



## OVERVIEW AND SCRUTINY COMMITTEE

MINUTES of the Overview and Scrutiny Committee held on Monday May 18 2009 at 2.00 pm at Town Hall, Peckham Road, London SE5 8UB

---

- PRESENT:** Councillor Fiona Colley (Chair)  
Councillor Jane Salmon (Vice-Chair)  
Councillor Toby Eckersley  
Councillor John Friary  
Councillor Barrie Hargrove  
Councillor Adedokun Lasaki  
Councillor Veronica Ward  
Councillor Lorraine Zuleta
- EDUCATION REPRESENTATIVE:** Colin Elliott, Parent Governor
- OTHER MEMBERS PRESENT:** Councillor David Noakes, Executive Member for Health and Adult Care
- OFFICER SUPPORT:** Tom Branton, Chief Executive's Office  
Hilary Cottam, Participle  
Daniel Dickens, Southwark Circle  
Doreen Forrester-Brown, Legal Services  
Edwina Morris, Assistant Director, Adult Care  
Annie Shepperd, Chief Executive  
Duncan Whitfield, Finance Director  
Susanna White, Strategic Director of Health & Community Services  
Peter Roberts, Scrutiny Project Manager

### 1. APOLOGIES

- 1.1 Apologies for absence were received from Councillor David Hubber.

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

2.1 There were no urgent items of business.

## **3. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

3.1 Councillor Veronica Ward reported that representatives of Southwark Circle had visited the pensioners centre of which she is chair.

## **4. CALL-IN: ALLOCATION OF FUNDING TO SOUTHWARK CIRCLE (EXECUTIVE MEMBER FOR HEALTH & ADULT CARE APRIL 22 2009)**

4.1 Councillor David Noakes outlined the proposals for Southwark Circle in the context of the budgetary situation and the personalisation agenda. He explained that the performance of Southwark Circle would be monitored by a steering group on a quarterly basis and stressed that funding equated to 0.3% of the health and adult care budget. The intention was to stop the pattern of demand-led overspend in the budget. The chief executive gave the history of the council's involvement with Southwark Circle, emphasising that it had been backed by all political groups. Members questioned how membership of the steering group was agreed. Councillor Noakes clarified that the group consisted of senior representatives from the council who were tasked with ensuring that the project was meeting the council's desired outputs.

4.2 Hilary Cottam and Daniel Dickens explained the core services that Southwark Circle offered. The strategic director of health & community services stated that the project was an attempt to provide a new level of support which would complement existing services. Extensive consultation had taken place in order to develop the business, involving users, professionals and the community sector.

4.3 Members of the committee asked for clarification of the milestones against which the output and performance of Southwark Circle could be monitored. Councillor Noakes identified the number of members recruited in each year as a performance target. Page 8 of the report set out less measurable outputs related to the impact of the project. The chief executive commented that the contract outcomes were based on research from the prototype. The aim was for project users to gain better perceptions of themselves and to increase their sense of well-being. This would reduce the future cost of non-preventative services.

4.4 Members acknowledged the positive aim of the project but that it was not possible at this stage to determine likely savings. It would be helpful for the council to begin to think about what information could be gathered regarding performance in order to inform and support future decisions. If the aim was that somewhere down the line there was going to be a saving on health care, as a result of funding Southwark Circle, then data needed to be collected in order to demonstrate this. Members were of the view that the council would need to know how much less was spent on the health care of those who had joined up than on those who had not joined. The chief executive stated that longitudinal research

was expensive but identified a possibility that, after a year, the cabinet office might agree to funding some research. The strategic director of health & community services acknowledged that it was difficult to assess the impact of preventative work but that some way needed to be found to gather useful information about the success of the project. She agreed to come back to the committee in October on how outcomes and savings could begin to be assessed. Some members took the view that it would be useful to see the government's evaluation of the pilot project before committing to further funding.

