

# MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Thursday, 6 February 2014 at 7.00 pm

PRESENT: Councillors Alexander Feakes (Chair), Jim Mallory (Vice-Chair), Jackie Addison, Helen Gibson, Michael Harris, Mark Ingleby and Madeliene Long

APOLOGIES: Councillors Abdeslam Amrani, David Britton and Sven Griesenbeck

ALSO PRESENT: David Austin (Interim Head of Corporate Resources), Mayor Sir Steve Bullock (Mayor), Alan Docksey (Head of Resources, CYP), Peter Gadsdon (Head of Strategy & Performance, Customer Services), Helen Glass (Principal Lawyer), Andrew Hagger (Scrutiny Manager), Councillor Paul Maslin (Cabinet Member for Resources), Barry Quirk (Chief Executive), Janet Senior (Executive Director for Resources & Regeneration), Peter Stachniewski (Interim Head of Financial Services) and Selwyn Thompson (Group Finance Manager - Budget Strategy)

## 1. Minutes of the meeting held on 16 December 2013

### Resolved:

The Committee agreed the minutes of the meeting held on 16 December 2013.

## 2. Declarations of interest

2.1 Cllr Long declared a non-prejudicial interest as Chair of SLaM.

## 3. Annual Budget 2014/15

3.1 Sir Steve Bullock, Mayor of Lewisham, addressed the Committee and highlighted the following key points:

- The Council is coming to the end of a 4 year cycle of savings, with substantial revenue savings either implemented or already agreed.
- There is a balanced budget for 2014/15. Further rounds of reductions will be difficult to achieve but preparatory work is underway to achieve these. The newly elected Council will need to be involved early on in decisions about savings and the need for savings is likely to continue for the next 4 years.
- The £95m of savings needed is higher than anticipated. After the Comprehensive Spending Review the best estimate was £85m, however until the settlement was announced it wasn't possible to be certain.
- Of the savings proposals that were referred to Mayor and Cabinet by the Public Accounts Select Committee, the Youth Service saving was not taken, the decision about savings in the Attendance and Welfare Service has been delayed until the Children and Young People Select Committee have scrutinised the full report and the decision on the Out of Hours telephone service has been delayed until further information has been provided about the proposal.
- The Lewisham Future Programme is being put in place because the savings required cannot be carried out using a single year process. Decisions about

savings will cover a 3 year period and to achieve savings on the scale required will require a significant amount of work.

- The integration of Health and Social Care will be key to producing savings and the Health and Wellbeing Board is accelerating this work.

3.2 Barry Quirk, Chief Executive, then introduced the report and highlighted the following key points:

- The savings required in the next 4 years are greater in scale than those required in 2010. Removing £95m from a budget of £285m represents a 33% reduction in funding.
- 45% of Lewisham's spend is on Children's Social Care and Adult Social Care combined, however due to the high demand and high regulation of these services it would be reckless to remove a third of funding from these services. This will mean there will be knock-on impact for the rest of the organisation.
- The Lewisham Future Programme is looking at the whole of Council's activities to deliver savings, including prospects for individual service areas and cross-cutting approaches. Breaking it down into 'chunks' like this means it is more manageable and deliverable.
- A social media platform will be introduced to encourage ideas for change from staff. Management have been speaking to other local authorities about what they have done to make savings and it will be important to learn from others.

3.3 In response to questions from the Committee, Barry Quirk provided the following information:

- Extra funding through partnership working with other public sector bodies will not be readily available due to the financial pressures on all public sector organisations. Partnerships with local government, particularly around contracts, are the most promising although there is a limited amount of management attention that can be dedicated to this.
- There are many options for alternative models in the delivery of adult social care, including Local Authority Trading Companies.
- The issue of the optimum size for local authorities is interesting. Birmingham is the biggest council in the UK but is facing significant problems. The energy required for a large systematic restructure of local authorities would likely distract from the need to make immediate savings.
- Local government is not simply a service delivery function; it has a relationship with citizens. There are some things delivered by the Council that are not statutory but that citizens do expect.

3.4 Cllr Maslin, Cabinet Member for Resources, addressed the Committee and made the following key points:

- The budget has been balanced, which was difficult but not as painful as it could have been.
- The next four years will be difficult, especially as it will be difficult to know if Lewisham will be able to successfully achieve savings and maintain services until the savings have been put in place. There is the possibility that an event may happen that shows it isn't possible to achieve the levels of savings being asked for and be able to deliver services that we are legally obliged to deliver.
- Four in ten Local Authority Chief Executives think it is not possible to achieve the cuts required.

- While there has been some growth in economy, there is still austerity for local government and the public sector. This could lead to reputational damage to the Council.

