



SCRUTINY SUB-COMMITTEE C

MINUTES of the Scrutiny Sub-Committee C held on Monday July 20 2009 at 7.00 pm
at Town Hall, Peckham Road, London SE5 8UB

PRESENT: Councillor Toby Eckersley (Chair)
Councillor Susan Elan Jones
Councillor Richard Livingstone
Councillor Mackie Sheik

OFFICER SUPPORT: Jo Anson, Head of Financial Governance
Norman Coombe, Legal Services
Sally Masson, Scrutiny Project Manager

1. APOLOGIES

Apologies were received from Councillors Al-Samerai, Salmon and Smeath.

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

There were none.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

4. MINUTES

To approve as a correct record the minutes of the of the meeting held on June 22 2009.

**5. EXECUTIVE MEMBER INTERVIEW - COUNCILLOR LEWIS ROBINSON
- CULTURE, LEISURE AND SPORT**

- 5.1 The original questions and written answers were circulated with the previous agenda.
- 5.2 Q1 The committee asked Councillor Robinson about the planned closures and downgrading of Southwark's libraries
- 5.3 The executive member said that the budget process is ongoing at the moment and he was not currently aware of any proposals to close libraries.
- 5.4 Q2 Is it likely that work being undertaken on the Canada Water library will come in on time and on budget?
- 5.5 The contract time is for 88 weeks but not having the details in front of him the executive member couldn't be sure of the specifics. It is likely that work on the library will be completed by January and it should come in on budget as the cost had been fixed before work began.
- 5.6 Q3 The committee wanted to know more about what was happening with the disused library stock.
- 5.7 When libraries were closed, all schools had been contacted to offer books that were deemed suitable; the remainder were offered to other libraries.
- 5.8 Q4 Referring to question one (original question); Were there any plans to see how the stock might be distributed and has there been any exploration into what the issues might be around the transfer of stock?
- 5.9 The new library at Canada Water will be a key library as well as the key libraries at Peckham and Dulwich, however it is recognised that there is no strategic library in the borough. There is no plan to down grade the service. Also, in Newington there is a very good library with a particularly good reference section.
- 5.10 Q5 Will the libraries at Seven Islands and Elephant and Castle be good quality?
- 5.11 There is currently a large investment plan which is scheduling a refurbishment. There is money set aside for what will be a considerable amount of investment needed for this particular site and more will be known about what is going to take place, in the near future.
- 5.12 Q6 Are we (Members of Southwark), satisfied with Fusion? Is

Fusion the right company for us, or are there other options? Their contract has been extended to 2016. How have they worked with our leisure centres and leisure centres in other boroughs to provide good facilities?

- 5.13 Southwark is investing in a capital programme of works and we are interested in reaching a wider market. This means that there may be some strategic centre closures. Fusion's contract has been extended, however extra criteria had been added before the contract was renewed. Extra penalties have also been put in place should they fail to deliver the agreed service. Fusion understand this and Southwark have devised clearer systems to enable Fusion to more easily understand what is expected with regards to the agreed service level.
- 5.14 Q7 Does the new agreement include standards of cleanliness, customer care and so on?
- 5.15 Yes - standards of cleanliness and customer care should now be improved. It is also expected that there will be a 6 monthly user group meetings to discuss topics such as hygiene and general conditions. The group will then report back to the Council.
- 5.16 Q8 "What support is the Council proposing to provide for facilities in Peckham Rye Park?" Are community councils going to get a say in what happens?
- 5.17 Cllr Robinson said that a report was presented to the executive identifying issues around Peckham Rye and the provisional management of the site. It was thought that it was not a controversial issue and that officers would take plans forward as a matter of course. There were no more resources to channel into further facilities for the park.
- 5.18 Q9 Are you fully satisfied that there are adequate reasons for closing leisure centres, should they not come up to standards required?
- 5.19 The executive member said that it depended what the issues were that might result in the closure. Southwark are currently investing in the Dulwich centre and if Fusion take the contract on offer, this would make them liable if there were a shortfall in service provision or inadequate equipment stock. As for the review into asbestos in Council owned buildings; the Council would have to take responsibility for the clearing of any toxic substances from Council owned property if it were found. It would not be for the contractor to undertake liability.
- 5.20 With regard to the Seven Islands site, personally, the executive member felt that refurbishment was preferable. The pool is good but the building needs improving. Anything more ambitious is

possible but not viable in the present economic climate.

- 5.21 Q10 Members wanted to know more about the £6 million investment for Burgess Park. Community councils have also been asked to fund projects through the cleaner, greener, safer bid and the committee wanted to know how these strands of money were being coordinated?
- 5.22 The executive member said that six million was not a huge amount for the park but over the next few years there will be other opportunities to coordinate bids, such as money for sports provision, which hopefully could be as early as next year.
- 5.23 The Chair thanked the executive member.

