencies in part to deliver efficiencies to meet Gershon targets and local priorities. He further explained that the General Fund reserves were £8.9M, and if the £1.9M currently projected underspend was added the reserves would rise to £10.8M (although this would need to be discounted by spending on Peckham Pulse).
- 1.4 The Chair queried how much of the Medium Term Strategy for the General Fund balance (i.e. £10M) could be eroded without approval by Council Assembly. The Director informed that they were still working within the total net budget package, and the reports to Executive about the Peckham Pulse Leisure Centre supported the constitutional requirements as he interpreted them. He confirmed that he remained committed to achieving the Medium Term Strategy for the General Fund balance in 2005/06. This achievement could be hampered by some of the cost and demand pressures on services being reported through monitoring reports, not least those on Social Services placements.

- 1.5 The sub-committee sought clarification about points made in the Executive report of 11 October 2005. The Chair asked for information around the 'Capital Working Group' mentioned in paragraph 11 of the report, noting that Executive had resolved to extend its membership from officers to include the Leader and the Executive Member for Resources. The Finance Director informed that the current officers' based Capital Working Group prioritised capital investment proposals and reviewed the accuracy of the estimates. He was not certain that it was appropriate to involve members at this level of appraisal and evaluation and so the role of the member working group proposed by the Executive would need further consideration. He agreed this could require changes to the constitution as appropriate.
- 1.6 Members noted there were mainly zeros in the figures for 2008/09 in the Capital Programme Cashflow Forecast. The Director explained that this was a function of forecast capital receipts in the future and he needed hard evidence of what receipts were achievable before including them.
- 1.7 In light of the comment in Appendix D that efforts were made to review all potential write-offs as quickly as possible and would be cleared from the outstanding debt position where appropriate, Members queried whether there was pressure to prematurely write-off debt to massage figures. The Director said there were clear regulations around debt write-offs, and informed that the Executive Member sought full justification for any write-offs.
- 1.8 Members of the sub-committee were concerned that debt was allowed to reach £5000 before it was brought to the attention of the Executive Member. The Director commented that any level of debt was too high but there was a need to look at what was achievable, taking into account Southwark's circumstances and improvements in the management of the debt position made over recent years.
- 1.9 The Director was asked whether he was confident that the 'control weaknesses' for housing repairs were being addressed. He replied that this was a complicated process, and he was aware that the Housing Department had an action plan in place. He agreed to look into issues around whether payments were being made for repairs that were not up to standard or had not been completed.
- 1.10 Members then considered the budget monitoring reports for the Regeneration and Strategic Services departments. The Chair said there did not appear to be any areas of major concern, and invited members to comment. In response to Member questions, officers informed that:
- the increases in both spend and income for development and building control due to the reprofiling of the budget required on SAP were in-budget, in-year.
  - in regard to the overspend in communications, a best value review of communications was in progress.
  - the costs associated with the project team for the review of the accommodation strategy were from a one-off bid for this financial year. This was called on as and when necessary, and very little had been spent to date.
- 1.11 During the course of discussions officers agreed to find out:
- the meaning of the commentary for the 'development and building control' variance for Planning and Transport Division in the Regeneration Department budget monitoring;
  - why the cost of the new choice-based lettings system appeared to be charged to the General Fund and not to the Housing Revenue Account.

1.12 The Chair thanked officers for their time.

**RESOLVED:** 1. That Executive clarifies its intentions with regard to resolution 4, item 9 of the Executive meeting of 11 October 2005, i.e. that the membership of the capital working group is extended to include the Leader and the Executive Member for Resources.

## **2. GOVERNANCE AND THE USE OF RESOURCES**

2.1 The Finance Director and the Head of Corporate Policy and Performance gave a joint presentation to the sub-committee about issues around governance and the use of council resources. The presentation provided the sub-committee with an update on the key issues emerging from the current agenda for public service delivery and reported a provisional view on how the District Auditor believed Southwark was performing with regard to financial reporting, management and standing, internal control, and value for money. A copy of the presentation is available in the Minute File.

2.2 Supplemental points made by officers during the presentation included:

- Financial reporting: The council had a good achievement record for closing down the accounts, but there was increased pressure on local authorities to close the accounts down earlier, and move to quarterly balance sheet reporting.
- Financial management: The auditors recognised the importance of the size and use of assets in Southwark. There was increasing importance on pooled funding, and the District Auditor had commented on a better link between performance and financial monitoring, and to continue to build strong governance into this structure.
- Financial standing: There was recognition from the auditors about the council achievements with managing within resources, but it would be a challenge to sustain, particularly with increased pressures arising in education and the children's trust. Local authorities were at risk of being forced into a silo-based budgeting approach as grants became increasingly ring-fenced. The auditors were concerned that the council's reserves were inadequate, but had not made any formal recommendations about what should be targeted. The Finance Director was mindful of this concern, especially given local authority comparators and major projects being programmed by the council and the inherent risks they would bring.
- Value for money was a new consideration for auditors. The guidance was little understood as it had come out late and been inadequately prepared. There was an expectation that the council would demonstrate hard evidence of value for money. The Director believed that the council would be in the top half of authorities in delivering value for money. He expected the efficiency targets for 2005/06 would be met.
- The performance bar had been raised so it would be an achievement if the council continued to sustain a rating of 3 out of 4 from the CPA for 'Use of Resources'. The Director suggested that only a minority of authorities would retain or improve their current ratings.

