

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE

HELD AT 7.00 P.M. ON TUESDAY, 3 DECEMBER 2013

**ROOM C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor Motin Uz-Zaman (Chair)
Councillor Rachael Saunders (Vice-Chair)
Councillor David Snowdon
Councillor Helal Uddin

Co-opted Members Present:

Memory Kampiyawo – (Parent Governor Representative)
Nozrul Mustafa – (Parent Governor Representative)

Other Councillors Present:

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Guests Present:

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Officers Present:

Agnes Adrien – (Team Leader, Enforcement & Litigation, Legal Services, Chief Executive's)
Mark Cairns – (Senior Strategy, Policy and Performance Officer)
David Galpin – (Head of Legal Services (Community), Legal Services, Chief Executive's)
Chris Holme – (Acting Corporate Director - Resources)
Shalina Hussain – (Communications Officer, Communications, Chief Executive's)
Frances Jones – (Service Manager One Tower Hamlets, Corporate Strategy and Equality Service, Chief Executive's)
Paul Leeson – (Finance Manager, Development & Renewal)
Martin McGrath – (Financial Planning & Systems Manager)
Jackie Odunoye – (Service Head, Strategy, Regeneration & Sustainability, Development and Renewal)
Louise Russell – (Service Head Corporate Strategy and Equality,

	Chief Executive's)
Ann Sutcliffe	– (Service Head Strategic Property, Development and Renewal)
Paul Thorogood	– (Interim Service Head Finance and HR Development, Resources)
Angus Taylor	– (Principal Committee Officer, Democratic Services, Chief Executive's)

COUNCILLOR MOTIN UZ ZAMAN (CHAIR) IN THE CHAIR

1. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of:

- Councillor Amy Whitelock-Gibbs (Scrutiny Lead Member for Children's Schools & Families).
- Councillor Stephanie Eaton (Scrutiny Lead Member for Resources).
- Dr Phillip Rice (Co-opted Member - Church of England Diocese Representative).
- Mayor Lutfur Rahman.
- Councillor Ohid Ahmed (Deputy Mayor).
- Councillor Alibor Choudhury (Cabinet Member for Resources).
- Councillor Rabina Khan (Cabinet Member for Housing).
- Aman Dalvi (Corporate Director Development and Renewal) for whom Ann Sutcliffe (Service Head Strategic Property, Development & Renewal) and Jackie Odunoye (Service Head Strategy Regeneration & Sustainability, Development & Renewal) were deputising.
- Memory Kampiyawo (Co-opted Member – Parent Governor Representative) would be leaving the meeting early to attend another engagement.

The Chair informed OSC members that: -

- Cabinet Members with portfolio for items on the agenda had given apologies for absence due to other commitments/ annual leave, despite notice being given well in advance of the meeting that attendance was required by the OSC. The OSC was therefore unable to fulfil its constitutional function of undertaking full and appropriate scrutiny, by asking them questions/ holding them to account for decisions made by the Executive. Officers were only able to provide factual information and could not answer questions about the political rationale for decisions taken.
- One Cabinet member had indicated that he would be happy to attend a special OSC meeting on an alternative date to discuss Watts Grove Depot and the Mayor's Car. His regular past attendance at OSC, when requested, was appreciated; however this suggestion was absolutely

unacceptable. How would it be perceived if the OSC Chair said he was unable to attend Cabinet to fulfil his role and could a special Cabinet meeting be arranged to accommodate this?

- The OSC meeting dates were set well in advance and if the OSC required Cabinet Members to be present to allow for appropriate scrutiny, they should attend. All the dates should be diarised and this would prevent most reasons for non-attendance occurring. Therefore with OSC agreement he intended to ask Cabinet members to diarise all future OSC meetings as a formal invitation from OSC, that they should assume their attendance was required until told otherwise, and that they treat this commitment as their priority engagement should they be asked to attend.