6. SCRUTINY REVIEW: WHAT IS THE TRUE MEANING OF THE BUDGET AND POLICY FRAMEWORK?

- 6.1 After considering the officer report, the Chair felt that Members should concentrate on the issues of improving and clarifying the way the budget is presented to Council. The budget part of the framework was to be treated separately to the policy section. It was thought the review would conclude by the second half of the meeting in October.
- 6.2 The committee looked at section 4 of the report:
- “The Secretary of State was empowered to make regulations in respect of the allocation of responsibilities for functions between the executive and the full council and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (“the Regulations”) require the following function to be carried out by full council:*
- the adoption or approval of the budget and any plan or strategy for the control of the local authority’s borrowing or capital expenditure.”*
- 6.3 Principal lawyer, Norman Coomb said that there have been changes to the regulations to ensure that changes to the budget framework are reserved for Council Assembly. The Council lays down the regulations for the executive to follow and the executive would need to provide good reasons for asking for the regulations to be changed.
- 6.4 It had been debated at length whether the capital programme should go to Council Assembly. The view at the time was that it might be right for the Council to control expenditure and borrowing. However, Members were not now sure that the Council should be dealing with both the capital expenditure as well as borrowing in

the future.

- 6.5 As to whether there should be two separate strategic discussions to address both borrowing and expenditure, it was felt that a long term capital plan should go to Council Assembly for approval. For example, the Elephant and Castle and Aylesbury redevelopments will have a massive impact on budget and Council Assembly should be considering borrowing and spending in this context.
- 6.7 The head of financial governance responded by saying that the budget, encompassed all budget requirements and the plans and/or strategy for the control of the local authority's borrowing and/or capital expenditure. The capital budget impacts on the capital programme which falls outside council tax and so this creates and opportunity for an indirect way of maintaining control.
- 6.8 *The head of financial governance went on to say that there needs to be an element of transparency because Members can find it difficult to take decisions, not understanding the whole picture. However, there is a balance between providing too much detail which may impede a strategic view and too little information for Members to make informed decisions.*
- 6.9 With regard to the decisions on capital spends it was felt that these decisions should be made at a more strategic level.
- 6.10 The plan submitted to Council should involve the key components of capital expenditure and the committee asked that officers come back with further advice on whether the capital programme should be taken to council assembly and how the regulations translate in practice. It may be that there are ways of improving how the regulations are applied, especially in relation to funding sources that need to be arranged on a 3 year basis.
- 6.11 It was felt that there needed to be increased transparency regarding Executive Member's responsibility. Unlike some boroughs such as Westminster, the budgets are not allocated to each individual portfolio. Southwark budgets are set to span all portfolio areas and it is not easy to unpick the spending of each portfolio.
- 6.12 Officer's said that there would be further thought on why separating out the individual spend for each portfolio couldn't be done, although officers wanted to maintain the current reporting style which has improved the way in which the budgets are viewed. In theory Officers should be able to trace spending back to each portfolio.
- 6.13 The Members of the committee felt that it was very important that the budget information was made available at the appropriate time. Some members were concerned that the timing of the sharing of information might be strategic and political.

- 6.14 Overview and Scrutiny (O&S) must be afforded the opportunity to see budgetary information. It was thought that all of the information was not being shared with Scrutiny. Currently the budget was being viewed in political groups but members felt that there should be a more open way of informing members apart from the Executive and Council Assembly meetings.
- 6.15 Members debated whether it could be a good idea to hold a separate session where Council Members, setting aside their political views, could be briefed more thoroughly on the budget. Members would have to be disciplined in not being tempted to political point scoring in this arena. This session would form an all members budget seminar. (The committee felt that this idea could form a strong recommendation to the executive).
- 6.16 Officers confirmed that it was a legal requirement for O&S to see budget information and be involved in setting the timing of when the information is seen. It was felt that officers and O&S should work together to ensure the budget is included on future scrutiny work plans.
- 6.17 Officers acknowledged that one million pounds went to 'Southwark Circle' which came out of reserves. It came under a Social Services remit but there was no Social Services budget line for this venture. It was therefore necessary to draw down funding from reserves. Officers referred the committee back to the officer report:
- 6.18 The officer report states that:
- "Once the budget has been approved, it is recognised that changing circumstances may require monies to be reallocated. The Guidance notes that the authority's financial standing orders will need to include provisions to enable the executive to reallocate monies within the budget. It also notes that they should cover situations where the executive needs to make an urgent decision which would otherwise be contrary to the budget, without full reference to the council and suggests that they are worded so as to allow the executive to take any decision which is contrary to or not wholly in accordance with the budget providing that any additional costs can be offset by additional (unforeseen) income, contingency funds (reserves and balances) or savings from elsewhere within the budgetary allocations to functions which are the responsibility of the executive. Such provisions should not allow the executive to incur additional expenditure which cannot be offset in these ways without reference to the full council."
- 6.18 Officers then referred the committee to the Councils constitution (Page 92, point 4) which considers Urgent decisions outside the budget or policy framework:

- 6.19 a) *The executive, a committee of the executive or an individual member of the executive or officers, or joint arrangements discharging executive functions may take a decision which is contrary to the council's policy framework or contrary to or not wholly in accordance with the budget approved by council assembly if the decision is a matter of urgency.*
- 6.20 *However, the decision may only be taken:*
- 6.21 i) *if it is not practical to convene a quorate meeting of the council assembly; and,*
(See also Access to Information Procedure Rule 20 where this procedure is listed as one of the urgent decisions. The clause includes a definition of this process).
- 6.22 ii) *if the chair of the overview and scrutiny committee agrees that the decision is a matter of urgency.*
- 6.23 *The reasons why it is not practical to convene a quorate meeting of council assembly and the chair of the overview and scrutiny committee's consent to the decision being taken as a matter of urgency must be noted on the record of the decision. In the absence of the chair of the overview and scrutiny committee the consent of the mayor and in the absence of both the deputy mayor will be sufficient.*
- 6.24 b) *Following the decision, the decision taker will provide a full report to the next available council assembly meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.*
- 6.25 The officers reiterated that according to the constitution, matters of urgency implies that it is outside the budget framework but decisions taken out of the framework need to be passed at Council Assembly if the Executive needs to endorse it.
- 6.26 It was debated as to who might be in charge of defining a decision as 'urgent.' A decision such as this might be the subject of a call in and therefore Scrutiny would need to be aware of any 'urgent decisions' in the first place.
- 6.27 Officers explained that it was not always practical to call a Council Assembly meeting for a decision defined as a matter of urgency. It could be that the leader (or mayor) and Chief Exec take the matter to the Chair of O&S who can agree the matter within 10 working days. If it is genuinely urgent, there are safeguards to be followed in the constitution but then it is all the more important to ensure that the Chair of O&S is included in the process.
- 6.28 Officers said that windfall income can be used for issues which

may need to draw on reserves and this could have been the case with the Southwark Circle project.

- 6.29 The national guidance states that it is acceptable to use reserves to fund extra expenditure and the finance director had a statutory duty to report to Members, all funding which draws on reserves.
- 6.30 The Chair wanted to have an update on a proforma which had been designed to assist with the understanding of the various budget streams. This proforma included information designed to help clarify authorisations for draw down reserves. The Chair wanted to know if this system was currently being implemented. Officers said that they would report back to the committee on what the position was.
- 6.31 It needed to be made clear that some reserves are not meant to be drawn upon at all, as this would have implications for council tax.
- 6.32 Cllr Tim McNally and Duncan Whitfield to assist the committee with what is currently in process.
- 6.33 Officers said that there was still scope to look at the amount and quality of information going to Council Assembly and whether it might be a worthwhile exercise to look at what other Councils are doing.
- 6.34 Councillors agreed that if the system were to be improved, taking into account members requirements, it would be a very welcome contribution to providing openness and transparency to what is currently a very complicated area.
- 6.35 Developing an earlier point; officers said that it should be possible to breakdown budget strands into each portfolio area, perhaps starting with a brief summery, followed by a more detailed account of budgetary movements. The information then needed to be tied together to form clear summarised pages.
- 6.36 Because the information is currently confusing Members felt that taking good practice from other boroughs in areas where Southwark had some vagueness, would be a sensible way forward.
- 6.37 It was acknowledged that Southwark wouldn't want to lose the linkage of growth items which was currently being included in the reporting system. It was agreed that Members should have the opportunity to see further funding details when they asked for it.
- 6.38 The plan submitted to Council should involve the key components of capital expenditure and the committee asked that officers come back with further advice on whether the capital programme should be taken to council assembly and how the regulations translate in

practice.

RESOLVED

1 The plan submitted to Council should involve the key components of capital expenditure and the committee asked that officers come back with further advice on whether the capital programme should be taken to council assembly and how the regulations translate in practice. It may be that there are ways of improving how the regulations are applied, especially in relation to funding sources that need to be arranged on a 3 year basis.

2 Officers to come back to committee with further thought on why separating out the individual spend for each portfolio couldn't be done or how it might be done in the future.

3 Members debated whether it could be a good idea to hold a separate session where Council Members set aside their political views and are briefed more thoroughly on the budget. Members would have to be disciplined in not being tempted to political point scoring in this arena. It would form an all members budget seminar. The committee felt that this could form a strong recommendation to the executive.

6 Officers to draft a paper for the next meeting, containing suggestions for improvements, ensuring clarity for members.

5 Cllr Tim McNally and Duncan Whitfield to assist the committee with what is currently in process for draw down reserves.

4 The Chair wanted to have an update on a proforma which had been designed to assist with understanding the various budget streams. This proforma included information designed to help clarify authorisations for draw down reserves. The Chair wanted to know if this system was currently being implemented.

CHAIR:

DATED:

