

## Interview with the Executive Member for Resources

Questions for the Regeneration and Resources Scrutiny Sub-Committee meeting, October 31 2007.

- 1 *Could the executive member update the scrutiny panel on the borough's Council Tax collection rate for 2007/08, providing the current performance and the anticipated performance by the close of the financial year? Could he also provide figures to estimate the anticipated level that could be collected after the close of the financial year?*

As at \*31<sup>st</sup> December 2007 reported performance was 78.86% against a rolling profile of 81.10%. The end of year and contractual target is 93%. ( The position at the end of December whilst down against the expected profile is a 0.5% improvement against the same period in 2006/7).

(\*We would expect to provide the position as at the end of January before the date of the panel meeting).

The anticipated collection at the close of the financial year is 92%. Liberata are under pressure and close scrutiny from Senior Council Officers to improve performance in the remaining months of 2007/8. Liberata delivered a plan of activity in late December 2007 highlighting collection and recovery activity to be undertaken in the last quarter in which they target an additional £2m in order to deliver Collection performance above 93%. This includes income linked to activities regarded as higher risk, e.g. significantly improving bailiff collection in the remaining 3 months.

In addition Liberata have rolled out an incentive scheme to staff on 18<sup>th</sup> January 2008 designed to reward and encourage additional effort in collection. This incentive scheme will be available to Liberata staff engaged in Council Tax collection at all of their sites.

The Client projection of 92% excludes any improvement in income these additional initiatives may generate. The Client team is monitoring the results closely and will review the expected out turn as the results of these additional efforts become known.

Collection and Recovery activity will continue into 2008/9 and beyond. For the purposes of the Councils Collection Fund monitor a final collection rate of 96.00% is projected . This is projected to be collected over a 6 year period.

- 2 *Could the executive member update the scrutiny panel on the borough's Council Tax collection rate for 2006/07 as it currently stands?*

As at 31st March 2007, the Reported performance was 92.3%. The Collection Fund monitor expects 96% to be achieved by 2012 In 2007/8 the sum of £1.525m has been collected against 2006/7 arrears as at 31s December 2007, this therefore represents' 94.5% against the Collection fund target. The Collection Fund monitor is used for accountancy and budgeting purposes. Based upon collection in 2007/8 the collection fund projection of achieving 96% by 2012 is not at risk.

## 2007/08 budget performance

- 3 At the December meeting of the executive committee, figures were shared showing the levels of overspend by department. Could the executive member provide an update of these figures, comparing:
- profiled budget expenditure to date
  - actual expenditure to date
  - budgeted expenditure for the full 2007/08 year
  - anticipated full-year expenditure?

The Q3 (31 December 2007) Monitoring position is set out in the table below. The forecast overspend has reduced from £1.6m at Q2 to £0.6m at Q3 and I would expect management action to reduce this to a balanced position at year-end. For information, the council's monitoring process focuses on forecast outturn variances using data from SAP and other feeder systems and does not rely on actual costs and profiles within SAP as this information alone would present a misleading position of the real financial position across the council's services.

## REVENUE OUTTURN MONITOR AS AT 31 DECEMBER 2008 (QTR3)

Service	Latest approved budget	Full Year Forecast	Forecast variance after planned use of reserves	Forecast variance at Qtr 2	Movement in forecast variance
	£'000	£'000	£'000	£'000	£'000
Children's Services - Schools Block	0	(971)	(971)	G (242)	(729)
Children's Services - Non Schools Block	83,139	83,145	6	G 334	(328)
Health and social care	97,280	98,815	1,535	R 1,339	196
Environment & Housing	75,078	75,609	531	R 586	(55)
Regeneration & Neighbourhoods	23,281	23,854	573	R 1,084	(511)
Major Projects	6,084	6,084	0	G 164	(164)
Strategic Services	19,538	19,851	313	R 461	(148)
Strategic & Corporate	(5,553)	(6,949)	(1,396)	G (2,101)	705
<b>Total for Services</b>	<b>298,847</b>	<b>299,438</b>	<b>591</b>	<b>R 1,625</b>	<b>(1,034)</b>

- 4 *Assuming that the level of over-spend identified in the answer to the question above is still high, can the executive member set out how this shortfall will be met?*

All council departments have been instructed to take the necessary management action to ensure budgets are not overspent at year-end. In line with the Medium Term Financial Strategy, any departmental budget overspends remaining at the end of the 2007/8 financial year will be carried forward as a first call on the 2008/9 departmental budgets.

## 2008/09 budget

- 5 *Could the executive member update the scrutiny committee on discussions held with government regarding the settlement for 2008/09 and future years? What work can be done by council officers and elected representatives to strengthen the case for Southwark, either for the forthcoming year or 2009/10?*

The Council continues to vigorously lobby the government and through the consultation response on the settlement, has made direct representation to the Minister for Local Government, John Healey MP. The level of resource planned by government for Southwark falls well short of needs and expectations. John Healey MP asserted that the formula changes were to remain and that no assurance could be given on the future floor protection arrangements. To date, no formal response has been received from John Healey's office. The final settlement only increased the draft settlement for Southwark by some £10k. The Council has initiated a Fair Funding for Southwark campaign and will continue to lobby the government for additional resources to meet the needs of the borough.