3.5 In response to questions from the Committee, the Mayor, Cllr Maslin, Barry Quirk and Janet Senior, Executive Director for Resources and Regeneration, provided the following information:

- Council Tax is being kept at the same level. There is currently a cost of living crisis putting pressure on local people, as well as grants from central government to compensate for a Council Tax freeze. However if there is improvement in the cost of living in the future then it might be appropriate reassess Council Tax levels. However, increases in Council Tax would not be able to provide enough funding to prevent the large scale savings that are required.
- The budget is based in part on how much Council Tax is predicted to be collected. The current rate is 95%, made on the assumption that collection rates would reduce due to changes. However collections have been better than anticipated.
- £4.2m of provisions and reserves have been used to balance the budget for this year. It is anticipated that the Lewisham Future Programme will find the savings to fill this gap over the next few years, so this will be a one-off use. The Council Tax freeze grant will provide around £1m of the £4.2m, which will reduce the level of reserves used.

#### Capital Programme

3.6 Janet Senior explained that prudential borrowing is used if a saving can be made to pay for it, though Council tax rises have been used to pay back borrowing in the past. Highways have previously used income from CPZs and reductions in insurance claims to pay for improvements to vehicles and highways.

#### Budget Pressures

3.7 The Mayor explained that he has requested further information on savings proposal CUS07, including the differences in cost between reshaped in-house provision and external contractors.

3.8 Barry Quirk and Alan Docksey, Head of Resources and Performance (CYP), explained that there are a high number of families with no recourse to public funds that were presenting in Lewisham. There has been an increase around the country in people presenting, however Lewisham's increase has been disproportionate. This could be due to how people are assessed and this is being reviewed to see if it is possible to reduce the numbers. Officers are also looking at boroughs with similar demographics to Lewisham and comparing approaches.

#### Treasury Management

3.9 Janet Senior provided the following information to the Committee:

- The Council does not use the Co-operative Bank for income, only for payments. The account is swept at the end of the day and £100k is left. Exposure is highest on paydays, although it is not a significant risk.

- The contract with the Co-operative Bank ends in 2015 and the Council will be tendering a new contract for banking services in June 2014. There is currently a lack of banks willing to take on local government business.
- It is possible to end the Council's business with the Co-operative Bank sooner, but the process of transferring to a new bank needs to be carried out properly.
- There has been a lot of work around improving the yield on investment. It is managed on a weekly basis and different instruments are used to increase yield. However there is a need to balance return against risk.

**Resolved:**

The Committee noted the report.

**4. Annual Complaints Report**

4.1 Peter Gadsdon, Head of Service Design and Innovation, introduced the report and highlighted the following key points:

- The report is for the year 2012-13 and officers are currently closing out the year for 2013-14.
- The Local Government Ombudsman letter is attached and contains a brief evaluation from the LGO. Lewisham sent 73 cases to the LGO, a decrease of 9 cases compared to the previous year. This compares to the London average of 79, and Lambeth and Southwark with over 150 each.
- There has not been a significant change in numbers from the previous year, there has been a slight decrease overall and a slight increase in MPs complaints, although this is from a small base so the variation in percentage terms is magnified.
- Lewisham Homes complaints going to the Independent Adjudicator have halved. The majority of complaints that the Council receives are related to housing. The lowest number of housing complaints by ward is in Downham, where Phoenix is the housing provider.
- There is a robust 3 stage system for complaints and the Independent Adjudicator, who provides independence and neutrality. The findings from the Independent Adjudicator drive learning and change.
- There had been an expectation that complaints would go up following cuts, but this has not happened so far or in the current in year figures. There can be an increase in complaints following a change in service.

4.2 In response to questions from the Committee Peter Gadsdon provided the following information:

- Responses provided to complaints are full responses, rather than a holding response that would meet the 10 day target for responding. Lewisham performs well in its conversion rate from stages 1 to 2 to 3, with 1-2% of complaints from stage 1 reaching stage 3.
- Officers are considering moving to a 2 stage complaint system, which many other local authorities use. This would require officers to speak to the complainant initially and try to get redress. A pilot of this approach is being carried out, which is producing encouraging results.
- The corporate system for tracking customers and complaints, iCasework, is fully used in Customer Services and other directorates have improved their usage of it.

- 4.3 The Committee discussed the Independent Adjudicator’s report, highlighting that there were a number of service improvements related to planning that had been identified following a request by the Independent Adjudicator that some procedures be reviewed and improvements made to prevent problems in the future. The Committee then discussed issues around member involvement in planning and the process for reports going to planning committees.
- 4.4 Barry Quirk, Janet Senior and Peter Gadsdon informed the Committee that the actions identified in the Independent Adjudicator’s report were from 2012/13 and that many had been implemented. There has been a subsequent drop in the number of complaints involving planning reaching the Independent Adjudicator.
- 4.5 The Committee felt that Business Panel should decide whether further scrutiny of the issue should be carried out and which committee would be best place to do so.

**Resolved:**

The Committee asked that in the next report the figures for housing related complaints are disaggregated from the overall figures.

The Committee agreed to advise Business Panel of the following:

- The Committee discussed planning in relation to the Independent Adjudicator’s report, and felt that Business Panel should consider whether an item on this matter should be added to the work programme of the appropriate select committee (or committees if it is felt a joint scrutiny approach would be most appropriate) for 2014/15.

**5. Select Committee work programme**

**Resolved:**

The Committee agreed the work programme

**6. Referrals to Mayor and Cabinet**

- 6.1 None

The meeting ended at 9.05 pm

Chair:

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Date:

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