- 4.5 Members of the committee stated that a number of services already carried out supportive work with older people and questioned whether Southwark Circle would provide a different range of services or be able to engage differently with its users. Members asked whether similar services already in existence had been sufficiently analysed and how Southwark Circle would build and maintain connections to Southwark residents. Councillor Noakes emphasised the crucial differences as being that Southwark Circle was a membership organisation and would need to be self-financing after the period of three years. Hilary Cottam added that the project was a capability- rather than a needs- based model and was not expensive.
- 4.6 Some of the committee remained unclear as to what members of Southwark Circle would receive in return for their subscription and expressed doubt that volunteers could be easily encouraged to join. Councillor Noakes responded that evidence suggested that people were interested in volunteering. In addition, some elements of paid work were possible. Daniel Dickens outlined the diversity of practical jobs and social networks accessible through the project. The chief executive stressed the importance of the project in improving the quality of people's lives.
- 4.7 Some members of the committee took the view that the annual subscription to Southwark Circle was too high and excluded those who were most in need. The target of reaching a figure of two thousand members in three years would drive the project to look for high agency, low dependency members. Councillor Noakes commented that the minimum monthly fee of £10 had been arrived at after research and piloting and was not unreasonable in contrast to jobs that residents already had to pay for. The chief executive stated that service users would prefer to be in an organisation with a set fee, rather than having to submit to means testing. Hilary Cottam commented that if there appeared to be a geographical imbalance of members then this could be monitored and investigated. Southwark Circle was not interested in providing a service purely for the better off members of the community.
- 4.8 Some members were concerned that if the project was successful it would result in cut-backs being made of other groups providing a similar service. There was also a concern at the amount of expenditure and that the council's financial reserves were not being protected. Councillor Noakes stressed the ongoing budgetary pressures and the desire to keep preventative services in place but that it was not possible to predict the funding situation in three years' time. The overall aim of the £3m investment was to add a new level of support and to decrease the demand on traditional social services. Hilary Cottam added that the initial investment would allow an infrastructure to be put in place and a team of committed people to be put together. The finance director emphasised that the sum of £1m was an investment in a new approach and was not excessive when compared

with new commitments for adult care year on year. Investment over the three year period was linked to volumes of membership achieved by Southwark Circle.

- 4.9 Some members asked the extent to which the funding in question reflected the council's prior decision to no longer provide care packages to users with only moderate eligibility. Members were concerned that Southwark Circle would be operating in the area of moderate social care needs which up until now had been dealt with by mainstream social services. Councillor Noakes stressed that only a small number had lost services and that the aim was to meet a need that was not formally addressed by the council's own social services. In answer to members' concerns, the strategic director of health & community services stated that formal care systems only dealt with a fraction of people with needs. The government was asking local authorities to address the needs of all older people and the service proposed by Southwark Circle was one of the ways in which this could be done.
- 4.10 Members of the committee queried why funding of Southwark Circle had not been included as a growth bid during discussion of the budget proposals in February. The finance director responded that the budget pressures were discussed together with the need to look at ways of addressing these pressures. The chief executive emphasised that the delegated decision had been taken after consulting the leaders of the three political groups and in the light of the business case. The finance director clarified that, at the time of the budget discussion, no solid agreement had been reached about the amount or phasing of the grant that would be necessary for Southwark Circle. If an amount had been included in the budget, additional savings would have been required elsewhere. The current intention was to make use of the financial risk reserve. In response to further questions, the finance director clarified that the £250,000 seed funding under discussion (paragraph 20 of the report) was different to the expenditure of the same amount referred to in the chief executive's briefing note.
- 4.11 Some members challenged whether the grant to Southwark Circle was an appropriate use of the financial risk reserve and asked the executive member for health and adult care whether he had consulted the executive member for resources in this respect. Councillor Noakes indicated that, while all executive members had been able to put forward their views on this decision, the issue of use of the reserve had not been expressly raised. The finance director made it clear that he had been consulted on use of the reserve and commented that there was no definitive guidance on its use. The director of finance had made the executive member for resources aware of his recommendation.
- 4.12 Members sought clarification of paragraph 16 of the report and the national interest in Southwark Circle as a potential model for a new kind of support. The chief executive explained that some authorities had wanted to address the needs of young people rather than older people. The government had chosen to work with Southwark as it was already in successful partnership with the government and had political support for the project across all groups. There was the potential to transfer aspects of the project to other parts of the country if it worked in Southwark and the DWP and Cabinet Office were monitoring the process.

- 4.13 In response to questions from members of the committee, Councillor Noakes gave details of which council officers had made input into the business case for Southwark Circle, including the outgoing director of adult care. Members expressed concerns about the governance of Southwark Circle as a community interest company (CIC), including the role of directors, regulation of the company and membership of the steering group. Members felt that there was insufficient division of responsibility and that risks arose from the appearance that the directors were also members of the company.
- 4.14 In response to questions, Councillor Noakes confirmed that the funding proposed for Southwark Circle was the project's only funding and that there was no other partnership organisation. Members asked for sight of a breakdown of planned income and expenditure over the next three years. The meeting went into closed session in order to receive details of expenditure related to the £250,000 seed funding and to consider the planned budget over the next three years. In response to questions, Daniel Dickens clarified expenditure in relation to staffing. The committee was concerned that the budget as circulated did not reflect the target of 2,000 members as referred to in the original report upon which the executive member took his decision. Daniel Dickens explained that the budget was based on a more ambitious membership drive. The director of finance indicated that the figures needed to be re-presented in order to set out a model which reconciled precisely with the agreed target of 2,000 members.
- 4.15 The committee agreed to adjourn its meeting and reconvene at 5pm on Wednesday May 20 to receive an updated three year budget projection and to consider its recommendations to the executive member for health and adult care.

The meeting ended at 5.50pm.

**CHAIR:**

**DATED:**