



CITY OF WESTMINSTER

# MINUTES

## WESTMINSTER SCRUTINY COMMISSION

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the Westminster Scrutiny Commission held on Tuesday 9<sup>th</sup> November 2010 at 7.00pm in Committee Rooms 5, 6 & 7, 17<sup>th</sup> Floor, City Hall, 64 Victoria Street, London SW1E 6QP

**Present:** Councillors Ian Adams, Gwyneth Hampson, Angela Harvey, Andrew Havery, Audrey Lewis and Barrie Taylor

**Also present:** Councillor Colin Barrow, Leader of the Council.

**Apologies:** Councillors Sarah Richardson and Alan Bradley

#### 1. MEMBERSHIP

- 1.1 Councillor Gwyneth Hampson had replaced Councillor Alan Bradley.
- 1.2 In the absence of the Chairman, Councillor Richardson, Councillor Audrey Lewis nominated Councillor Ian Adams as Chairman. This was seconded by Councillor Angela Harvey and agreed by the Commission.
- 1.3 **RESOLVED:** That Councillor Ian Adams be appointed as Chairman of the Westminster Scrutiny Commission for the duration of the meeting.

#### 2. DECLARATIONS OF INTEREST

- 2.1 None declared.

#### 3. MINUTES

- 3.1 **RESOLVED:** That the minutes of the meeting held on 6 July 2010 be approved and signed by the Chairman as a correct record.

#### 4. COMPREHENSIVE SPENDING REVIEW – POLICY IMPLICATIONS

- 4.1 The Chief Executive introduced the report which provided a high level analysis of the implications of the Comprehensive Spending Review for Westminster. It

was noted that the Council was currently working on a basis of 'successive approximation' and that full details would not be known until the Local Government financial settlement was announced. This was expected in December. The Chief Executive highlighted the following key points:

- 4.1.1 The Comprehensive Spending Review and settlement package was the most challenging for public spending in a very long time. It was thought that savings would be front loaded with more required in first 2 years of the four year savings period. It was thought that local authorities would be expected to make savings of around 7.25% per annum but a specific figure for Westminster was not yet known.
- There would be a reduction in specific grants. Some grants were being abolished and less ring-fencing would mean that there would be more local discretion as to how the money would be spent.
  - In the event that council tax was frozen in 2011-13, Westminster would receive funding equivalent to 2.5% of council tax in 2011-12. With Westminster's low council tax this would be approximately £1.25million.
  - The Council would be submitting a bid for funds from the Government Capitalisation Fund which had been established to support councils to accelerate local public service reform.
  - The Council would continue to lobby for a change to the mechanism of business rates distribution.
  - Lobbying of Government over recovering the cost of staging the Olympics had been successful. Those boroughs which were staging events would receive additional funding so Council tax payers would not have to foot the bill.
  - There were a number of welfare budget reductions and policy changes. The housing benefit cap was of significant interest in London. Although details were not yet available, the Government had announced reforms to the Housing Revenue Account which was a welcomed move.
  - With regard to the city management and transportation portfolio, the Home Office had announced a series of significant reductions. It was thought that the Metropolitan Police would be looking at a reduction of between 10 -14%. There was concern about front loading of these savings due to importance of maintaining police presence throughout the 2012 Olympics. It was likely that Safer Neighbourhood Teams would be geographically expanded; it was important that they remained relevant and visible to the local neighbourhood.
  - There was to be a number of quick and profound changes to Primary Care. Discussion were taking place over the taxonomy services in terms of what would be held by the Mayor, what local authorities would control and services to be commissioned by GPs. Westminster GPs had stated that they would like to be an early adopter of commissioning. There were issues around boundaries, support mechanisms and, for NHS

Westminster, maintaining the quality of services whilst achieving 67% management reductions. The Government had announced an additional £1bn for NHS modernisation and £1bn for adult social but details of how the funding would be distributed were not yet known. The Chief Executive commented that he thought that the £1bn for adult social care had been subsumed in the 7.25% savings.

- Community based budgets would be introduced in 16 areas to pool departmental budgets for families with complex needs. Westminster had been confirmed as one of the prototype authorities, continuing the work of the family recovery project.

4.2 The Leader of the Council, Councillor Colin Barrow also addressed the Committee, raising the following key points:

- 'A Living City in Tough Times' consultation document had been launched which outlined Westminster's approach to the budget which would be set in March. Business, residents and voluntary organisations had been invited to put comment the proposals.
- The Council was working hard lobbying Government to secure and identify income but it was currently difficult to get an accurate picture. The Government had announced a programme of devolution and localism but it was still not clear what this actually meant in terms of local authority powers.
- He was more optimistic about social care funding, believing that the additional £1bn funding had not been subsumed into the savings figure, although it was not yet know how the money would be distributed.
- The Council would continue to make the case that Westminster was in a unique position and was being underpaid for being the capital. Work would continue to address costs and identify new ways of working. Contracts would be re-negotiating were possible and savings would be achieved from shared services.

4.3 The Commission raised the following issues:

- 4.3.1 With regard to shared services, members questioned how savings from shared services would be distributed across the relevant authorities, given that Westminster had already made a series of efficiency savings. It was acknowledged that Westminster was at a different starting place to other authorities as significant reductions had already been made. This did not mean that there were not any further savings to be made. Savings from shared services would be those which could not be achieved otherwise and was an opportunity to be even more cost effective. No regime had been agreed at this stage.
- 4.3.2 Members asked about steps being taken to manage demands on services which may be caused by an unexpected increase in population, for example. It was noted that not creating unnecessary demand was important and the ways in which Council business was transacted would be considered.

