

OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the Overview & Scrutiny Committee held on Monday 10 December 2012
at 5.30 pm at 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Catherine Bowman (Chair)
Councillor Neil Coyle
Councillor Gavin Edwards
Councillor Lorraine Lauder MBE
Councillor Tim McNally (Reserve)
Councillor Paul Noblet
Councillor David Noakes
Councillor The Right Revd Emmanuel Oyewole
Councillor Cleo Soanes (Reserve)
Councillor Mark Williams

EDUCATION REPRESENTATIVES: Colin Elliott, Parent Governor

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

OFFICER SUPPORT: Shelley Burke, Head of Overview & Scrutiny
Norman Coombe, Legal Services
Sam Fowler, Southwark Schools for the Future Project Director
Merril Haeusler, Deputy Director of Children's Services
Jeremy Pilgrim, Head of Property
Duncan Whitfield, Strategic Director of Finance & Corporate Services
Peter Roberts, Scrutiny Project Manager

1. APOLOGIES

- 1.1 Apologies for absence were received from Councillors Toby Eckersley, Dan Garfield and David Hubber. Councillors Tim McNally and Cleo Soanes attended as reserves.

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

2.1 There were none.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

3.1 There were no disclosures of interests or dispensations.

4. CALL-IN: MOVING TOWARDS A PRIMARY INVESTMENT STRATEGY (CABINET 20 NOVEMBER 2012)

4.1 Councillor Richard Livingstone, cabinet member for finance, resources and community safety, addressed the reasons for call-in. In terms of consultation he confirmed that all head teachers had been briefed on the review and that the final report had been changed in response to discussions. He also reported that the council was aware of three possible free schools. In response to concerns about a council-wide strategy, Councillor Livingstone stated that while the Elephant & Castle was likely to have an increasing population in the long-term, at the moment the council was still in the process of moving people out of SE17. The council did not anticipate a rising population in the area within the timescale of the report under consideration but would be looking at the three local schools which had expressed an interest in expanding. Finally, in respect of the budget, the cabinet's view was that funding was sufficient and that figures were robust.

4.2 Members drew attention to government funding that was available for new schools and asked why Southwark had not applied for this. Sam Fowler, Southwark Schools for the Future (SSF) Project Director, explained that this was a private finance initiative (PFI) programme. An invitation had gone out to primary schools but none had expressed an interest. Also, no school had required the appropriate level of investment in its condition.

4.3 In response to further questions about consultation, the project director stated that the report was backed up by an audit of all primary schools. In addition, officers had met with the head teachers' executive. A subsequent meeting had been held with all head teachers and further meetings had been held with any schools that had sought a discussion.

4.4 Members highlighted figure 2 at paragraph 17 of the report and asked why the reception capacity dropped from 3,700 in 2012/13. The project director clarified that the figure of 3,700 related to the temporary expansion which did not carry forward into the following year. Councillor Livingstone added that space had been created for a bulge group, which continued through the lifetime of that group, but that unless there was another bulge in 2013/14 then there would be a dip in capacity. The project director emphasised that the council was confident that the projected trend in demand was correct.

4.5 Members also highlighted paragraph 33 of the report and queried the figure of seven full-time equivalent reception places, as opposed to eleven. The project director responded that the council had engaged with all schools in order to identify

the ones capable of an expansion class and hoped to maximise capacity and hold reserves. Temporary expansion would ensure that all children would have a school place.

- 4.6 Members noted paragraph 27 of the report and asked what options might be available in the Dulwich area. The project director explained that only three schools had the desire and capacity to expand and the sites of two of these had constraints. The council was exploring all available routes for new places. In response to further questions, the project director indicated that it could take two and a half to three years from the point of identifying a site to completing a new school, taking account of design, construction and the decision making process.
- 4.7 The chair asked for details of programming of work and raised schools' concerns that they were unaware of this. The project director replied that the report was intended as a snapshot of the process. Twenty-two schools had been identified for possible expansion but it was not yet clear which schools would be viable and therefore a deliverable programme could not be drawn up. The chair suggested that it would be helpful to include an outline programme in the budgeting section of the report. The project director stressed that more work was needed with schools before this could be done.
- 4.8 Members were concerned that solutions might not be found in the right parts of the borough and also that young people from other boroughs might take up places. The project director confirmed the need to ensure that the spread of places across the borough was appropriate and that places were available for local children at the right time.
- 4.9 Members were also concerned at the possible physical impact of expansion on school sites, for instance whether new buildings could encroach onto play areas. The project director agreed that it was always a challenge to provide additional accommodation and protect play. The solution was often to find ways to use facilities better in order to offset any loss. Members pointed out that better use of school footprints might include adding extra floors to buildings and that this could be a problem for pupils with disabilities. The project director responded that expansion often provided the opportunity for improving accessibility.
- 4.10 Members sought clarification on Table 2, Long-list of Schools Under Consideration for Permanent Expansion. The project manager explained that there was the potential for further discussion with schools if they felt that they had not been taken into account. The chair pointed out that it would have been useful for parents to have been provided with information about possible school expansion some time ago. The project manager agreed but stressed that it had been necessary to carry out a robust exercise to assess the capacity of schools to meet the increased demand. This was not just an assessment of buildings but required an engagement with head teachers to discuss capacity. Bearing in mind the constraints of investment and time, the exercise had been as robust as was possible. The chair reported that a school on the long list had questioned the accuracy of the consultants' analysis of the school. The project manager commented that this would not fundamentally affect the ability of the school to expand.

