



OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the Overview & Scrutiny Committee held on Monday 14 November 2011
at 7.00 pm at 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Catherine Bowman (Chair)
Councillor Andy Simmons (Vice-Chair)
Councillor Kevin Ahern (Reserve)
Councillor Nick Dolezal (Reserve)
Councillor Toby Eckersley
Councillor Gavin Edwards
Councillor David Hubber
Councillor Tim McNally (Reserve)
Councillor the Right Revd Emmanuel Oyewole
Councillor Geoffrey Thornton
Councillor Mark Williams

EDUCATION REPRESENTATIVES: Leticia Ojeda, Parent Governor

OTHER MEMBERS PRESENT: Councillor Richard Livingstone, Cabinet Member, Finance & Resources

OFFICER SUPPORT: Shelley Burke, Head of Overview & Scrutiny
Duncan Whitfield, Finance Director
Peter Roberts, Scrutiny Project Manager

1. APOLOGIES

- 1.1 Apologies for absence were received from Councillors Dan Garfield, Victoria Mills and David Noakes. Councillors Kevin Ahern, Nick Dolezal and Tim McNally attended as reserves.

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

- 2.1 At the conclusion of the meeting the chair reported that she had received a request from Councillor Lewis Robinson for a short piece of scrutiny work on the performance of the integrated highways maintenance contract. Members of the environment, transport, communities & citizenship scrutiny sub-committee

indicated that the sub-committee was already undertaking a review of this area. It was agreed that Councillor Robinson's request be submitted to the sub-committee and if it could not be included as part of the sub-committee's review then it be returned to the overview & scrutiny committee for further consideration.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

3.1 There were no disclosures of interests or dispensations.

4. MINUTES

RESOLVED:

That the minutes of the meeting held on 10 October 2011 be agreed as an accurate record.

5. CABINET MEMBER INTERVIEW - COUNCILLOR RICHARD LIVINGSTONE, FINANCE & RESOURCES

Financial Reserves

5.1 Members asked the cabinet member if there was the opportunity to revisit decisions in respect of reserves in order to limit the amount of cuts to council services. Councillor Livingstone explained that some of the £4 million contingency agreed last year had already been used and that there were pressures on the £5.5 million figure agreed this year, including meeting requirements of the London Living Wage and the European Agency Workers Directive. He indicated that the contingencies would be reviewed in the 2012/13 budget.

5.2 Some members questioned the need to retain £45 million reserves that were not specifically earmarked. The finance director clarified that these reserves protected the council against serious downturns in the effectiveness of business. The council carried an average level of balances and this was supported by the medium term resources strategy and the district auditor.

5.3 Members asked to what extent the level of reserves related to the level of uncertainty about future cuts from central government. Councillor Livingstone emphasised that a three year budget had been set but that no assumption could be made about the settlement in 2013/14.

Revenues and Benefits

5.4 Members wondered about the possible impact of the localisation of business rates. Councillor Livingstone explained that the council did not know the proportion of the business rate that it would be allowed to keep. One possibility might be the creation of a regional fund across the London boroughs. A member pointed out that a precedent for this existed in the London Rate Equalisation Scheme.

- 5.5 Members were unclear as to whether extra business rates collected related to new properties or new businesses. Councillor Livingstone stated that it related to both properties and businesses. He was not sure how new businesses could best be encouraged into the borough. The setting of the rate was still determined by a national formula. The finance director added that London boroughs differed in terms of whether they generated business rates beyond the current funding levels.
- 5.6 Members asked about proposed changes to council tax benefits. Councillor Livingstone clarified that currently the council collected council tax for the government. The proposal was that local authorities retain and administer the tax, with a percentage reduction in the overall purse. No guidelines had yet been issued but it was likely that groups such as pensioners would be safeguarded. Councillor Livingstone commented that it was possible that there would be additional administrative costs associated with the new assessment process. The current date for introduction of the new system was 2013/14.

