REGENERATION & RESOURCES SCRUTINY SUB COMMITTEE

MINUTES of the meeting of the REGENERATION & RESOURCES SCRUTINY SUB-COMMITTEE held on 15 SEPTEMBER 2005 at 7:00PM at the Town Hall, Peckham Road, London SE5 8UB

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PRESENT: Councillor Toby Eckersley (Chair)
Councillor Jane Salmon (Vice Chair)
Councillors Fiona Colley (reserve), David Hubber, Billy Kayada and Michelle Pearce

OFFICERS: Sarah Beuden – Planning and Regeneration Policy Officer
Joe Brady – Head of Performance and Quality
Dennis Callaghan – Chief Accountant
Cathy Doran – Financial Strategy Accountant
Stephanie Fleck – Principal Lawyer, Contracts
Carina Kane – Scrutiny Project Manager
Shaun Regan – Project Accountant
Edwin Thomas – Head of Finance, Environment & Leisure Dept
Duncan Whitfield – Finance Director
Ian Young – Accountant, Regeneration Dept

APOLOGIES FOR ABSENCE

Apologies were received from Councillors John Friary and Gavin O’Brien.

CONFIRMATION OF VOTING MEMBERS

The Members listed as being present were confirmed as the Voting Members.

NOTIFICATION OF ANY OTHER ITEMS WHICH THE CHAIR DEEMS AS URGENT

None.

DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.
RECORDING OF MEMBERS’ VOTES

Council Procedure Rule 1.17(5) allows a Member to record her/his vote in respect of any motions and amendments. Such requests are detailed in the following Minutes. Should a Member’s vote be recorded in respect to an amendment, a copy of the amendment may be found in the Minute File and was available for public inspection.

The Sub-Committee considered the items set out on the agenda, a copy of which has been incorporated in the Minute File. Each of the following paragraphs relates to the item bearing the same number on the agenda.

MINUTES

RESOLVED: That the Minutes of the meeting of the Regeneration & Resources Scrutiny Sub-Committee held on 3 August 2005 be agreed as a correct record of proceedings and signed by the Chair.

1. STATEMENT OF COMMUNITY INVOLVEMENT [Pages 1-97]

1.1 Officers introduced the Statement of Community Involvement (SoCI). Members were reminded that the SoCI formed part of the Local Government frameworks that were replacing Unitary Development Plans and informed of the process for finalising the SoCI. It had been to the Planning Committee the previous week, and would be going out for a six-week period of formal consultation the following week. A draft would be submitted to the Government Office for London, and it would then be submitted to the Secretary of State for the formal inquiry process.

1.2 Members asked whether the Planning Committee had made any significant observations about the SoCI. Officers reported that the committee had sought clarity on aspects of the Statement e.g. in relation to ethnicity and diversity issues, but had made no significant comments. The Planning Committee did not see the latest version of the SoCI because the consultation period had not ended when the meeting took place.

1.3 Members informed officers that when the SoCI was discussed at a previous scrutiny meeting, they recommended the notices displayed publicly about planning applications should be more prominent. Officers were not aware whether this had been considered in relation to planning applications. Consultation requirements, depending on the type of application, were outlined in section 11.5 and 11.6 of the report.

1.4 A question was asked about the effectiveness of the SoCI, and how this was monitored. Members were referred to section 12 of the report, which outlined the core values were that council was trying to achieve in its community involvement methods, and how each core value would be monitored. Officers also said that the SoCI could change over time in response to such things as constitutional changes or feedback. Any changes necessary would be picked up in the annual monitoring report from planning.
1.5 Officers also informed members that the final version of the SoCI would be in a more digestible, accessible form. Members suggested that information about the planning process be provided in a form that would not assume literacy and would be available in different languages. The choice-based lettings dvd produced by the Housing Department was cited as a good example. Officers were asked to give consideration to this idea.

1.6 Members discussed how they could be informed about any further changes that would be made in the final version of the SoCI that was submitted to the Executive Member for Regeneration and Economic Development for decision. Rather than receiving a further paper copy, it was decided that changes should be highlighted in the information presented to the Executive Member when he was asked to consider taking a decision.

**RESOLVED:**

1. That the sub-committee would write to the Executive Member for Regeneration and Economic Development requesting that consideration be given to:
   a) ensuring that planning notices are displayed prominently (as suggested by the sub-committee on 15 December 2004);
   b) means of explaining the planning process which does not assume literacy and rely on written material e.g. using dvds to explain the process.

