

Council Assembly

Wednesday 26 February 2020

7.00 pm

Council Offices, 160 Tooley Street, London SE1 2QH

Tabled Items

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Date: 26 February 2020

SOUTHWARK COUNCIL
COUNCIL ASSEMBLY
(COUNCIL TAX SETTING MEETING)
WEDNESDAY 26 FEBRUARY 2020
PROGRAMME MOTION

That the meeting be conducted as follows:

Time	Business
7.00pm – 7.15pm	1. Preliminary business and announcements
7.15pm – 10.00pm	<p>Item 2.1 Policy and Resources Strategy 2020-21 - Revenue Budget</p> <p>1. Consideration of this item is not time limited but the meeting is subject to the guillotine.</p> <p>2. Debate to include:</p> <ul style="list-style-type: none"> • Eight questions on reports • Councillor Vicky Mills to present recommendations (10 minutes) • Councillor Jane Salmon to reply on behalf of opposition (5 minutes) • Four amendments to be moved and seconded • Report and amendments to be debated as a single debate (all speakers 3 minutes each) • Reply to the debate from Councillor Vicky Mills (3 minutes) • Separate vote on each amendment • Recorded vote on substantive motion. <p>Members can only speak once, except for Councillor Vicky Mills (cabinet member for finance, performance and Brexit), who will reply to the single debate.</p> <p>This report has a legal requirement to take a recorded vote on the substantive motion.</p>
	<p>Item 2.2 Capital Strategy and Treasury Management Strategy 2020-21</p> <p>To be considered as normal.</p>
	<p>Item 2.3 Setting the Council Tax 2020-21</p> <p>This report has a legal requirement to take a recorded vote on the substantive motion.</p>
	<p>Item 3.1 Constitutional Changes 2019-20: Contract standing orders, Financial standing orders, Member and officer protocol</p> <p>To be considered as normal.</p>

Item 2 Reports for decision

Each report to have a single debate, subject to the guillotine.

COUNCIL ASSEMBLY

(ORDINARY MEETING)

26 FEBRUARY 2020

MEMBERS' QUESTIONS ON REPORTS

1. QUESTION TO THE CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT FROM COUNCILLOR BILL WILLIAMS

Can the cabinet member tell us how this budget ensures we continue to meet our council plan commitments?

RESPONSE

The annual budget, medium term financial strategy and ten year capital programme are key components of the council's financial planning arrangements. They also underpin the priorities of this Labour administration and the commitments of our ambitious council plan.

This year sees renewed effort to build further on Labour's decade of delivery, and specific budget proposals include:

- Continued investment in measures to ensure that young people in Southwark have the very best start in life, for example a £1.25m investment to pilot a multi-agency 'sure start' approach to support teenagers and parents, and an ongoing £1.5m investment to support additional preventative mental health provision for children and young people on top of the £2m announced at last year's budget
- The £2.75m investment set out above will be further supported by an additional £0.250m for the Positive Futures Fund
- The mainstreaming of free swimming lessons following the successful pilot, further roll-out of free visits to the theatre for every primary school child and the full roll-out of free healthy meals for nursery schools and school nurseries.

We accept the urgent need for the council to lead the way in tackling the climate emergency across our communities, bring down the carbon emissions and green our borough for the benefit of future generations. We are therefore earmarking substantial resources to support this outcome – with a view to making the necessary structural changes to revenue and capital budgets from 2021-22 onwards.

Ten years of failure by national government means that, for far too many, a decade of progress, growth and opportunity has been lost. In Southwark we have worked to instead ensure a decade of delivery and this budget sets out how that work will go on. We will continue to focus on the delivery of our Council Plan, fairer future promises and budget principles to support the annual budget setting process. We have consistently promised value for money and committed to spending money as if it were from our own pocket. Our residents come first and this is core to the annual budget.

2. QUESTION TO THE CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT FROM COUNCILLOR LORRAINE LAUDER

Can the cabinet member explain what impact the roll out of universal credit and welfare reform has had on our council tax collection rate?

RESPONSE

Whilst overall collection performance remains strong, the introduction of Universal Credit (UC) presents a risk to council tax collection.

There remain considerable uncertainties arising from the accumulated effects of welfare reform and the impact of Universal Credit (UC). These will continue to be felt as increasing numbers of residents and council tax payers move over to the new system.

According to the government's own figures, many UC claimants experience significant delays in receiving first payments and face uncertainty as to the level of their first or subsequent payments. In April 2019, the Institute for Fiscal Studies (IFS) reported that 1.9 million people within the lowest income households will be made worse off by UC.

These factors appear to be causing an increase in non-payment of both rent and council tax among those claiming UC. Some are finding it increasingly difficult to clear their arrears in-year and are falling into a cycle of debt which may take several years to clear. We continue to monitor and analyse these trends closely.

In addition, other welfare reforms such as the benefit cap, the benefit freeze and the bedroom tax are affecting the ability of those on the lowest incomes to meet their obligations to the council.

In order to continue to support our pension age, vulnerable and least well off households, the council continues to operate one of the most generous council tax reduction schemes, with no significant changes for 2020-21.

