

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 9 July 2014 at 7.00 pm

PRESENT: Councillors Jamie Milne (Chair), Mark Ingleby (Vice-Chair), Abdeslam Amrani, Chris Barnham, Ami Ibitson, Roy Kennedy, Helen Klier, Jim Mallory, John Muldoon and Crada Onuegbu

APOLOGIES: None

ALSO PRESENT: Councillor Kevin Bonavia (Cabinet Member for Resources), Alan Docksey (Head of Resources & Performance, CYP), Peter Gadsdon (Head of Strategy & Performance, Customer Services), Andrew Hagger (Scrutiny Manager), Joan Hutton (Interim Head of Adult Assessment & Care Management), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Salena Mulhere (Overview and Scrutiny Manager), Janet Senior (Executive Director for Resources & Regeneration), Selwyn Thompson (Group Finance Manager - Budget Strategy) and Councillor James-J Walsh

1. Confirmation of Chair and Vice-Chair

Resolved:

The Committee confirmed Cllr Milne as Chair and Cllr Ingleby as Vice-Chair.

2. Minutes of the meeting held on 25 March 2014

Resolved:

The Committee agreed the minutes of the meeting held on 25 March 2014.

3. Declarations of interest

- 3.1 Councillor John Muldoon declared a non-prejudicial interest as a member of South London and Maudsley Mental Health Trust.

4. Select Committee work programme

- 4.1 The Committee agreed to change the order of the agenda, with item 4 taken as the last substantive item before referrals to Mayor & Cabinet and for item 6 to be moved to after item 8.
- 4.2 Andrew Hagger, Scrutiny Manager, introduced the work programme report, highlighting the terms of reference of the Committee, the different types of scrutiny available, suggested topics for the work programme and the draft work programme.
- 4.3 The Committee then discussed a number of topics that should be added to the work programme for 2014/15 in addition to the standard performance monitoring items, including:

- A rapid review looking at the impact on the Council's finances of people with no recourse to public funds and steps being taken to address this
- A standard item looking at Lewisham's ICT provision, which would be provided prior to a report going to Mayor & Cabinet in the autumn
- A standard item looking at the collection and usage of Section 106 funds
- A standard item looking at the cost of bed and breakfast provision and steps being taken to address this
- A standard item providing an update on asset management
- An information item providing an update on the Committee's previous Funding and Financial Management of Adult Social Care Review
- Performance monitoring of the street lighting and parking contracts
- A rapid or in-depth review to be carried out at the start of 2015, with the topic to be confirmed during the autumn

4.4 The Committee also discussed the following topics:

- Scrutinising electoral services in relation to engagement, participation and voter uptake, which the Committee was informed was outside its terms of reference and in the terms of reference for the Safer Stronger Communities Select Committee
- The use of rapid and in-depth reviews and the possibility of carrying out longer reviews that stretch into the following municipal year if required
- The newly completed Asset Register, which would be emailed to the Committee

Resolved:

The Committee agreed the work programme for 2014/15 as outlined above.

5. Financial Outturn 2013/14

5.1 Selwyn Thompson, Head of Financial Services introduced the report and explained that it had already gone to Mayor and Cabinet on 25 June 2014 and to Overview and Scrutiny Business Panel on 8 July 2014. He then highlighted the following key points:

- Overall there was an underspend of £1.8m
- There was a £4.1m overspend in the Children and Young People's Directorate (CYP), which is largely due to pressures caused by families with no recourse to public funds, as well as demands for services for Looked After Children.
- There was an overspend in the Customer Services directorate, largely caused by increased demands for temporary Bed & Breakfast accommodation.
- Council Tax collection was 94.8%, which slightly exceeded the target of 94.5%. Business Rates collection was 99%.

5.2 In response to questions from the Committee, Selwyn Thompson, Janet Senior, Executive Director for Resources and Regeneration, David Austin, Head of Corporate Resources, Peter Gadsdon, Head of Service Design and Innovation, Robert Mellors, Group Finance Manager (Community Services) and Alan Docksey, Head of Resources and Performance (CYP) provided the following information:

- The public works loan board is a government body, underwritten by the Treasury, which local authorities can borrow from.

- The Treasury Management Strategy takes a prudent approach to investment. Advisors look at the ratings of organisations Lewisham invests with and a strict list of counter-parties is maintained. The length of investment is restricted, usually for 3 months and never for more than a year.
- The target for Council Tax collection is 94.5% in year, with a target of 98% after year end which can be achieved by pursuing those that still owe money. The write-off policy is reviewed every year with auditors. The Council does use bailiffs to collect money if required.
- The Supporting People budget is a non-ringfenced budget. It was previously ringfenced and was £17m per annum but has been reduced to £13-14m per annum, which represents a smaller cut than other government grants to Lewisham.
- The overspend due to increased use of Bed and Breakfast (B&B) provision has a number of causes. Since 2010 the budgets for building social housing has been reduced, meaning that there is not enough provision of social housing to meet demand. In addition the private sector rented housing market is strong, with high rents that many people can't afford. Analysis shows that there has been an increase in those evicted from the private rented sector.
- If people become homeless there is a shortage of accommodation available to house them, so Lewisham has to use temporary accommodation. Currently there is a lack of hostel stock available so accommodation is usually in B&B. When using B&B, Lewisham can only claim for the first room, so if there is a large family that needs to be housed then additional rooms will be paid by the local authority.
- The average number of clients in B&B accommodation was 197 in 2013/14 compared to 79 in 2012/13. In addition families now require longer term accommodation, whereas the previous need was for short term accommodation.
- The Council is looking at procuring more hostels and private sector stock to address this issue.
- In the last few weeks there has been a reduction in the demand for temporary accommodation, though it is so far unclear whether this is a longer term trend.

5.3 Officers then provided the following information about people with no recourse to public funds:

- The impact of people with no recourse to public funds is being closely monitored as it represents a significant budget pressure for Lewisham Council. There was a £4.5m pressure in 2013/14, with a £5.7m pressure estimated for 2014/15. On average it costs £25k to support a family each year.
- Part of the increase in numbers is because advice from charities and other advice groups is to go to the local authority. In addition some have used judicial review after their cases are not taken up. Lewisham is working with other local authorities to collect evidence and lobby the government on the issue.
- Most people presenting as needing support are overstayers, those who have come to the UK on a visa and have not gone back after this expired. Many will have been in the country for a while, existing in the grey economy. However increasing economic pressures over the last 4 years have meant that a change in circumstance, such as losing work, more children, illness or relationship breakdown results in them needing assistance. Support is provided by the borough in which people present.

- The budget pressure is mainly in the CYP directorate as local authorities have a duty to support all vulnerable children in the borough. However there are also adults who require assistance.
- London is experiencing more pressure around no recourse than the rest of the UK.
- Lewisham has looked at assessing and supporting those presenting with no recourse to public funds in a different way. A pilot started 2 weeks ago that has transformed the system used. Officers are doing due diligence to make sure Lewisham is supporting those who need it, such as checking if people have money in their accounts, checking the local connections and whether they have presented elsewhere previously. There is also an officer from the Home Office working within the assessment unit to prioritise the determination of their status to remain in the country and is also working with the Border Agency to progress cases.
- The pilot has only recently started, but early signs have been positive. Up to June, Lewisham took on 2 people a week presenting with no recourse to public funds. In the last 2 weeks using the new process Lewisham has accepted 1.
- Officers are also tracking a new category of people presenting with no recourse to public funds, EU nationals who have been employed for less than six months and have their benefits stopped. Officers are aware of 70 families in Lewisham that are having their benefits stopped.

5.4 The Committee discussed the significance of the budgetary pressures presented by people with no recourse to public funds and the need for further scrutiny of the issue.

Resolved:

The Committee noted the report and agreed to add an item to the work programme that would further investigate the issues around people with no recourse to public funds.

6. Medium Term Financial Strategy

6.1 David Austin, Head of Corporate Resources, introduced the report and highlighted the following key points:

- The report sets out the issues and context for the budget and savings. It builds on outturn and forecasts and projects them into the medium term.
- The report accounts for the money coming into the council, from Council Tax, Business Rates and government grants as well as growth pressures, such as population increases, inflation and pay awards.
- There was a predicted need for £95m in savings, however this has been revised to £84.6m following £8m of savings being agreed and being adjusted for inflation.
- There have been additional contributions to the pension fund as part of the budget pressures.

6.2 In response to questions from the Committee, David Austin , Janet Senior, Executive Director for Resources and Regeneration, Selwyn Thompson, Head of Financial Services, Peter Gadsdon, Head of Service Design and Innovation, Robert Mellors, Group Finance Manager (Community Services), Joan Hutton,

Interim Head of Assessment and Care Management and Alan Docksey, Head of Resources and Performance (CYP) provided the following information:

- Changes are being proposed to the grants programme, including the process of applying for grants and the priorities of the grants programme. Because of these changes, there needs to be consultation with the voluntary sector. The consultation will last for 3 months, which is the recommended reasonable length of consultation according to legal advice.
- Currently there is 3 year funding for voluntary sector organisations in order to give stability and to enable organisations to secure additional funding. The new grant funding will be put in place in July 2015. This will require voluntary organisations to be given 3 months' notice of the end of their grant funding, which means that grant funding will be extended from April to July 2015.
- Officers will be working closely with the voluntary sector to explain the consultation and to encourage new and different ways of working within the voluntary sector, including better collaboration and working together.
- The grants programme will go to Safer Stronger Communities Select Committee before the consultation starts. The report will contain an updated version of the consultation proposals.
- The National Non Domestic Rates return to central government is applied on all business rates collected. Lewisham currently collects £40m per annum and keeps around 30% of business rates. Assumptions made in calculating the collection amount includes inflation, economic development and population increase as well as regeneration bringing growth.
- The Lewisham Futures Board is working on proposals to achieve the savings required and is looking at ways of reshaping the Council. Some proposals will be simple and easily achievable ones, whereas others will be more difficult and there will be some radical proposals.

6.3 The Committee discussed the grants programme, raising concerns over the clarity of the information provided to voluntary organisation in the consultation as well as the meanings of the identified priorities for the grants programme.

Resolved:

The Committee noted the report and the assurance given by officers that Safer Stronger Communities Select Committee would receive an updated version of the grants programme consultation proposals.

7. Financial Forecasts 2014/15

7.1 Selwyn Thompson, Head of Financial Services, introduced the report, highlighting the following key points:

- This report shows monitoring for the first 2 months of the year. This monitoring information is then projected to the year end, adjusted for management action to address issues.
- There is a significant projected overspend of £11.2m for 2014/15, which represents a swing of £13m from the previous year's position.
- The main causes are the impact of no recourse, savings not yet implemented as well as caution by some budget holders.
- Management action to address some of these issues has not taken effect yet.

7.2 In response to questions from the Committee, Selwyn Thompson, Janet Senior, Executive Director for Resources and Regeneration, David Austin, Head of Corporate Resources, Peter Gadsdon, Head of Service Design and Innovation, Robert Mellors, Group Finance Manager (Community Services) and Alan Docksey, Head of Resources and Performance (CYP) provided the following information:

- Budget holders take different approaches to managing their budgets, they will look at their position and assess where they are. Officers from finance meet key budget holders on a regular basis and offer challenge on the ways the budgets are managed.
- Projecting budgets often depends on certainty, for example some budget holders will know that they need money for projects later in the year and incorporate that into their projected spends. There is more certainty as the year progresses.
- Officers were aware of the pressures from no recourse and it was identified as part of the budget setting process in February 2014.
- Budget pressure issues are recognised corporately and provisions can be made to cover them. Pressures have been funded before, but this will not mean exemptions for directorates from meeting their budget responsibilities.
- Realising savings will become more difficult as many of the easier savings have been achieved. This is a big task, Lewisham delivered £93m of savings in the last 4 years, with £95m required in the next 4 years.
- Previously savings proposals were brought forward once a year and included savings that had been worked through, making them easier to track and monitor. Now it is slightly more difficult as there will be a rolling programme that will have to be managed on a monthly basis. If a saving is agreed then it has to be delivered.
- Financial forecast reports, such as those regularly received by the Public Accounts Select Committee are where overspend will be identified.
- Officers have looked at changing the way services are provided rather than stopping providing them outright.
- A recruitment freeze across the organisation would be restricting, so this would be a last resort. However all recruitment has to have a business case to justify it and the Executive Director needs to sign off on it.

7.3 The Committee discussed the importance of monitoring the implementation of savings and the projected overspend throughout the year.

Resolved:

The Committee noted the report.

8. Management Report

8.1 This item was considered alongside Item 7.

9. Referrals to Mayor and Cabinet

9.1 There were none.

The meeting ended at 9.15 pm

Chair:

Date:
