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

APOLOGIES: Councillors Abdeslam Amrani and Crada Onuegbu

ALSO PRESENT: David Austin (Head of Corporate Resources), Lesley Brooks (Service Group Manager, Parking), Charlotte Dale (Interim Overview and Scrutiny Manager), Alan Docksey (Head of Resources & Performance, CYP), Helen Glass (Principal Lawyer), Rob Holmans (Director of Regeneration and Asset Management), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Selwyn Thompson (Group Finance Manager - Budget Strategy), Ralph Wilkinson (Head of Public Services), Katie Wood (Scrutiny Manager) and Steve Iles (Head of Streets, LB Croydon)

1. Minutes of the meeting held on 5 February 2015
   1.1 RESOLVED: That the minutes of the meeting held on 5 February 2015 be agreed as an accurate record, subject to the inclusion of the following text at paragraph 6.1:

   In relation to the income generation scoping paper, it was suggested that external witnesses from other councils be asked to contribute to the review.

2. Declarations of interest
   2.1 None.

3. Financial Forecasts
   3.1 Selwyn Thompson, (Budgets and Efficiencies Group Manager) spoke to the Committee and highlighted the following key points:

   • The Financial forecast to end of January 2015 was showing a projected £9.1 million overspend on the Council’s revenue budget. The projections excluded the costs of staff redundancy from the recent voluntary severance scheme.
   • The current projection represented a reduction of £0.4 million compared to the end of year projection forecast in December.
   • The most significant cost pressure was the projected overspend of £8.5 million in Children and Young People’s Services.
   • Within this area, clients with “no recourse to public funds” created a significant cost pressure as did the placement budget for Looked After Children and the Children Leaving Care Budget.
   • The Community Services Directorate was forecasting an underspend of 1.3 million. Within this there was an overspend on adult services but underspends within the public health and cultural and community development services sections
   • Customer Services Directorate was showing a £3.1 million projected overspend and the costs arising from temporary Bed and Breakfast accommodation was a significant and increasing pressure.
- Resources and Regeneration Directorate had shown a consistent underspend of £800,000. Regeneration and Asset Management remained the main spending pressure in this department.
- The Housing Revenue Account was projecting a surplus of £0.8 million.
- The Collection fund for council tax collected was 1.1% lower than previously profiled but the team were focused on achieving the overall target of 96% by year end.
- As of 31st January 2015, capital expenditure stood at 62% of the revised annual budget.

3.2 In response to questions from the Committee, officers provided the following information:

- The financial pressures were likely to increase year on year and concerns were raised regarding future financial reconciliation. The Council would continue to work hard to reduce the funding pressures from those with "No Recourse to Public Funds" but the solutions were predicted to take time to materialise. A reduction in spend of £3.0 million by the end of the next financial year was predicted.
- The introduction of the Corporate Expenditure Panel (CEP) had had a positive impact on the budget management culture within the Council and in many instances budget holders were no longer making requests for spending approvals. The impact, however, could not be measured in terms of reduced spend.
- The homelessness prevention work, including discharge into the private rental sector and the work to increase supply of properties would reduce the costs associated with temporary Bed and Breakfast accommodation but the savings would also take time to come through.
- The reduction in expenditure in Community Services was beneficial to the Council overall as it reduced the overall Council budget overspend.
- The commissioning contract for domiciliary care was due for renewal in 2015. At that time the inclusion of travel time as well as the London Living Wage provision would be explicit to avoid ambiguity.
- Pressures within the Dedicated Schools Grant area were being addressed in the current financial year by using the underspend from the uptake of nursery places for 2 year olds. The Schools Forum had agreed to reduce the level of top up funding for pupils with Special Educational Needs in 2015/16 in order to eliminate the projected overspend of £2.1 million for that financial year.

3.3 RESOLVED: That the report be noted.

4. Management Report

This item was considered as part of item 3.

5. Contract Monitoring: Parking (Part 1)

5.1 Lesley Brooks, Service Group Manager and Ralph Wilkinson, Head of Public Services spoke to the Committee and highlighted the following key points:
• The parking contract had been awarded to NSL and had been operational since August 2013.
• The key performance indicators had a strong emphasis on training and the quality of staff performance. Indicators included: staff retention; complaint handling; IT provision; notice handling; and cashless parking facilities.
• The contract had delivered £500,000 in savings through the closure of the parking shop, changes to the Holbeach car park entry and exit system, and an increase in cashless parking provisions.

5.2 In the discussion that followed the following key points were raised:
• The new permit system had delivered savings and the parking team was working with customers to support them through any transition problems.
• There was a commitment to reduce Controlled Parking Zone (CPZ) operational hours where possible. Two hour zones were feasible in some parts of the borough but not in others. Areas around Lewisham Hospital for example experienced constant pressures and a 2 hour zone would not be practicable.
• The data available on the parking appeals success rate had fluctuated widely over the 2014 year. This had been due to the contractor not providing the comprehensive information required but had improved as they increased their experience in this area.
• Parking enforcement levels had remained unchanged.

5.3 Rob Holmans, Director of Regeneration and Asset Management and Steve Iles, Director of Streets from the London Borough of Croydon, spoke to the committee and highlighted the following key points:
• The Council had started a 25 year Private Finance Initiative (PFI) contract in partnership with the London Borough of Croydon to include the replacement of 46,000 street lights and traffic signs over a 5 year period. This would be followed by an on-going maintenance commitment.
• The proportional balance within the contract was 64% Croydon to 36% Lewisham and the contract and costs were divided accordingly.
• The performance to date had meant that many of the performance indicators had not been met and deductions had been taken from the costs due to the contractor (Skanska).
• Expected completion for the replacement and renewal of street lights in Lewisham would be summer 2015 as scheduled.

5.4 In response to questions from committee members, the following key points were raised:
• £150 million of capital investment had been covered by a grant from the Department of Transport as part of the PFI process.
• Consultation with residents had taken place regarding positioning of some lampposts but people’s suggestions and views were divergent and it had not always been possible to meet everyone’s expectations.
Once new lighting was installed, all posts were checked by independent certifiers. Any complaints about the quality would be investigated and should be reported to the Council.

Lampposts were of a unified design throughout Lewisham to keep costs low with the exception of heritage areas which had been identified prior to the start of the contract.

Future savings could be delivered if required by reducing light levels or turning the lights on later in the evening and switching them off earlier in the morning.

The PFI contract was let on standard PFI contract terms that were dependent upon the Council transferring risk to the private sector. The PFI contract sets out a programme for replacing the Council stock and the maintenance of all stock throughout the contract period which includes general maintenance of the apparatus including cleaning, painting etc. The payment for such services were by an annual unitary charge fixed at the commencement date but with elements of market testing e.g. for electricity costs. The cost benefit / savings were determined at the commencement date when the contract was negotiated.

The Council's approach to shared services was on an opportunistic basis and always looked to provide best value for its residents.

**RESOLVED:** That the reports be noted.

6. **Audit Panel Update**

6.1 David Austin, Head of Corporate Resources, gave a presentation to the committee and highlighted the following key points:

- The Audit Panel consisted of 6 non-executive Councillors and up to 4 independent members with an audit or finance background.
- The Audit Panel’s terms of reference were to review and advise the Council on the internal and external audit functions, as well as the Council’s final accounts, and risk and anti-fraud policies. The panel was also responsible for reviewing the constitution in respect of audit and contract procedural rules and financial regulations.
- Internal audit provision was changing with a view to building stronger in-house flexibility and less dependence on external contractors.

6.2 In response to questions from the Committee, officers provided the following information:

- In relation to fraud against the Council, there would be a public interest test as to whether or not to prosecute. There was a seconded police officer within the counter fraud team and all fraud was taken very seriously.
- There was currently a vacancy in the Audit Panel for an independent member and the team would be looking to identify a suitable member.

6.3 **RESOLVED:** That the report be noted.
7. Scoping Report (Income Generation)

7.1 Katie Wood, Scrutiny Manager, introduced the scoping paper to the committee.

7.2 RESOLVED: That the scoping paper be agreed subject to the following amendments:

- That there be three evidence sessions (the first on good practice from other councils, the second taking evidence from specific witnesses in areas of good practice and the third looking at the work currently being undertaken in Lewisham).
- That the review includes consideration of the following: examples of successful community interest companies/mutuals from other councils such as Oldham’s trading arm for adult social care; ensuring the Council maximises value from its commercial estate including those properties used by community groups.

8. Select Committee work programme

8.1 Katie Wood, Scrutiny Manager introduced the item and explained that the committee had completed its work programme for 2014/15 and requested suggestions for future scrutiny topics:

RESOLVED: That

1. The following items be considered for scrutiny in the next municipal year: monitoring of public realm contracts; and the Council’s approach to shared services.
2. An all member briefing on asset management be recommended.

9. Referrals to Mayor and Cabinet

9.1 There were no referrals to Mayor and Cabinet.

10. Exclusion of the Press and Public

10.1 The following resolution was passed before item 11 was considered.

10.2 RESOLVED: That, under section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting during discussion of the following item because it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act as set out below and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Information relating to the financial or business affairs of any particular person (including the authority holding that information).
11. **Contract Monitoring: Parking and Street Lighting (Part 2)**

This item was considered alongside Item 5 on the agenda.

The meeting ended at 9.20 pm

Chair:  
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Date:  
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