Clarification was sought and given as to the constitutional provisions for the OSC to require the attendance of Members and Officers at OSC meetings, the provisions for addressing non-attendance in such instances and whether case law existed on this matter. *OSC could require attendance of both, and non-attendance in such instances may be a matter for the Council's standards framework, if there was misconduct. Officers were unaware of any pertinent case law but could look into this at the request of the OSC.*

The Chair **Moved** and it was:-

Resolved

That the apologies for absence be received and noted.

Action by:

Angus Taylor (Principal Committee Officer, Democratic Services, CE's)

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST

No declarations of Disclosable Pecuniary Interest or other declarations of interest were made.

3. UNRESTRICTED MINUTES

The Chair informed OSC members that:

- At the last OSC meeting he had indicated that:
 - He would be inviting the Mayor to attend the next OSC meeting [3rd December], for one of a series of 'spotlight sessions' during the year.
 - He would again be requesting the Mayor's diary commitments on future scheduled OSC meeting dates, so as to identify an OSC meeting he could attend, if he could not attend on 3rd December, and if necessary would submit a Freedom of Information request for this information.
- He had extended the invitation at Cabinet on 6th November and formalised this in a subsequent letter. Unfortunately the Mayor had declined the invitation, because of prior commitments and this was the sixth such declined invitation.

- He had received no response to his written request for the Mayor's diary sheets, and consequently had submitted a Freedom of Information Act request for this information. As yet there had been no response to the FOI request and the information had not been provided.
- The Mayor's absence was extremely disappointing, as the OSC had constantly asked him to attend so he could be held to account for his decisions, including his decision on Watts Grove Depot (to be discussed later in the meeting) to scrap 149 affordable new homes badly needed by the community, but he had refused to attend. The OSC's role was to hold the Executive to account, but it was clear the Mayor was not interested in the democratic process, he just wanted power without a care for the consequences of his decisions. The Mayor had also refused to answer questions at full Council so there was no public forum where he was prepared to answer questions, it was not just an issue relating to OSC.
- The Chair considered that as the spotlight was intended to focus on the challenges and opportunities the Mayor foresaw for delivery of improved quality of life for local people in the year ahead, with the passage of time the spotlight theme would be less meaningful. Additionally the Chair felt that the Mayor's attendance should be congruent with the 2013/14 OSC Work Programme and to determine this he required details of the Mayor's diary commitments on other scheduled OSC meeting dates. He considered that this OSC request/ FOI request were important, and the diary sheets should have been provided.
- Therefore, with OSC agreement, he intended to invite the Mayor to the next OSC meeting [7th January} for the spotlight session, but also to press for a response to his Freedom of Information request for details of the Mayor's diary commitments on future scheduled OSC meeting dates, should he not be able to attend the meeting on 7th January.

The Chair **Moved** and it was:-

Resolved

That the unrestricted minutes of the ordinary meeting of the Overview and Scrutiny Committee, held on 5th November 2013, be agreed as a correct record of the proceedings, and the Chair be authorised to sign them accordingly.

Action by:

Angus Taylor (Principal Committee Officer, Democratic Services, CE's)

4. REQUESTS TO SUBMIT PETITIONS

There were no petitions.

5. SCRUTINY SPOTLIGHT - MAYOR

The Scrutiny Spotlight did not proceed as Mayor Lutfur Rahman had been unable to attend.

6. UNRESTRICTED REPORTS 'CALLED IN'

The clerk informed OSC members that:

- No unrestricted decisions of the Mayor in Cabinet on 6th November 2013 had been "Called In".
- No recent unrestricted decisions of the Mayor outside Cabinet, taken under executive powers, had been "Called In".

7. UNRESTRICTED REPORTS FOR CONSIDERATION

7.1 Reference from Council - Watts Grove Depot Project and financial mechanisms for Dame Colet House and Poplar Baths projects

Please note that an element of OSC deliberations relating to this item of business took place in Part Two of the proceedings or "closed session" (Exempt/ Confidential Section of the agenda), for the reasons outlined by the Chair below. However, for ease of reference, the deliberations/ decision taken that pertain to the unrestricted report are set out below in the order detailed in the agenda.