Despite these difficulties, a small surplus is forecast in the 2019-20 council tax collection fund and, based on collection performance, an overall collection rate of 97.2% has been assumed for 2020-21, unchanged from 2019-20.

3. QUESTION TO THE CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT FROM COUNCILLOR MARTIN SEATON

How does this budget prepare for the potential impacts of the government's "Fair Funding Review" of local government finance and possible changes to business rate retention?

RESPONSE

As set out in the Budget report, an uncertain economic outlook is compounded by the uncertainties relating to the future funding for local authorities beyond 2020-21. We still wait on the government's long-promised proposals for sustainable adult social care funding as well as a Spending Review to be undertaken during 2020 which will determine the total amount of funding for local government. The outcome of the Fair Funding Review, which will determine the distribution of money from the Spending Review across authorities, as well as changes to the business rate retention

arrangements, create an extremely uncertain financial outlook which makes medium term financial planning highly speculative.

The impact of these reforms cannot be reliably assessed at this time. However, it is likely that transitional arrangements will accompany the funding changes which will, at least in the short-term, ensure there are no 'cliff-edge' funding reductions. Additionally, the use of the Financial Risk Reserve, the Business Rate Retention Risk Reserve and the Brexit Risk Reserve form part of the risk mitigation strategy.

The departmental narratives in the February Policy and Resources Report include an indication of some of the areas of budget focus for 2021-22 and beyond but we acknowledge that further work is needed to set out detailed plans to achieve a balanced medium term financial plan. However decisions on future service provision need to be based on firm information for future resources.

Looking beyond 2020-21, the council is entering a period of considerable financial uncertainty. It is vital that the council enters this period with sufficient reserves to mitigate and manage funding shocks and financial risks and to ensure a smooth transition over the medium term financial planning period. In closing the 2018-19 accounts we set aside £15.4m in earmarked reserves, principally to bolster strategic financial risk reserves, which are held to mitigate and manage risks such as funding reductions and the additional risks arising from increased reliance on local taxation, and business rates in particular.

Along with London Councils and other local government sector groups, we will continue to make the strongest case to the government that they must increase the overall level of funding for local government, fully fund the cost implications of new burdens passed to councils over the last decade, urgently address the pressures in social care, in children's services and across our schools, and address the unique pressures faced by London boroughs with regard to homelessness and No Recourse to Public Funds and to reward economic growth whilst ensuring its benefits are fairly shared across local government.

4. QUESTION TO THE CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT FROM COUNCILLOR VICTORIA OLISA

Can the cabinet member confirm any proposed additions to the capital programme, which will be agreed in March?

RESPONSE

The council continues to work on the refresh of the capital programme due to be approved in March. These proposals reinforce our commitments to tackling the climate emergency, giving young people the very best start in life, and reducing health inequality.

Proposals currently being developed for inclusion in the March refresh include:

- An ambitious 10-year tree planting and ecological project which aims to contribute to Southwark's response to the climate emergency and bolster our commitment to increasing biodiversity in the borough.
- Street lighting improvements to reduce energy consumption and lower carbon emissions.

- Increasing residential electric vehicle charging points to ensure Southwark residents have the ability to charge their vehicle and encourage the uptake of electric vehicles.
- Air quality improvement projects to enable the delivery of our Air Quality Action Plan and improving air quality around schools through school street closures across the borough.
- Investing in additional drinking water fountains as part of the council plan target to reduce single use plastics.
- Replacing and renewing the council's outdoor gyms in the parks and open spaces, to help our residents to improve their health.
- Investing in community sports infrastructure, with the aim of increasing levels of physical activity, especially for those who are inactive.
- More investment in our adventure playgrounds to ensure that young people have the opportunity and freedom to take part in risky play, and to provide safe and secure activities and space for teenagers.
- Investing in revitalising the Blue local retail centre, with plans to include a new community space and a cinema.
- Progressing plans to replace a disused section of the river walk at New Caledonian Wharf on the Rotherhithe peninsula which has been closed for many years.

5. QUESTION TO THE CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT FROM COUNCILLOR JON HARTLEY

Can the cabinet member tell us how this budget will help the council to respond to the potential impacts of Brexit?

RESPONSE

The council is committed to protecting Southwark, its residents and businesses from the impacts of Brexit and ensuring our EU residents feel safe and at home in our borough and get the support they need to secure Settled Status.

The 2019-20 budget setting process included a £2m sum set aside from the London Devolution Reserve. This will act as a special risk reserve to protect the council against the negative effects of Brexit.

A further £300,000 commitment was added to the base budget from 2019-20 to cover any operational cost pressures arising from the outcome of the Brexit negotiation on Southwark.

There has been a small expenditure against these funds and all related costs in future will be funded from these resources.

The cross party Brexit Panel met on 4 February 2020 to discuss a variety of work streams and activities which are now being progressed with a further meeting expected in April.

6. QUESTION TO THE CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT FROM COUNCILLOR RENATA HAMVAS

How does Southwark's council tax level compare to other London boroughs?

RESPONSE

Southwark has the eighth lowest rate of council tax in London.

Any increases in council tax continue to be in line with our Council Plan commitment to only increase council tax to protect services for the most vulnerable.

In 2020-21 residents will be paying less council tax in real terms than they were in 2010. In addition our council tax reduction scheme remains unchanged. This means 12,000 households will continue to receive support and will pay no more than 13p extra a week and 6,900 eligible pensioners will receive 100% relief.

We are continuing the exemption from council tax for young people leaving Southwark's care and for Southwark foster carers.

	2019-20 Council tax (average Band D)	£
1	Westminster	433.71
2	Wandsworth	449.80
3	Hammersmith & Fulham	762.02
4	City of London	846.31
5	Kensington & Chelsea	887.34
6	Newham	1,010.87
7	Tower Hamlets	1,019.67
8	Southwark	1,066.27
9	Lambeth	1,124.69
10	Hackney	1,134.35
11	Hillingdon	1,139.64
12	Islington	1,169.16
13	Greenwich	1,169.17
14	Ealing	1,191.61
15	Bromley	1,216.26
16	Barnet	1,224.90
17	Hounslow	1,226.03
18	Merton	1,232.39
19	Barking & Dagenham	1,235.50
20	Camden	1,242.12
21	Brent	1,262.34
22	Lewisham	1,263.94
23	Redbridge	1,305.86
24	Enfield	1,311.48
25	Haringey	1,319.89
26	Bexley	1,358.37
27	Waltham Forest	1,373.44
28	Sutton	1,373.81
29	Croydon	1,396.31
30	Havering	1,408.15
31	Harrow	1,464.29
32	Richmond-upon-Thames	1,483.21
33	Kingston-upon-Thames	1,551.19

	2019-20 Council tax (average Band D)	£
	Greater London Authority	320.51
	<i>of which:</i>	
	<i>Metropolitan police authority</i>	242.13
	<i>Other services</i>	78.38

7. QUESTION TO THE CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT FROM COUNCILLOR CLEO SOANES

What impact has Southwark's regeneration had on the council's budget?

RESPONSE

The ongoing move to self-sufficient local government demonstrates the importance of Southwark's capital investment programme within the borough, either as the lead authority or with partners. Regeneration is the key to ensuring sustainable budget sources as we move closer to reliance on local taxation, either through business rates or through council tax. Regeneration is increasing opportunities across the borough for quality of life, jobs and environmental improvements.

Growth and development in the borough has been a major factor in increasing the council tax base, generating additional council tax income of well in excess of £20m per annum and New Homes Bonus income of over £14m in 2020-21.

With regard to business rates, since 2013-14 and the introduction of the business rates retention arrangements, business rate growth in the borough has increased by around £160m, of which the council will retain £25m in 2020-21.

However, it should be noted that the uncertainty of the government's long-term funding arrangements for local government, in particular future business rate retention and replacement of the New Homes Bonus scheme, create significant financial risks. These risks are most likely to impact hardest on boroughs like Southwark who have benefitted from previous growth.

8. QUESTION TO THE CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT FROM COUNCILLOR VICTOR CHAMBERLAIN

The overview and scrutiny committee recommended that the cabinet fund the full roll-out of pre-exposure prophylaxis (PrEP) to anyone in Southwark who needs it. I understand from the cabinet member for community safety and public health that costings for routine commissioning of PrEP in the new financial year are awaited from Public Health England and that discussions will be taking place with the Department for Health and Social Care about how this will be funded. Can the cabinet member assure me and my residents that, no matter what the outcome of these negotiations, no one in Southwark will be denied PrEP because of disagreements over who should fund this vital medication?

RESPONSE

Southwark Council is committed to tackling HIV and reducing stigma, ensuring residents are able to access the help they need to live healthy lives.

The largest cost of providing PrEP is not the drug costs (which is covered by NHS England), but rather the clinic costs related to assessment, and sexually transmitted infection and renal function testing. We estimate that 1,100 Southwark residents will be

enrolled on the PrEP Impact trial by the end of March, representing a cost to the local authority in excess of £836,000 per year that was unbudgeted for.

This is a new initiative creating significant new burdens on local councils, whose budgets are already overstretched. We need funding from central government or we cannot guarantee that we can provide PrEP for everyone who needs it. We still do not have the public health allocation for financial year 2020/21 and, while the government has committed to funding a national programme, we await the government's announcement on PrEP funding.

However, what we can commit to doing – and what we have always done – is advocate for appropriate funding and equitable access to PrEP. We will work with partners across London to ensure we support access to the trial and continued PrEP support until national funding is available. We will also continue to work with our local communities to understand the sexual health needs and inequalities that exist, and work to support all residents to access the support and treatment they need. We have just this year commissioned a new sexual health promotion service aimed at Black African and Black Caribbean heterosexual groups who we know are at greater risk of poor sexual health and HIV but who are not currently well represented among PrEP Impact Trial participants.

My colleague Councillor Evelyn Akoto, cabinet member for community safety and public health, wrote to the minister responsible for public health in July 2019, urging the government to fully fund roll out of PrEP across England. We will continue to lobby the government to ensure that everyone who needs access to PrEP can and ensure the UK meets its vital goal of ending HIV transmissions by 2030.