Accuracy of Statements to Council Assembly on 12 October 2011

- 5.7 Councillor Livingstone explained his comment referring to the pay increase awarded to the council's lowest paid members of staff. He clarified that Southwark was the only council in London to have done this and the first in the country to do so. In terms of the statement made by the leader about the pension scheme he clarified that the scheme was "fully funded" in the sense that liabilities could be met by contributions and investment of those contributions over time. It was not an unfunded system such as the civil service pension scheme.

Funding of the Youth Fund

- 5.8 Councillor Livingstone confirmed that the answer given to Councillor Lisa Rajan at the council assembly meeting was correct. The earlier council assembly in January had been concerned about the impact of the cuts on young people in the borough and developed the Youth Fund, making use of some of the money received from the New Homes Bonus. Subsequently, in February, the cabinet and council assembly allocated funding for the next three years.

Financing of Free School Meals for all Primary School Children

- 5.9 At this point Councillor Andy Simmons declared a personal and non-prejudicial interest in this issue as he had two children who were or would be attending primary schools in the borough.
- 5.10 Some members had heard contradictory figures in relation to the financing of free school meals and asked the cabinet member whether he was satisfied that there was realistic figure in the budget and whether expenditure could be contained. Councillor Livingstone explained that the figures had been portrayed in different ways. The figure of £2.5 million in the manifesto had made an assumption about possible government and PCT funding which no longer existed. The figure now was around £4.5 million per annum once the scheme was fully implemented in 2014/15. The budget for this current year was £1.145 million in respect of reception and Year 1 and £7.8 million in total for the three years 2011/2012 to 2013/2014. An extra £500,000 related to capital expenditure.

- 5.11 The education representative on the committee was concerned that not all children were entitled to receive free school meals. Councillor Livingstone confirmed that the scheme funded all children in reception and Year 1 and stated that he would be glad to hear of any anomalies.

Implementing a Living Wage for Southwark Staff

- 5.12 Councillor Livingstone stressed that he was fully committed to implementing a living wage. Southwark was one of a minority of councils in London currently paying all its own staff at or above the London Living Wage. This did not necessarily include agency workers or those working for contractors. The first category needed to be addressed in order to comply with the European Agency Workers Directive, ensuring that as soon as they had worked a twelve week period agency workers were paid both at the Living Wage and the same as council workers. It would also be important to address the second larger category of people working for council contractors. One approach would be to consider individual contracts when they came up for renewal.

Consultation

- 5.13 In response to questions, Councillor Livingstone commented that last year the council had been notified of the financial settlement in early December, allowing little time for consultation. However, the three year budget had been widely consulted on with community councils and overview and scrutiny. Councillor Livingstone gave examples of changes which had resulted from consultation, including savings made in respect of day centres.
- 5.14 A member asked what areas it would be useful for the committee to focus on when scrutinising the budget. Councillor Livingstone thought that a repeat of last year's exercise would be helpful. The committee might also want to consider interdependencies across departments, the 2013/14 budget, contingencies and reserves and how best to monitor ongoing performance around savings. The committee agreed to take this into account when agreeing the format of its budget scrutiny meeting.

6. FINAL SCRUTINY REPORT: FIRE SAFETY WORKS AT CANADA WATER ESTATE (HOUSING & COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE)

- 6.1 Councillor Gavin Edwards, chair of the housing & community safety scrutiny sub-committee, introduced the sub-committee's report on fire safety works at Canada Estate and drew attention to minor typographical errors. He confirmed that the reference to "tenants" in recommendation 2 should be to "residents".
- 6.2 A member asked whether the review had considered the issue of seeking major works contributions from leaseholders. Councillor Edwards reported that this had not been considered as part of the review but that the sub-committee was undertaking a separate review of leaseholder charging.

RESOLVED:

That the work of the sub-committee be welcomed and that the review be submitted to the cabinet for consideration and report back.

7. SENIOR OFFICERS' PAY

- 7.1 Members noted that a report would be submitted to cabinet on the reorganisation of the chief officer team and asked to see the report in due course.

The meeting ended at 9.05 pm.