The Chair informed the OSC that:

- The report comprised of two parts: an unrestricted report now before the OSC for consideration, and two appendices thereto which contained exempt/ confidential information (as defined in Schedule 12A of the Local Government Act 1972) due to its commercially sensitive nature, the consideration of which was required in "closed session" (Exempt/ Confidential Section of the agenda: agenda Item 14.1). After an initial introduction of the unrestricted report and any discussion thereof in "open session", it would therefore be necessary to exclude the public and press during consideration of the exempt/ confidential appendices. However he considered it was important that as much of the discussion as possible took place in "open session".
- It was disappointing that the Mayor and Cabinet Members with portfolio for this matter, nor any members of the Executive, were in attendance for this item. He reiterated that their absence meant that the OSC was unable to fulfil its constitutional function of undertaking full and appropriate scrutiny, by asking them questions/ holding them to account for decisions made by the Executive. In their absence he would ask Officers to introduce the report, but emphasised/ asked the OSC to note that Officers were only able to provide factual information eg on financial / contractual / process issues, and could not answer questions about the political rationale for decisions taken.

Special Circumstances and Reasons for Urgency

The Chair informed OSC members that the special circumstances and reasons for urgency associated with consideration of the report were set out on the front of the report as below:-.

“This matter was considered by the OSC at its meeting on 5 November 2013, following which, the matter was adjourned with requests for action as outlined in this report. Unfortunately, the time taken to complete the work was such that this report was not published with the main agenda for the Committee’s meeting of 3 December 2013. Given that the Committee is responding to a request from Council, the Committee may wish to deal with the item at its meeting of 3 December 2013 rather than waiting to a later meeting so as to allow the statutory notice period to be met.”

The **Chair** subsequently **agreed** the special circumstances and reasons for urgency, indicating that he was satisfied that the matter was urgent, as defined in the Authority’s Constitution (Part 4 Rules of Procedure, Section 4.2 Access to Information Procedure Rules, Rule 6 Items of Business, sub paragraphs 6.3 and 6.5. The special circumstances justifying urgency being as detailed above.

Ann Sutcliffe (Service Head Strategic Property) in introducing the report, summarised salient points of background including:-

- OSC had partially considered this matter at its November meeting and deferred further consideration to its December meeting to:-
 - Provide OSC members with greater opportunity to review the exempt/ confidential elements of the report or to allow exempt/ confidential information to be made available in the unrestricted papers/ discussed in “open session” where possible. One of the three reports which had been exempt/ confidential in the November OSC agenda pack had now been provided in the unrestricted agenda pack. However two reports remained exempt/ confidential as they contained commercially sensitive information and she had written to OSC members to explain the reasons for this.
 - To allow requested additional information to be provided such as the chronology appended to the report.
 - To clarify the rationale for the 35 year lease element of the Watts Grove Depot proposal and whether this resulted in an automatic right to buy the freehold for the land at the end of the period. *There was no automatic right for the developer to purchase the freehold at the end of a 35 year lease.*

Jackie Odunoye (Service Head Strategy Regeneration & Sustainability), Paul Leeson (Finance Manager D&R), Chris Holme (Acting Corporate Director Resources) were also in attendance for this item.

A discussion followed which focused on the following points:-

- Clarification sought as to the rationale for the Mayor’s change of mind on progressing the Watts Grove Depot redevelopment, due to unforeseen complexities, particularly as this was at variance from Officer recommendations and would result in the “write off” of £390k in developmental costs incurred to progress the project to date. *Officers could not comment on the rationale for the Mayor’s decision to halt the*

scheme. However the procurement for the scheme was an iterative process from competitive dialogue to competitive tender; and when the timeline was examined one of the most attractive bids at competitive dialogue stage became one of the least attractive at competitive tender stage, primarily due to the bidder changing the terms and transferring risk back to the Council which would have resulted in an unacceptable call on HRA resources and notional borrowing limits relating to the Council's statutory HRA debt cap. Although bidding developers relied on funding from private equity companies and banks there was no obvious reason why the bidder took the opportunity at the second iterative stage of the procurement process to change the terms of their bid.