- 2.3 Members discussed the prospect of having an audit committee within the council. The Finance Director said the District Auditor had commented on the lack of such a committee and the council had argued that this role existed throughout the council in other forms. However it was likely that the council could encounter increased pressure to reconsider this approach. The sub-committee was concerned about the expectation that membership of such a committee would be comprised of non-scrutiny and non-Executive Members, and undertook to discuss this matter with the District Auditor directly.
- 2.4 Members also raised concerns about the turnover of temporary staff, particularly within the planning and transport divisions. The Finance Director reported that the council had been criticised for not having a 'risk champion' so he had now assumed the role, and the Executive Member for Resources was likely to be the risk champion for Members. Effectively this was a 'tick in the box'; officers believed that ideally risk management needed to be embedded across the council. The Director added that he shared the sub-committee's concerns about the recruitment and retention of key staff and was happy to consider evidence from Members.
- 2.5 There was a discussion about resources for schools. The council was responsible for determining where resources were prioritised. Academies were still in a very early stage and as the programmes developed some council funding would move outwards. The Director was of the opinion that there were still significant sums that remained unspent from school balances that could be better directed to services rather than sitting idle. This was an issue across London.
- 2.6 Questions were also asked about the new CPA framework and the 'freedoms and flexibilities'. The Director said the idea was that if a council performed highly it would be granted more independence and flexibility. However, this was still not clearly defined. To date there had been little or no evidence that the number of inspections was reducing as a result of the council ratings.
- 2.7 In closing, the Chair thanked officers both for their time and for the quality of the briefing reports provided after the September meeting.

### **3. REGENERATION POLICY AND PRACTICE – REHOUSING OF TENANTS AND LEASEHOLDERS** [pages 42-45]

- 3.1 The Director of Regeneration gave a brief contextual introduction to the topic. He informed that most major projects were operated jointly between Housing and Regeneration Departments and required planning and projection. The general aim was to organise, phase and deliver projects in a way that achieved the best outcome for the area with as little disruption as possible given the circumstances. This required clarity, speed and communication as well as technical input and management.
- 3.2 The Divisional Service Manager, Housing Strategy and Regeneration then introduced the agenda report. She apologised for any confusion in understanding the report and explained that the first part of the report updated on actions required of the Housing Department in accordance with the Ratification Committee report of December 2001 about the Peckham Partnership.

- 3.3 The Head of Housing Management took the sub-committee through the rest of the report, outlining planned management that was common across regeneration schemes. While all regeneration schemes were different there were fundamental considerations. He also commented on the Wooddene Estate situation, noting that there had been issues but officers were looking at good practice and ways to improve further. Increasing use of empty homes for temporary accommodation and assessing the value of employing 'house-sitters' for empty properties were two such examples for improving security arrangements.
- 3.4 The Chair then invited Members to discuss the approach to the scrutiny, including which regeneration schemes to involve, and who to invite. A paper had been circulated separately by the scrutiny team which had suggested some areas for consideration. Comments and suggestions made by members included:
- Whether there would be merit in comparing schemes that were in different phases of the project life – e.g. early stage, middle, and nearing completion
  - That it would be useful to know how success and failure of a project was defined
  - The value of looking at regeneration schemes which were already well-advanced
  - It would be useful to consider schemes which were still in relatively early stages and to test these against the suitability of the officer's planned management considerations and the issues which had been identified in the paper from the scrutiny team, and whether the plans would be achieved with minimum disruption.
  - There was only a limited time in this municipal year for the scrutiny, so there was little point in re-visiting lessons from the past (such as the Peckham Partnership). It was better to concentrate on upcoming schemes, such as the Aylesbury, and look at how the lessons were being applied.
  - In seeking residents' views, it was important to bear in mind that people's perceptions of a scheme would be different during different phases of a regeneration scheme.
  - The scrutiny could seek the views of staff and contractors involved in the regeneration schemes as they have a key role in the planning, management and delivery and will have useful experiences to pass on for new schemes.
- 3.5 The Director of Regeneration said the tenants and residents directly involved in a regeneration scheme could primarily focus on the issues and problems they experienced during a scheme. As the agenda paper from the Housing Department captured the current considerations, he suggested it could be useful if scrutiny looked at whether all the lessons were included, whether they were being applied properly, and whether more flexibility was needed.
- 3.6 The Director of Regeneration also responded on aspects of the paper that had been circulated separately by the scrutiny team. He disagreed with the statement that decanting occurred suddenly. He informed that there was extensive cross-departmental working within the council to establish the range of possible implications from a regeneration proposal. The Director also confirmed that there was sufficient rehousing capacity simply because there had to be. The Divisional Service Manager advised Members that the Bellenden scheme did not involve decanting of properties.

3.7 The Chair concluded the session by stating that there would be a one-off session after late-January 2006 to scrutinise the rehousing of tenants and leaseholders, to be carried out jointly with the Housing Scrutiny sub-committee. It would focus on the Aylesbury, Acorn and Heygate Estates and evidence would be invited from representatives from these estates. Further consideration would be given as to other witnesses to invite (e.g. contractors).

4. **WORK PROGRAMME 2005/06** [pages 6-16]

4.1 The sub-committee added the following items to its meeting for 12 January 2006:

- Interview the Deputy Leader about the Elephant and Castle developer selection process. This could include questions about the implications of any possible delay in taking a decision, receiving an update on the scrutiny recommendations agreed by Executive, and discussing current ideas for the key priorities that the Council would demand of the selected partner.
- Interview the Executive Member for Resources.

4.2 The District Auditor would be invited to an additional meeting in early February to discuss the annual audit and inspection letter. The March meeting would scrutinise the re-housing of tenants and residents.

4.3 The sub-committee also decided that the third quarter performance report would be circulated to Members once it became available, and not specifically included on a future meeting agenda.

The meeting closed at 10:10pm.

**CHAIR:**

**DATE:**