2. That information about the changes between the draft and final versions of the Statement of Community Involvement be provided to the Executive Member for when he takes a decision on the SoCI, and that this information is also given to the sub-committee.

2. **STATEMENT OF ACCOUNTS** [Pages 88-182, 198-199]

2.1 The Chair informed the sub-committee that this session would focus around the issues raised in the Council Assembly motion [20 July 2005, Item 7.2]. The Finance Director then gave a general introduction to the Statement of Accounts, noting that the accounts were sound, and the balances were healthy. The next stage was the monitoring period with the District Auditor, and this was generally going well. There was more pressure on both sides as the timescale for closing the accounts was earlier than previous years, and would be earlier again next year.

2.2 The issues raised in the Council Assembly motion were then addressed in turn by the sub-committee.

   **Housing management**

2.3 Officers were asked to explain why costs for housing supervision and management had increased in 2004/05 even though large numbers of council housing had been sold.
2.4 Officers said that there was still an obligation on the council to manage the stock and support leasehold properties. The direct costs did not go down proportionally to the stock sold. Other factors which contributed to housing supervision and management expenditure were central support costs and overheads such as the housing management reorganisation (e.g. redundancy costs, additional insurance charges), the Customer Support Centre, rent rebates attributable to the Housing Revenue Account. Officers were asked to produce this information in a table format showing expenditure in 2004/05 and whether this would reoccur in 2005/06.

Rent arrears

2.5 Officers were asked to explain why there did not appear to have been an improvement in rent collection figures over the years.

2.6 Officers informed that debt, including rent collection, was being analysed across the council. Approximately £20 million had been written off since about 2001. While in accountancy terms rent arrears were going up, there were other considerations. People with rent arrears generally fell into two categories – those who could not pay and those who were believed to be able to pay but had not paid. The latter category resulted in a high number of evictions. The council was not allowed to write-off debts for current tenants, regardless of the length of time that had passed since the debt was incurred, and was discussing its options with the District Auditor.

2.7 Officers also said the council needed to consider the costs of collection and eviction as opposed to debt write-off. The council was reviewing its income collection policy and a workshop would be held in October about the balance between enforcement and sustaining/supporting tenants.

Parking fines

2.8 Members raised concerns that the percentage of parking fines uncollected seemed to have increased. Officers responded that the collection rate had actually improved significantly over the past few years – about 60% of parking fines were now collected compared to around 40% in 2001/02. The provision for debt write-off in relation to parking fines had been reviewed and changed.

2.9 Members suggested that the council seemed to have a difficulty estimating what it would receive in revenue from parking fines. Officers said there were a number of factors involved such as enforcement policy, quality of ticket, incentivisation of inspectors to issue penalty notices. A new camera might initially generate increased revenue, but the impact could lessen over time as people realised the camera was there. The council was reviewing the monitoring of penalty notices and the income around these.

Debtors

2.10 Officers provided members with a breakdown of the £25.5 million increase in debtors. Items contributing to this were: changes in accounting treatment, pre-payments for the customer service centre, advance payments for goods and services, increase in s20 debtors and debt owed to the council from VAT.

2.11 Further discussion ensued around the s20 debt. Officers clarified that the debtors were those people who had made no arrangements for deferred payment. The debt was legally enforceable once builders were on-site, final debt notices were issued after works were completed.

Publicity costs
2.12 The sub-committee was informed that there was currently a best value review on communications; this considered communications spend and how to get more value from it. The Chair noted the clear explanation of the publicity figures in the supplemental report.

Freedom of information and data protection
2.13 Officers informed members that the weaknesses reported in the Statement of Internal Control were in relation to staff awareness rather than the delivery of freedom of information and data legislation. The council was working to overcome this challenge.

Other issues raised
2.14 The Chair added that the Finance Act 2003 now required housing capital receipts to be paid to government instead of being reserved in the council’s accounts for the redemption of loan debt. There was no undertaking from the government that this would be neutralised. He also noted an overspend on an element of the pooled funds between LBS and the PCT on the commissioning arrangement for Mental Health Services. The Finance Director said the council was seeking guidance from the District Auditor on the first issue. In relation to the second, Adult Services were still to join with the PCT so there was a potential for the numbers to creep.