- Referencing paragraph 6.5 of the Cabinet report dated 4th July 2012 relating to Poplar Baths and Dame Colet House [appendix to cover report at agenda item 7.1], clarification sought and given as to whether the variant scheme proposal involving a Registered Provider (**RP**), referred to therein, would have delivered the Watts Grove Depot scheme at no cost to the Council. *Developmental costs incurred to progress the project would have been incurred in any event but if the procurement process had been successful these would have been recouped from the developer. If an RP partner delivered the scheme there would have been no impact on the HRA as the new homes would not be Council housing stock/ a Council asset, therefore no impact on the HRA. However the Mayor had taken a decision that delivery of housing stock owned by the Council was preferable as it retained control of the stock and it provided a more secure tenancy for local residents.*
- Clarification sought and given as to whether the Council would have nomination rights to the 149 affordable new homes that the scheme would deliver regardless of whether the Council or an RP delivered them. *A key element of development rules for affordable housing schemes was that any RP delivery partner was required to be a member of the Common Housing Register and this provided for allocation of homes in accordance with the Council's standard allocations policy/ procedure.*
- Clarification sought and given as to whether if an RP was used for delivery of affordable housing they were required to charge 80% of market rent, or could charge less as with other RP led developments in the borough. *There was no definitive policy, with GLA housing policy stipulating that 80% of market rent should be charged for homes delivered by grant supported housing schemes. LBTH policy stipulated a sliding scale, from 60-80% of market rent, depending on the number of bedrooms. RPs tried to adhere to LBTH policy where possible, but in other boroughs this was the subject of legal challenge by the GLA. There were other RP led developments in the borough charging less than 80% of market rent.*
- Clarification sought and given as to whether the Council had initiated dialogue with RPs in relation to setting rents below 80% of market rent in general and specifically in relation to the Watts Grove Depot scheme. Was there a plan B in relation to Watts Grove to prevent the community

losing the delivery of badly needed affordable homes. *RPs could charge up to 80% of market rent, however they could only collect rent at levels which were affordable and consistent with their business plans. In relation to Watts Grove Depot scheme Officers considered an RP delivery partner would struggle to charge less than 80% of market rent and RPs did not have a level of reserves to support a lesser charge. The Council was in constant dialogue with RPs regarding affordable rent levels, and they tried to adhere to LBTH guidelines where they could. There was pressure from the GLA to charge 80% of market rent for grant supported housing schemes.*

- Clarification sought and given as to whether it remained an option to enter into partnership with an RP to enable the Watts Grove Depot redevelopment scheme to progress and thereby ensure delivery of the 149 affordable new homes badly needed by the community. Consideration that if this remained an option it should be explored by the Executive. *This would be a change the procurement route and procurement rules would require starting the procurement process again. Also clarified that RPs had been able to bid in the original procurement process as it did not allow otherwise.*

The Chair **Moved** and it was:-

Resolved

1. That the contents of the report and information given by Officers be noted;
2. That the OSC Chair be authorised to prepare a full report on OSC consideration of this matter including any recommendations arising, and that this be submitted to the January OSC for agreement and onward reporting to January Council.

Action by:

Louise Russell (Service Head Corporate Strategy and Equalities)

Frances Jones (One Tower Hamlets Service Manager, Corporate Strategy & Equality Service, CE's)

Mark Cairns (Senior Policy and Performance Officer, Corporate Strategy & Equality Service, CE's)

Angus Taylor (Principal Committee Officer, Democratic Services, CE's)

Please note that the remainder of the OSC deliberations relating to this item of business took place in Part Two of the proceedings or "closed session". Please see summary of exempt proceedings at the foot of the minutes.

Variation of Order of Business

At this juncture the Chair informed OSC members that he considered it appropriate that the Order of Business be varied so that agenda item 7.1 "Reference from Council - Watts Grove Depot Project and financial

mechanisms for Dame Colet House and Poplar Baths projects” be considered in conjunction with agenda item 14.1, which comprised the exempt/confidential appendices to the unrestricted report at agenda item 7.1, in order that the interruption to the flow of OSC deliberations was minimised and these deliberations were concluded. To provide for this agenda item 11 “Exclusion of the Press and Public” would also need to be agreed as the appendices contained exempt/ confidential information (as defined in Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985) the consideration of which was required in “closed session”. Accordingly the Chair **Moved** and it was:-

Resolved

That the Order of Business be varied as below:

- Agenda item 7.1 and 14.1 “Reference from Council - Watts Grove Depot Project and financial mechanisms for Dame Colet House and Poplar Baths projects” be considered in conjunction.
- Agenda item 12 “Exempt/ confidential minutes” [OSC meeting held on 5th November 2013] be considered after that.
- That the press and public be excluded for OSC discussion of the above agenda items.
- Subsequently the OSC return to the order of business detailed in the agenda.

However for ease of reference OSC deliberations and subsequent decisions taken, are set out below in the order detailed in the agenda.

7.2 Reference from Council - Executive Mayor's Car

Chris Holme (Acting Corporate Director Resources) in introducing the report, which provided:-

- An explanation of why this matter had been referred to OSC to investigate and report back to full Council.
- All relevant information on the matter to enable OSC to undertake full scrutiny of the issues and reach an informed conclusion as requested by OSC (October meeting).

summarised the salient points contained therein and highlighted key points for the information of the OSC. Paul Thorogood (Interim Service Head Finance & HR Development) and Martin McGrath (Finance Manager Chief Executive's and Resources Directorates) were also in attendance for this item.

The following points were highlighted by Chris Holme:

- The decision to provide suitable transport facilities for the Executive Mayor, and separate arrangement for the Speaker of the Council was made in 2011 following a detailed options appraisal.
- Business case/ value for money offered by the current arrangements for transporting the Executive Mayor [Mayor's car]:

- The current arrangements comprised of over 90% fixed costs including employee costs [driver salary], vehicle lease, insurance, and variable costs being fuel; with the total cost approximately £42,000 per annum. There would be significant redundancy costs if the current arrangements ceased and a termination cost of approximately £5,000 for the lease, which tapered off as the lease agreement neared expiry in October 2014.
- Were the driver to return to his role of driving the Speaker he would be utilised less, as the Speaker attended fewer engagements and this would be wasteful of Council resources.
- The LBTH arrangements for transport of the Executive Mayor were not unique and a review had shown the costs were comparable with neighbouring local councils.
- The decision that there should be separate arrangements for the Mayor and Speaker did however result in two lease cars currently and the OSC might wish to consider if that merited review in the future.

A comprehensive discussion followed which focused on the following points:-

- Clarification sought and given as to whether the current arrangements for transporting the Mayor (car and driver), at an approximate cost of £176 per working day represented value for money, particularly if compared to the costs of using a taxi instead. *A large element of the cost of current arrangements was fixed, such as employee costs and lease-hire charges and consequently significant redundancy and premature contract termination costs would be incurred if these arrangements ceased.*
- Consideration that one premise underpinning the business case/ value for money assessment of the current arrangements, that driver redundancy costs needed taken into account when assessing the costs of terminating the arrangements was flawed, as the driver could revert to the former role of driving the Speaker, and this would also yield a saving in relation to the substantial insurance costs of the Speaker's lease car relating to the Speaker's chain of office. This should be explored and factored into the review requested by full Council. *Were the driver to return to his role of driving the Speaker he would be utilised less, as the Speaker attended fewer engagements and this would be wasteful of Council resources.*
- Clarification sought and given as to why the use of public transport, driving his own car and walking were never considered within original options appraisal for Mayor's transport. Comment also that former Leader's of the Council, who had had a similar role/ function to that of the Mayor, had not required a car and had paid for their own transport. If a Leader with executive powers model had been adopted in LBTH it was unlikely he/ she would have been provided with use of a car. The rationale as to why the Mayor needed a car was unclear. *The decision on the current arrangements had been made in 2011 so Officers could only examine the current position.*
- Consideration that the Executive Mayor had increasingly taken on ceremonial functions/ engagements thereby diminishing the civic role of the Speaker as set out in the Constitution. Up to 65% of the Mayor's

engagements were thought by some to be civic including attending Remembrance Day ceremonies. This was relevant as an element of the business case for the Mayor's Car was the number of his engagements and use of his time, and if many of the engagements were civic these were for the Speaker to attend and could not be used as a justification for a Mayoral car. *Officers had not accounted for the number of civic engagements undertaken by the Mayor, and the original options appraisal included civic engagements and representing the Council as part of the business case for the Car. In response to an OSC member's request that the original business case paperwork be provided, **Officers undertook to circulate the original options appraisal to OSC members.***

- Consideration that It was difficult to assess whether the current transport arrangements for the Mayor represented value for money without knowing the nature of the engagements for which the car was used and the details of the journeys involved. In this context the OSC **requested confirmation of whether the Mayor's car was fitted with technology to track and record its movements; and if so that the tracking information be provided. Also requested that OSC be provided with the diary sheets of the Mayor's driver and that the Chair request information on the Mayor's past diary commitments.** *The fixed/ variable costs and business case of the current transport arrangements for the Mayor had been outlined and the alternative of public transport or taxi usage would not offset these. However Officers would look into whether the Mayor's car was fitted with tracking technology and request the driver diary sheets from the Communities Localities and Culture directorate.*
- Consideration that there was a lack of transparency around the use of the Mayor's car and in this context clarification sought and given as to who authorised use of the car and whether there were any guidelines for use of the car as a Council asset similar to the guidelines for use of council ICT equipment by Members. Subsequently an OSC member **requested that any such guidance or policy documents be circulated to OSC members.** *Determination of the Mayor's transport arrangements was an executive function, had been based on an options appraisal and Officers had an expectation that the Mayor's car was used in accordance with the options appraisal. Unless there was credible evidence of the misuse of public funds a detailed examination of its use was not appropriate.*
- Clarification sought and given as to whether Officers had investigated media footage of dry cleaning being transferred from the Mayor's car to his house, or what the Car was used for. *There had been no formal request to investigate this (and it could have been connected with a civic engagement) or to track the Mayor's movements.*
- Noting references to separate transport arrangements for the Speaker of the Council and a second lease car, clarification sought and given as to whether a second driver was employed and whether this was relevant to assessing the cost of transport arrangements. If a second driver was employed did this provide an alternative role for the Mayor's driver and negate the rationale that cessation of the Mayor's car would mean the

Council incurred redundancy costs. A Toyota Prius lease car was used to transport the Speaker and the driving was undertaken by other Council drivers on an overtime basis. This contributed to variable costs of the current arrangements, but there was therefore no alternative driver post to fill.

The Chair:

- Commented that none of the OSC discussion on the Mayor's transport should be seen as a reflection on the driver of the Mayor's car who whose performance was excellent.
- Summarised that OSC members considered that without the further information requested during the discussion (summarised below for ease of reference), full/ appropriate scrutiny of this matter could not be undertaken by the OSC nor its review concluded at this meeting.

Further Information requested:

- *Confirmation of whether the Mayor's car was fitted with technology to track and record its movements; and if so tracking information to be provided.*
- *Diary sheets of the Mayor's driver.*
- *Information on the Mayor's past diary commitments (OSC Chair to request).*
- *The original business case paperwork for the Executive Mayor's transport, including the options appraisal.*
- *Any guidance or policy documentation relating to appropriate use of the car as a Council asset.*

Accordingly the Chair **Moved** and it was:-

Resolved

1. That the contents of the report and information given by Officers be noted;
2. That further consideration of this matter be deferred to the meeting of the OSC to be held on 7th January 2014; and
3. That the Acting Corporate Director Resources be instructed to provide the further information requested by the OSC (see above minute) for consideration at this meeting.

Action by:

Chris Holme (Acting Corporate Director Resources)

Louise Russell (Service Head Corporate Strategy and Equalities)

Mark Cairns (Senior Policy and Performance Officer, Corporate Strategy & Equality Service, CE's)

Angus Taylor (Principal Committee Officer, Democratic Services, CE's)

Memory Kampiyawo (Co-opted Member – Parent Governor Representative) withdrew from the meeting room at the conclusion of OSC deliberations relating to agenda item 7.2, being 8.10pm, and did not return to the proceedings.

7.3 Budget Update

Chris Holme (Acting Corporate Director Resources) and Paul Thorogood (Interim Service Head Finance & Human Resource Development) gave a detailed presentation (PowerPoint slides **Tabled**, a copy of which would be interleaved with the minutes) which focused on:-

- The current financial context for Budget proposals being developed by the Executive, to be published on 24 December 2013 and considered by the Mayor in Cabinet on 8th January.
- The proposed public consultation process and process for OSC Budget Scrutiny in January. The following points were highlighted:-
 - Recap of Government Spending Round 2013 and impact on LBTH
 - The current proposed Medium Term Financial Plan 2013/14 to 2016/17
 - Forecast savings targets for 2014 to 2017
 - Identifying the scale of the funding gap
 - Other Factors contributing to budgetary pressures
 - Approach to managing the funding gap
 - Budget consultation process
 - Anticipated outline content of January and February Cabinet reports on Budget
 - Proposed approach for OSC Budget scrutiny in January.

A discussion followed, which focused on the following points:

- Assurance sought and given that the proposed approach for OSC Budget scrutiny in January, as with previous years, would allow for OSC consideration of current savings targets and related performance, together with the validity of assumptions underpinning financial planning and in particular future savings targets. **The report on the Budget presented to January OSC should include a table of savings and identify those not met.**
- Clarification sought and given as to whether the level of savings identified as required in 2015/16 (£28.5 million) might change; and whether this might provide scope to allocate additional resources for Council priorities. *The planned level of savings was absolute as it represented 5 to 7 percent of the net General Fund, a parameter which the Acting Corporate Director Resources was required to keep within. Similarly with the level of savings identified as required in 2016/17 (£42.5 million). It might be possible to review this in 2017/18 as the scale of the Council reduced.*
- Clarification sought and given as to whether there was any intention to identify further savings with a view to reducing the £7.5 million to be used from Reserves in 2014/15 to manage the Council's funding gap. *Discussions with the Executive and directorates were ongoing and the sooner savings were agreed the sooner planning for 2015/16 could commence. Provided there were no surprises in the Government*

Settlement announcement in December no further savings would be needed in 2014/15.

- Consideration that the proposed approach of using reserves to meet any Budget gap was not prudent and the rationale for this was unclear. Would it not be a better approach to identify savings that could be made in the near future thereby reducing the pressure to find savings of a larger scale later. *The financial strategy agreed by the Council in March 2013 was being adhered to.*
- Clarification sought and given as to whether there were areas where agreed savings had not been achieved. *Approximately £91 million of savings had been identified for delivery since 2010 and of this only £0.5 million was thought to be at risk of non-delivery, a proportionately small amount. The impact of the Government's Welfare Benefit Cap also posed a risk to the currently balanced Budget, however there were sufficient contingencies in addition to reserves to mitigate this.*
- Clarification sought and given as to when the Council's funding to help families impacted by the Welfare Benefit Cap would be exhausted. *The one off funding of £2.2 million to assist with temporary accommodation would be exhausted at current rates of usage by October 2014.*

The Chair **Moved** and it was:-

Resolved

1. The position update in relation to development of the Executive's Budget proposals contained in the oral report/ presentation be noted;
2. That the proposed 2014/15 OSC Budget scrutiny process, summarised in the oral report/ powerpoint presentation, be formally agreed.

