



OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the Overview & Scrutiny Committee held on Monday 10 January 2011 at 7.00 pm at Town Hall, Peckham Road, London SE5 8UB

PRESENT: Councillor Lisa Rajan (Chair)
Councillor Andy Simmons (Vice-Chair)
Councillor Neil Coyle
Councillor Toby Eckersley
Councillor Gavin Edwards
Councillor Mark Glover
Councillor David Hubber
Councillor Tim McNally
Councillor Helen Morrissey
Councillor Paul Noblet
Councillor the Right Revd Emmanuel Oyewole

OTHER MEMBERS PRESENT: Councillor Peter John, Leader
Councillor Darren Merrill
Councillor Martin Seaton

OFFICER SUPPORT: John Bibby, Principal Cabinet Assistant
Shelley Burke, Head of Overview & Scrutiny
Doreen Forrester-Brown, Legal Services
Steven Gauge, Liberal Democrat Political Assistant
Annie Shepperd, Chief Executive
Peter Roberts, Scrutiny Project Assistant

1. APOLOGIES

1.1 There were no apologies for absence.

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

2.1 There were no late or urgent items.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

- 3.1 As a governor of one of the pilot schools, Councillor Paul Noblet declared a personal non-prejudicial interest in the questions to the leader relating to free school meals. Councillor Andy Simmons declared a similar non-prejudicial interest as he had a child in a Southwark primary school. Councillor Mark Glover declared a personal non-prejudicial interest as the owner of a business in Southwark.

4. MINUTES

RESOLVED:

That the minutes of the open sections of the meetings held on 15 November and 6 December 2010 be agreed as a correct record.

5. CABINET MEMBER INTERVIEW: COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

- 5.1 Members of the committee expressed disappointment that written answers had not been circulated ahead of the meeting. The chair stated that this would have better facilitated a dialogue between members and the leader. Other members commented that it was helpful to have background information in advance, particularly if this included detailed statistics. The leader explained that he had followed on from the practice of the previous leader and hoped that this would enable a discussion of strategic issues. Much of the background information was already available to members, for instance in cabinet reports. He also reminded members that the opportunity for receiving written answers to questions was available at council assembly.
- 5.2 Members stressed that agreement of the format for cabinet member interviews had been a cross-party decision. The intention had been to set a deadline for questions which allowed ample time for written answers to be produced. Members were also concerned that a record of verbal answers given at the meeting was not equivalent to the detail of written answers. At the same time, members acknowledged that the timing of the questions coincided with a lot of work being undertaken in respect of the council's budget.
- 5.3 Some members felt that it might in future be necessary to introduce clear protocols in respect of cabinet members' interviews. The chair suggested that towards the end of the year the committee review the experience of interviews across all scrutiny committees and determine whether any changes would be useful. In terms of the leader's interview she proposed that areas of questioning be prioritised and that the leader be asked to provide written answers to any questions which there had not been time to discuss. The leader agreed to provide written answers within ten days.

Could the leader please comment on how Southwark and London's provisional financial settlement compares to those for other councils?

(Question 1)

- 5.4 The leader reported that Southwark compared very badly to other councils. It had lost £30 million in the next financial year and £18 million in the year after that and was the biggest loser in cash terms of any London council. This equated to an immediate loss of 8.44% in spending power and a loss of 28% over the next four years. The leader compared this to the 35% increase in spending power over the eight years the previous administration had been in office. Central London as a whole had fared worse than outer London, despite its unique problems, and this presented difficult decisions for the future.
- 5.5 Members highlighted that Richmond and Surrey had received relatively small cuts, despite their comparative affluence, and asked whether there was any grounds for judicial review and whether London Councils was considering any particular action. The leader commented that there was a lot of political difference within London Councils and that this made any consensus unlikely. The council had taken counsel's advice on a challenge based on insufficient equality impact assessment but it was unclear whether this would be successful and it would not necessarily result in an improved grant settlement.
- 5.6 Members stressed that all political parties in Southwark were disappointed by the grant settlement in that the majority of cuts had fallen on the most deprived authorities. They were of the view that Southwark had been repeatedly let down by the grant formula and asked what process was in place to put together the council's response to consultation on replacing the formula. The leader reported that Central London Forward, representing the seven central London local authorities, had commissioned a report on the future of local government finance. He also commented that if the business rate came direct to councils it was possible that central government would reduce other funding proportionately.

Has the council considered the implications of any changes to the index of multiple deprivation on the revenue support grant to Southwark? (Question 2)

- 5.7 Members asked whether any of the changes were likely to benefit Southwark. The leader stated that it was difficult to draw any conclusions at the moment. Taking into account the numbers of people in the borough with a real need of support he was concerned about the implications of the changes to housing benefit, disability living allowance and other benefits.
- 5.8 In response to further questions, the leader also explained why the council had not received any transitional relief. The government had announced that no council would see its revenue spending power reduced by more than 8.9% next year. Authorities which would have experienced a cut of 10/11% had received extra relief to take their cut down to the 8.9% figure. Southwark's cut was at a level of 8.44%.

How will you demonstrate that residents' views on budget savings have been taken into account in your budget setting? (Question 3)

- 5.9 The leader emphasised that consultation was a dynamic process and not a cosmetic exercise. Community councils would receive a report setting out

responses from all community councils. The cabinet was already considering some interesting proposals from community councils and further proposals would be fed into the budget process. The leader understood that an addendum report summarising the consultation and how it had been taken into account would be incorporated into the final budget report. He added that he hoped that the new approach to consultation on the budget would be built on in future years.

- 5.10 The leader expressed the hope that the Housing Revenue Account (HRA) would be brought into the budget process and become subject to the same level of political control and scrutiny as the budget. He explained that currently the HRA had to be set at an earlier point in the year than the council tax, because of its link to rents, but that it might be possible to bring the timing more into line with the timetable for the budget setting.

What savings are you considering making in Council Communications as a part of the budget process? (Question 4)

- 5.11 The leader indicated that the council was looking to make significant savings in its communications budget and that staff had to be consulted on any proposals.

Do you intend for the cabinet to make its fair share of savings in line with what you expect from the rest of the council, by either cutting cabinet members' salaries, or cutting the number of cabinet posts? (Question 5)

- 5.12 The leader pointed out that the amount of special responsibility allowances had been reduced by £70,000. The majority opposition had taken a reduction in support and staffing of its office. Nothing could be ruled out for the future.

- 5.13 Members asked the leader whether it in his view there were the right number of cabinet posts and of community councils or could there be any amalgamation of portfolios. The leader replied that all possibilities could be considered. In terms of community councils it was not anticipated that significant savings would be made in this area next year but the democracy commission would be tasked with a review. The leader was not currently considering a redistribution of responsibilities amongst cabinet members. No difficulties had been expressed about the number of chief officers each cabinet member had to deal with. The priority was to establish firm political leadership.

- 5.14 Members asked whether the review of community councils would also look at tenants' and residents' associations. The leader stated that it was a priority to engage with the community and reinvigorate the council's relationship with tenants. He hoped that the new strategic director of housing would be taking a lead in this.

- 5.15 The leader drew attention to the necessity to make savings in the scrutiny area but was not sure of the best way of achieving this. He suggested that one option would be for the committee to come up with its own proposals.

Following your joint letter with the leaders of Lambeth and Lewisham to all three Chief Executives about sharing council services and costs, do you think you should share a chief executive and generate a substantial saving that way? (Question 6)

- 5.16 The leader stated that there was no intention to share a chief executive but that the cabinet was looking at every possible way to make savings that would preserve front line services. Members asked for an indication of any service areas that might be considered for sharing with other councils. The leader explained that the report to be submitted to cabinet on 25 January highlighted procurement and human resources as areas where sharing services might achieve efficiency savings, together with certain areas in democratic and legal services. Particular criteria needed to be met. The council was talking to other councils and Transport for London about shared procurement of roads maintenance and to Westminster about the possibility of sharing the communications function. The leader stressed that the process took a considerable amount of work and time, not least to ensure that services were aligned and compatible.
- 5.17 Members queried how Westminster, Kensington & Chelsea and Hammersmith & Fulham intended to achieve large savings within three years. The leader was not clear how the process could be completed in such a time span and emphasised that Southwark was taking the right approach. The council's aspiration was to save £1 million in the next financial year by joint working with Lambeth but he could not say that this would definitely happen or when.

What progress have you made towards your stated objective of reducing the council's use of consultants? (Question 7)

- 5.18 The leader reported that there had been substantial decreases in the amount of spend on consultants. In the first nine months of this financial year the spend had been £4,820,764 as opposed to £10,124,161 in the last financial year. Members asked whether there was a danger if staff numbers fell and vacancies were not filled that consultants would be employed to meet skills gaps. The leader indicated that the council was anticipating losing around 500 posts in the next financial year, possibly equating to about 200 redundancies. He hoped that, given the appropriate skills, it would be possible to redeploy people into vacant jobs and therefore not rely so much on consultants in the future.
- 5.19 In response to questions the leader confirmed that voluntary redundancies would be considered but that this would need to be carefully managed so that the council did not lose people and skills it needed to retain. Any redundancy had significant costs to the council.
- 5.20 Members suggested that there might be areas of expertise in other authorities that would be cheaper to tap into than making use of consultants. The leader agreed and added that Southwark was providing services to other authorities, for instance in the areas of electoral registration. Legal services was providing expert support to some housing associations.
- 5.21 Some members were concerned that a lot of consultants were involved with housing and regeneration and that expertise would continue to be available in these areas when it was needed. The leader commented that the regeneration of the borough would not be put in jeopardy by a policy of never using consultants but equally that staff had built expertise and skills which would remain in-house.

- 5.22 Members asked whether the training budget would be increased to support staff wishing to change jobs within the council. It was also important to take account of the revenue costs relating to redundancies. The leader stressed that the aim was to make as few redundancies as possible. He was keen that people be re-skilled and redeployed. He also drew attention to the area of revenues and benefits coming back in-house and that a number of staff had already moved into this section.
- 5.23 A member asked for figures relating to the number of decisions taken by cabinet members in relation to the sign-off of employment of consultants above a certain level of expenditure.

How are the government reductions in spending likely to impact on employment in the borough? (Question 8)

- 5.24 The leader replied that there would be an adverse and disproportionate impact. Of the resident population in Southwark of working age, 27.5% were employed in public services. This was a higher figure than for London generally. There would be job losses in the council, in the health sector, central government and in schools. The leader did not know whether there would be commensurate growth in the private sector but emphasised that there needed to be ongoing regeneration in the borough and that investment needed to be encouraged and welcomed.

Could the leader please comment on the concerns raised by London Councils that depending on the method for calculation the Pupil Premium may lead to less funding in Southwark per pupil than in the wealthiest parts of the country? (Question 17)

- 5.25 The leader commented that a flat rate of £430 per pupil was not the answer to problems in Southwark. He also agreed with members that there should be a London weighting on the pupil premium, to take account of price differentials in London. Schools were very anxious at how to find savings, for instance the cost of taking over responsibility for after-schools clubs.

The government has recently suggested that some Building Schools for the Future Schemes, which had previously been thought to have been protected, may only receive 60% of their funding. Can the leader of the council tell us if the cabinet has in place contingency plans for how these BSF projects will be progressed should this further cut in funding be confirmed? (Question 18)

- 5.26 The leader stated that the council was still in dispute with the Partnership for Schools and the Department for Education as to how a 40% cut could be imposed. All schools where contractors were not already on site could be affected by the proposed cut. The leader explained that the cut was contrary to what the council had been told in June of last year and that the council had made it clear that any cut would mean it was unable to carry out the transformational work it had agreed. He also clarified that one school in Rotherhithe had fallen out of the programme as a business case could not be made on the basis of pupil numbers increasing sufficiently within the life of BSF.