- 4.3.3 The Commission sought clarification that the recovered costs of the Olympics would take into account costs incurred from having additional people staying in and visiting Westminster. It was confirmed that funds would not just covering the costs of staging an event but also 'disruption' costs. Members also commented that the Government should be lobbied for discretionary powers during Olympic period such as introducing a 'bed tax' or additional alcohol tax since it would be those drinking in Westminster who would contribute most to the need for additional Council services to be provided.
- 4.3.4 Members were reassured that any monies gained from the Capitalisation Fund would not just be used to fund redundancies.
- 4.3.5 With regard to the 2.5% additional council tax funding, Members commented that Westminster was being penalised for being efficient and having an already low council tax. It was asked whether calculations had been done based on funds being distributed on a population basis. The Chief Executive agreed that the funding was not entirely beneficial to those who had already committed to a low council tax. Westminster's council tax was approximately half of other boroughs and therefore would need 5% additional funding to get a similar cash benefit. Lobbying for changes to the Government grant and the formula for the redistribution of businesses rates was very important. The unique position of Westminster as a global city with high visitor numbers was not recognised in the current system. The Council would be particularly pushing these issues during the Government finance review due to take place next year.
- 4.3.6 Although reforms to the Housing Revenue Account were welcomed, Members were concerned over what would happen to the current debt. Further details would be given outside of the meeting.
- 4.3.7 The Commission asked about a review a corporate property and was informed that area based, strategic reviews were partially complete. With changes to the PCT, NHS and Police, it was important to gain a picture of all public sector properties. It was expected that there would be greater use of community facilities to carry out a variety of business. Work was being undertaken to best utilise the space available in City Hall and the future of Council House was still being explored. Asset rationalisation was important.

#### 4.4 **Action points**

- 4.4.1 The Chief Executive would provide further information on the Housing Revenue Account calculations.

- 4.5 **RESOLVED:** That the Commission notes the information provided.

### 5. **Q&A SESSION WITH THE CHIEF EXECUTIVE & LEADER**

- 5.1 The Committee raised the following matter arising from their previous question and answer session with the Leader and Chief Executive:

- 5.1.1 It was thought that the website and Members' information portal (MIP) were still in need of improvement. Day to day communications such as licensing and planning applications were not easily accessible and contacts on the MIP were out of date. It was acknowledged that there were still improvements to be made. There was an issue with the navigation to some pages and the transactions available though the website needed to be improved. The functions of ICT, Library and Information Services and Communications needed to work together. Ownership of data also needed to be improved. Members commented that the website as a resource was strategically important for engaging with groups such as amenity societies.
- 5.1.2 Councillor Harvey asked about knowledge management, an issue which had been raised on a number of previous occasions. The Chief Executive agreed to meet with Councillor Harvey outside of the meeting to have a structured discussion around knowledge management provisions.
- 5.1.3 Members also raised concerns about the potential squeeze of middle management as a result of staff reductions. The Commission noted that the role of middle management varied across services. Whilst the role of middle management was important, frontline staff needed to be allowed to deliver services which in turn allowed management to carry out their own roles. It was also important for management to embrace change.

## **5.2 Action Points**

- 5.2.1 Councillor Angela Harvey and the Chief Executive agreed to meet to discuss issues surrounding knowledge management in further detail.
- 5.2.2 Councillor Audrey Lewis agreed to work with the Head of Member Services on improvements to the website and members information portal.

5.3 **RESOLVED:** That the Commission notes the information provided.

## **6. PROCUREMENT POLICY & INVOLVEMENT OF POLICY & SCRUTINY COMMITTEES IN CONTRACT AWARDS**

- 6.1 Peter Large, Head of Legal Services, introduced the report explaining that the protocol sought to clarify the involvement of scrutiny during the procurement exercise as well as at the end of the process to validate the chosen provider. It was suggested that previously P&S had not been provided with enough information to scrutinise contract awards fully which could leave the Council open to legal attacks of improper influence.
- 6.2 The Commission felt that P&S needed to be involved at an earlier stage than the protocol suggested and questioned the suggested involvement of Finance and Resources P&S Committee. It was explained that the involvement of Finance and Resources P&S Committee was due to the fact that award of contracts over £1.5 million which was within the terms of reference for the Cabinet Member for Finance and Resources so it was right that the P&S Committee was involved in the process, regardless of the contract subject. Councillor Havery, as Chairman of the Finance & Resources P&S Committee, commented that he would always

welcome involvement of the relevant service area P&S committee in any contract scrutiny.

### **6.3 Action points**

- 6.3.1 The Commission asked to be informed when the award of contracts over £1.5 million became the responsibility of the Cabinet Member for Finance and Resources.
- 6.3.2 Members requested that the protocol be amended to involve P&S at an earlier stage and that an additional protocol on contract monitoring be drafted.
- 6.3.3 Further discussion on both protocols would take place at the April WSC meeting when the procurement strategy was also due to be discussed.
- 6.3.4 The Commission requested that the Chairman of Audit and Performance Committee also be consulted on the proposed protocols.
- 6.4 **RESOLVED:** That a revised protocol be considered at the April WSC meeting as part of discussions on the procurement strategy.

### **7. TERMINATION OF MEETING**

- 7.1 The meeting ended at 21.15.

CHAIRMAN \_\_\_\_\_

DATE \_\_\_\_\_