Action by:

Chris Holme (Acting Corporate Director Resources)

Paul Thorogood (Interim Service Head Finance & Human Resource Development, Resources)

Louise Russell (Service Head Corporate Strategy and Equalities)

Mark Cairns (Senior Policy and Performance Officer, Corporate Strategy & Equality Service, CE's)

Angus Taylor (Principal Committee Officer, Democratic Services, CE's)

8. VERBAL UPDATES FROM SCRUTINY LEADS

Scrutiny Lead Children Schools and Families – Cllr Amy Whitelock-Gibbs

The Chair informed OSC members that Councillor Whitelock-Gibbs had held an informative challenge session on School Places with Officers from Education, Social Care and Wellbeing Directorate and London Councils. A report was currently being prepared and would be submitted for OSC and Cabinet consideration in due course.

The Chair **Moved** and it was:-

Resolved

That the verbal update be noted.

9. PRE-DECISION SCRUTINY OF UNRESTRICTED CABINET PAPERS

No pre-decision questions submitted to the Mayor in Cabinet [04 December 2013].

10. ANY OTHER UNRESTRICTED BUSINESS WHICH THE CHAIR CONSIDERS TO BE URGENT

1) *Electoral Registration and Election Arrangements report*

The Chair commented that the OSC had agreed at its October meeting to include a further comprehensive report on arrangements to ensure the integrity of electoral registration and the 2014 elections in its current work programme. Officers had not indicated when the report would be presented for OSC consideration, and with the 2014 elections approaching he considered it important for the OSC to receive this report as soon as possible, to ensure proactive steps were being taken to ensure the integrity of arrangements. Therefore with OSC agreement he intended to include this report on the OSC agenda for consideration in January 2014.

2) *Deferred & Outstanding Items report*

The Chair commented that the OSC had requested other reports, briefing papers and information at meetings over the past year and he considered it would be helpful to receive a short "Deferred and Outstanding Items" report at future OSC meetings which allowed the OSC to track progress with its requests.

Action by:

John Williams (Service Head Democratic Services, Returning Officer, Electoral Registration Officer) [Item 1 above]

Louise Stamp (Electoral Services Manager) [Item 1 above]

Angus Taylor (Principal Committee Officer, Democratic Services, CE's) [Item 2 above]

11. EXCLUSION OF THE PRESS AND PUBLIC

The Chair **Moved** and it was: -

Resolved:

That in accordance with the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contained information defined as exempt or confidential in Part 1 of

Schedule 12A to the Local Government, Act 1972.

SUMMARY OF EXEMPT PROCEEDINGS

12. EXEMPT/ CONFIDENTIAL MINUTES

Exempt/ confidential minutes of the OSC meeting held on 5th November 2013 approved subject to a minor amendment.

13. EXEMPT/ CONFIDENTIAL REPORTS 'CALLED IN'

Nil items.

14. EXEMPT REPORTS FOR CONSIDERATION

14.1 Reference from Council - Watts Grove Depot Project and financial mechanisms for Dame Colet House and Poplar Baths projects

Motion from Chair agreed which is set out in the unrestricted minute at agenda item 7.1 above.

15. PRE-DECISION SCRUTINY OF EXEMPT/ CONFIDENTIAL) CABINET PAPERS

Nil items.

16. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS THAT THE CHAIR CONSIDERS URGENT

Nil items.

The meeting ended at 8.35 p.m.

Chair, Councillor Motin Uz-Zaman
Overview & Scrutiny Committee