Given the government's current policy of encouraging many community

schools to accept academy or free school status, can the leader of the council give further details of the action the administration is taking to communicate with schools on this issue, in particular to ensure that the views of local parents are included in any decisions on changes to local schools? (Question 19)

- 5.27 The leader responded that Councillor McDonald, cabinet member for children's services, had met with schools who had expressed an interest in academy or free school status and that he and Councillor McDonald had visited Charter School. The leader stated that he was not a supporter of the academy programme. It had brought money into secondary schools but taken control of education provision away from local authorities. It was important for staff, parents and pupils of schools considering academy status to think of the community in general and of education for all children across the borough. The council would respect the wishes of schools but would prefer to retain some control.
- 5.28 Members asked whether the council could do any more to ensure all views were heard, possibly including a silent majority who would be happy with schools remaining in local authority control. The leader's view was that wider consultation would be useful. At the moment schools were being offered more funding than if they stayed in council control. It was a concern as to how long this funding would remain in place. Another concern was how the standard of education in schools could be monitored once they were outside the council's control. The leader gave the example of St Michael and All the Angels Academy where Ofsted and the Department of Education had not been concerned but this had not been in accord with the council's view and the council had rightly intervened.
- 5.29 Members asked whether the council was providing adequate services to its schools. In the leader's opinion services had improved. He stated that if schools left the system then their contribution towards maintaining the service and a free-standing education department was lost. Some members were concerned at the risks inherent in religious groups asking for free schools to be built.

What progress are you making towards establishing a new secondary school in Rotherhithe? (Question 20)

- 5.30 The leader confirmed that it had not been possible to demonstrate that there would be a surfeit of pupils over the period of the BSF programme. The council remained concerned about secondary education in Rotherhithe and was having discussions with Bacon's College about rising pupil numbers. It had also been approached by someone wanting to explore education possibilities in the area.
- 5.31 Members underlined that there was a lot of concern about school places due to the number of families moving to Rotherhithe as a result of the regeneration of Canada Water and asked again whether this would justify a new school in the area. The leader replied that the numbers of pupils and of places had been thoroughly looked into. The council recognised that a new secondary school would become necessary in the area but the issue remained that this would not be within the four or five years of the BSF programme. A different funding route would have to be explored.

- 5.32 A member asked whether a surplus had to be in the whole of the borough or Rotherhithe alone – did places across the borough have to be filled first? The leader explained that the government expected places in all parts of the borough to be filled before another school in Rotherhithe could be justified. He assured the committee that he would not allow the issue of places in Rotherhithe to fall off the council's agenda.

When will you know how much offering free school meals to every school child, including children that do not live in the borough, will cost? (Question 21)

- 5.33 The leader indicated that the details to be gained from the pilot schemes would inform the final figure but that he did not disagree with the ball-park figure of £2.5 million provided by Councillor Livingstone, cabinet member for finance & resources, at his cabinet member interview.

Do you think that stigma is a barrier to the take up of free school meals in Southwark? (Question 22)

- 5.34 The leader reported that the Child Poverty Action Group estimated that one out of five children entitled to claim a free school meal did not take this up, partly due to stigma. There was a huge entitlement in Southwark and everything possible should be done to remove any barriers to take-up.

What is the level of obesity for year 6 pupils who take up their entitled FSM? (Question 23)

- 5.35 The leader reported the figure of 26% for year 6 pupils in 2010/11. The free school meal pilots would provide additional data, track obesity levels and hopefully there would be an improvement.

What are you doing to support families who send their children to schools outside the borough and who fall just outside the eligibility criteria for FSMs? (Question 24)

- 5.36 The leader clarified that children sent to schools outside the borough would not benefit from the policy but he hoped that it would be adopted by neighbouring authorities as a way of improving health and breaking down social barriers.

The ex-Labour government's minimum standards on school meals allow pupils to have chips three times a week. Do you think this counts as healthy? And if not, how will you set a stipulation that is enforceable with the school meals providers that are contracted by the schools themselves? (Question 25)

- 5.37 The leader had been advised that chips were not allowed more than twice a week. The policy was intended to provide free and nutritionally balanced school meals. It was important to develop a dialogue with schools about the standard of meals, building on the results of the pilots. Some members questioned whether free school meals had a direct impact on childhood obesity. The leader stressed that the policy was part of the labour group's manifesto and supported by a large

number of parents. However it would not be imposed without proper regard being paid to the pilots and the leader hoped the education scrutiny sub-committee would have a role in this.

- 5.38 Members asked whether parental education would take place alongside the policy. The leader agreed that this was vitally important and would be incorporated in publicity surrounding the programme. Members commented that some schools set criteria for and monitored the contents of packed lunches. The leader emphasised that it would be part of the educational programme to teach parents about healthy eating, as well as providing a nutritious meal to children at lunch time.
- 5.39 Some members wondered if the issue of stigma of free school meals could be addressed in other ways, for instance by introducing a swipe card mechanism rather than requiring children to sign a register, and queried whether the manifesto commitment would be introduced at any cost. The leader responded that, while the policy was an electoral pledge which residents had voted for, it was being delivered in a considered way beginning with and taking account of pilot schemes. He indicated that he would welcome any suggestions about improving the current system.

What criteria will you be using for any reprioritisation of the capital programme? (Question 26)

- 5.40 The leader stated that the council was reviewing priorities and the resources available in order to determine what could be delivered. In February 2010 it had been anticipated that £54 million remained to be allocated but in fact the true figure was £9 million. The cabinet was looking at how to increase the amount available and the recent decision on the three town halls would provide an additional £8 million. Members were concerned at the discrepancy between the initial and current figures. The leader agreed that it was essential to ensure that figures were accurate and reliable. The capital refresh would look again at the sum not allocated and at all capital decisions across the board to confirm that they were appropriate.
- 5.41 Members asked whether the capital programme would be submitted to the same council assembly meeting as the revenue budget. The leader did not think that this would be the case but assured the committee that the cabinet would have the revenue implications of the capital programme in mind.
- 5.42 Members also asked for more information on housing investment, particularly in the context of decent homes and Southwark's "warm, safe and dry" policy. The leader explained that the Southwark standard had been dropped as the council could not afford it. The council needed to take a hard look at how it was approaching getting properties decent and arrive at a standard which it could afford and deliver. The priority was to achieve a minimum standard for all homes.

Would the leader please state when a decision will be made on the "Improving Local Retail Environments" element of the capital programme, and, if it is to be curtailed, would he set out the criteria for deciding which projects are to be cut, and whether there will be any consultation with relevant stakeholders before a final decision? (Question 27)

5.43 The leader stated that a decision on re-profiling would be taken in February.

Councillor Livingstone stated that if primary school kitchens need upgrading or building to enable that school to provide free school meals to every pupil, the cabinet will commit capital funding to pay for this. How much will this cost and will these works take priority in the capital programme? (Question 28)

5.44 The leader responded that an audit was being undertaken to establish costs, including questionnaires to all schools, the results of which would be considered in due course. Members referred to the figure of £2.5 million quoted by Councillor Livingstone and asked whether, if the final figure exceeded this amount, the policy would be looked at again. The leader took the view that it was not useful to specify any figure at this point and repeated that, although this was a manifesto commitment that the cabinet would not lightly walk away from, it was essential to ensure value for money. The reception by schools wishing to participate in the pilots had been encouraging and there would be every opportunity to judge the value of the pilots.

Would the leader advise whether it would now be possible to sell the premises formerly occupied by the Livesey Museum and re-invest the proceeds in accordance with Sir George Livesey's bequest? If so, what plans are there to do this? (Question 29)

5.45 The leader reported that the council was talking to several organisations about the museum. It would be premature to sell the building without exploring all possible options in terms of how it could be re-opened and what as.

You have offered scrutiny the opportunity to help evaluate the free school meals and food waste recycling pilots. Can you confirm that Councillors MacDonald and Hargrove are agreeable to your commitment? (Question 39)

5.46 The leader confirmed the cabinet's commitment to scrutiny helping to evaluate the free school meals and food waste recycling pilots.

6. BUDGET SCRUTINY 31 JANUARY 2011

6.1 The chair briefed the committee on proposals for the budget scrutiny meeting to be held at the end of the month. The intention was to invite the leader and Councillor Richard Livingstone to give an initial overview, interview each cabinet member in turn, conclude with a summing up by the leader and Councillor Livingstone and then formulate recommendations to cabinet.

6.2 The leader drew to members' attention that the cabinet would be hearing deputations at its meeting on 8 February and stated that the cabinet wanted as much feedback as possible from scrutiny, community councils and the public.

The meeting ended at 9.20pm.