- 6 *In relation to your responsibility for "management of the Council's property portfolio, including all disposals and acquisitions", can you provide a schedule of all vacant or under used land owned by the Council with a market value of more than £5 million and how best value and efficient use of these assets might be realised?*

Site	Status
Canada Water	In conditional contracts with BL/Canada Quays and Barratt Homes, Phased disposals subject to planning.
Downtown	In conditional contracts with Barratt Homes subject to planning.
Elmington	New vision for Elmington to be agreed by the Council's Executive March 2008 prior to marketing.
Flaxyard	Being held pending decision of preferred route for The London Tram and funding
Old Kent Road Waste Site	Being held pending development of the new waste facility.
Peckham Partnership 7a	Executive agreed to appropriate site to education use May 2007 – Southwark Schools for the Future – Outline Business Case
Peckham Partnership 7d	Executive agreed to appropriate site to education use May 2007 – Southwark Schools for the Future – Outline Business Case.
Potters Field	Legal Due Diligence being undertaken and development options being considered.
Silwood Phase 4b	In conditional Contracts with Higgins Homes subject to planning.
Woodene	Initial consultation on development options completed in

	December 2007. Marketing of the property due to commence February 2008.
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The sale of Council owned land and property is governed by either the Local Government Finance Act or the Housing Acts, placing a duty on the authority to achieve either Best Consideration or Best Value. In order for the authority to meet this obligation and to ensure an efficient use of assets a full due diligence exercise is undertaken on each individual site. As part of this exercise the following factors are considered.

1. An assessment of Open Market Value, dependant on the individual circumstances an external expert may be employed to undertake the valuation, alternatively it may be undertaken in house by a suitably qualified surveyor.
2. Consideration of reuse to meet an operational requirement of the Council.
3. Legal due diligence to highlight any legal issues relating to title, third party rights or occupations.
4. Site Survey.
5. Planning assessment – consideration of development potential in an alternative use.

Once this has been undertaken a disposal report is prepared by the Development Manager for consideration by the Head of Property making clear recommendations as to the appropriate method of disposal or retention to meet a Council operational requirement.

In most but not all circumstances the recommended course of action is likely to involve the following:

1. A transparent and open marketing of the site or property utilising the national property press followed by an informal tender process.
2. Tenders to be handled in accordance with Council Standing Orders, either on an unconditional basis or a conditional basis dependant on the individual circumstances of the case.
3. Recommendation to accept a preferred offer made to the Council's Executive following a period of negotiation and clarification with the bidders.

It would be best practice to consider sales of sites on the following basis:

1. The sale would normally take the form of a building lease for a term of 125 years with the freehold transfer of the site on completion. This ensures that the purchaser develops the site out in accordance with the agreed scheme which may determine density, height, use and environmental considerations. It would also prevent developers "turning" sites for profit as well as preventing "land banking" as longstop dates within the building lease would set a timetable for development.
2. Overage arrangements would also be included in a building lease ensuring the Council benefits from any uplift in values during the duration of the building lease as well as benefiting from any increased development capacity following the statutory planning process thus ensuring that the Council's obligations to achieve best value or consideration are fully met.

3. For larger sites the Council would grant a 999 year lease which would include the conditions of 1 and 2 above as well as allowing the Council uplift on any future redevelopment in perpetuity and provide additional control over what may be considered appropriate development in addition to Planning.

7 *Can you confirm and comment on the recent reports of an increase in fees payable to the Audit Commission of up to 22% for London authorities?*

I am dismayed at the proposed 22% increase in fees over the next three years which is completely at odds with the poor settlement facing Southwark over the same period. The increase is apparently due to increased workload but I would expect any increase in workload to be absorbed by the Commission just as the Council too must absorb additional pressures without additional funding. I fully concur with the response sent by the Finance Director in response to the Audit Commission's consultation document – response attached below. The matter has been brought to the attention of the Audit Committee for its meeting tomorrow night at which the District Auditor will be present.

Response to consultation document from Southwark Council:

From: Whitfield, Duncan  
To: 'workandfeesconsultation@audit-commission.gov.uk'  
<workandfeesconsultation@audit-commission.gov.uk>  
Cc: Hughes, Simon  
Sent: Thu Jan 10 19:25:07 2008  
Subject: Audit Commission - Scale of Fees Consultation

F.a.o. Marcine Waterman, Director of Audit Policy and Regulation

Dear Marcine

Thank you for the opportunity to comment on the proposed work programme and scales of fees for 2008/09 and indicative fee proposals for 2009/10 and 2010/11.

Southwark Council welcomes the decision to introduce separate fee scales for pension funds, with the audit of pension funds being treated as separate audit engagements rather than auditing them as part of the administering body.

Whilst we note that the fees proposed are net of efficiency savings of 3%, we are nonetheless very concerned at the levels of increases proposed. The funding for local authorities as announced in the provisional revenue support grant settlement for 2008/09, 2009/10 and 2010/11 has been limited in real terms to increases of 0.9%, 0.1% and -0.1% over the next three CSR years with Southwark receiving a real terms cut in grant of some 2.2% in 2008/9. Cost pressures and additional responsibilities, cited as the reasons for the increases, are also faced by local authorities, Southwark included, but, in most cases, must be absorbed. We are disappointed that the Audit Commission is planning to pass these on to local authorities and should like to review the proposed increase for 2008/9 and let us know what steps the Audit Commission will be taking to reduce costs further in 2009/10 and 2010/11.

We note also that the 2008/09 fee scale for the National Fraud Initiative has not been included in the figures provided in the consultation document and that this will not be consulted on until April.

Kind regards

Duncan Whitfield  
Finance Director