- 4.11 Members asked about the minimum requirements for consultation. The project manager explained that there was no requirement to consult on the current exercise. Statutory requirements related to the next level of the process and specific proposals for expansion. Members also asked what the council's expectation in respect of funding was based on and whether the policy would be reviewed if the recession continued. The project director stated that the Department for Education would let the council know about funding in January. In terms of the recession and also the changing birth-rate, the programme needed to be flexible for future years. Ultimately, the council wished for all its schools to be rated as good or outstanding and to be considered popular. The council needed to ensure that sufficient places were available across the borough and in the schools that parents wanted. Capacity, popularity, quality and local demand all needed to be taken account of in considering the potential for expansion. At the same time, some outstanding schools did not want to expand.
- 4.12 In the chair's view it would have been helpful if the report had contained information on the quality of the schools on the long list. Merrill Haeusler, Deputy Director of Children's Services, reported that one of the schools was on notice to improve with robust action being taken and a monitoring visit due in December. The council was confident that it would move to being a good school. The majority of all the other schools were good or outstanding. Some were satisfactory but the council believed that they would be rated good at the next inspection. Officers also confirmed that in drawing up the long-list no preference had been given to community over religious schools. Members emphasised that vacancies should be taken up wherever possible.
- 4.13 The chair asked what conversations had taken place with existing schools about the possibility of setting up free schools. The deputy director stated that there was scepticism from some schools about free schools, particularly in the context of their impact on the viability of existing schools. She reported that one free school was operating and that the council was providing process advice to two possible schools, one Latin American and one German bi-lingual. The council's priority was to ensure that schools met the needs of the Southwark community. The chair reported that a couple of schools were disappointed that the council had not talked to them about the part that they could play in respect of free schools. Other members felt that this was not a fair criticism as free schools began with a community initiative. Some members were also concerned about the possible impact on the funding available for existing schools if new free schools were set up. The deputy director emphasised that the council's priority was making school places available for an increasing population. Free schools were not set up in response to this but reflected parent and community choice. The council had little influence on the location of free schools but could put the argument for meeting community need.
- 4.14 The committee considered the response given to the call-in of the cabinet decision. It noted that the late arrival of government funding details had caused difficulties for the department in drawing up the report.

RESOLVED:

That details of prioritisation and programming of expansion proposals be brought back to the committee at the earliest opportunity.

5. PRE-SCRUTINY: PROPOSED ACQUISITION OF FREEHOLD INTEREST IN OFFICE ACCOMMODATION, 160 TOOLEY STREET, LONDON SE1 2QH

- 5.1 The chair expressed her dissatisfaction with the way this item had been processed through the decision-making system. She explained to the committee that in her position of chair she was being asked to waive the call-in process. Jeremy Pilgrim, Head of Property, explained that the need for confidentiality had prevented the item being placed on the Forward Plan. Duncan Whitfield, Strategic Director of Finance and Corporate Services, added that consideration had been given to how to process the item since the council had first learned that the building was coming onto the market. Councillor Richard Livingstone, cabinet member for finance, resources and community safety was grateful that the chair had agreed to a pre-scrutiny of the item before it was considered by cabinet the following day. There was a small window in which the council could act otherwise it would lose a significant opportunity. Councillor Livingstone was convinced that there was the possibility of a good deal for the council, in terms of saving revenue and acquiring a capital asset.. He pointed out that the District Auditor's letter suggested that there was a sound basis for the council making its decision.
- 5.2 In response to questions from members, the strategic director explained the basis for internal borrowing. This used cash in hand, arising from funds set aside as reserves and balances, rather than new external debt. Members asked if the strategic director was confident that this would not limit the council. He stated that he was certain that it would not impinge on any existing programmes in place and that if necessary internal borrowing could always be swapped for external borrowing in the future. In response to further questions, the strategic director confirmed that the council could re-pay the borrowing sooner than the proposed forty years but reminded the committee that currently cash reserves earned very little.
- 5.3 At 7.20pm it was moved, seconded and resolved that the committee go into closed session.
- 5.4 The head of property gave an estimate of the likely value of the property over ten years and explained the process in respect of VAT payment. The strategic director clarified current levels of reserves and that the council could re-balance around an appropriate level. He also confirmed his satisfaction with the work of Grant Thornton. In response to questions, the strategic director and Councillor Livingstone confirmed that acquisition of the building would dispense with restrictive covenants and allow the best possible utilisation of space, including the opportunity for greater community use.

The meeting ended at 7.50 pm