RESOLVED: 1. That officers provide the sub-committee with a tabular breakdown of the figures for the main items of expenditure for supervision and management for housing, outlining the cost to the council in 2004/05, and whether they would be reoccurring in 2005/06.

2. That as part of the scrutiny of the parking review, officers provide a briefing on parking fines (e.g. how debt is treated, how well Southwark anticipates what it’s going to receive).

3. That Executive seek officer reports on
   a) the implications of the government policy change to require that housing capital receipts are paid to government instead of being reserved in the council’s accounts for the redemption of loan debt
   b) the overspend on ‘pooled funds’ between the LBS and the PCT on the commissioning arrangement for Mental Health Services, and issues around the control and management of pooled funding arrangements.

3. LOCAL GOVERNMENT FINANCE
3.1 The Finance Director presented the sub-committee with information about the implications of new government policies for Southwark Council. It considered the national policy drivers, and looked at the challenges ahead. In general, there were still uncertainties around the shape of the grants in future years, and these were the key drivers for the budget. Officers had accessed the best and worst possible outcomes for the Formula Spending Share (FSS) and formula grant, and this suggested that policy changes may not necessarily be all bad news for the council. Some of the points made during the presentation were:
   - the council was involved in lobbying via the ALG about potential changes in grant funding for Children’s Services;
− the news for education funding would not be too bad as Southwark had prepared well for it;
− three year settlements had been temporarily abandoned, two year settlements would be introduced initially. Projections would be based on the council tax base and population and the Director was concerned about whether the Southwark-base population figure being recommended was reliable;
− the Gershon efficiency targets were good news for Southwark, although there was a limit on how much of the savings could be linked to non-cashable items. The CPA assessments were very time intensive, and while it was important to improve, the Director suggested there would be better ways of demonstrating this;
− the impact of the Lyons review was still uncertain; it possibly involved moving funding from the South of London to the North which would have implications for Southwark;
− little was known at this stage about the council tax revaluation;
− the Local Authority Business Growth Incentive Scheme was positive for Southwark because it meant that the council would be allowed to keep a share of the additional business rates for new businesses in the area (even though this may be one-off);
− Southwark have done better than the national average for specific grants. It was now certain that neighbourhood renewal funding would continue to at least 2007-08, although the amount available would be reduced.

3.2 Members discussed the potential changes in grant funding for Children’s Services as a member had read that the formula grant was based on actual spend so spending in the past would impact on future funds. The Finance Director confirmed that Southwark underspent on Children’s Services compared to the FSS, however he said that other council departments also spent funds on children-related services which should be taken into account when looking at spend in this area. The government proposal was that the children’s funding would be purely based on a rigid formula. Councils and other groups were lobbying via the ALG about the formula review.

3.3 Questions were asked about school funding and officers identified some of the issues with this. Potential issues included concerns about whether the government would require councils to be passing more money onto schools and how the council would make up the difference, and how the council could ensure that the money was not going into schools who did not have the resources to use it effectively. Another consideration was which education services, such as the truancy agency, should remain with the council and whether they would continue to need financial support. There was still some doubt over how much money to distribute to schools and what the final government policy would be.

3.4 Members also briefly discussed the ‘layered initiatives’ in Southwark and the Local Area Agreements. Officers explained that these were based on a partnership with other delivery agencies working to bring together a basket of services, and could potentially be cross-boundary. Local Area Agreements had not been piloted yet in Southwark. Some members were of the opinion that they would undermine the role of the elected councillor, and suggested the need to focus on building on the structures already in place, such as community councils.

**RESOLVED:** 1. That officers provide the sub-committee with short briefing papers on the following topics:

   a) the dedicated schools grant
b) local Authority Business Growth Incentive Scheme  
c) the change to formula spending share  
d) NRF and the mainstreaming of funding.

4. WORK PROGRAMME 2005/06 [Pages 193-197]

4.1 The sub-committee made the following amendments to its work programme:

30 November 2005:  
  - Add item on decanting issues in regeneration areas (including whether lessons had been learnt from past experiences/reports such as the Peckham Partnership) and inform Chair of Housing Scrutiny. Members commented that it was important to ensure that the regeneration was successful both physically and socially.

12 January 2006:  
  - Add item on the Elephant & Castle Development Partner selection, to look at aspects such as the process and whether the council criteria were being met.

Members also added Canada Water on the work programme as a potential item for the future.

The meeting closed at 9:50pm.

CHAIR:  

DATE: