

# Public Accounts Select Committee Agenda

Tuesday, 14 April 2015

**7.00 pm,**

Committee Room 1

Civic Suite

Lewisham Town Hall

London SE6 4RU

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This meeting is an open meeting and all items on the agenda may be audio recorded and/or filmed.

## Part 1

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# Public Accounts Select Committee Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Tuesday, 14 April 2015.

Barry Quirk, Chief Executive  
Thursday, 2 April 2015

Councillor Jamie Milne (Chair)	
Councillor Mark Ingleby (Vice-Chair)	
Councillor Abdeslam Amrani	
Councillor Chris Barnham	
Councillor Maja Hilton	
Councillor Ami Ibitson	
Councillor Roy Kennedy	
Councillor Helen Klier	
Councillor Jim Mallory	
Councillor Crada Onuegbu	
Councillor Alan Hall (ex-Officio)	
Councillor Gareth Siddorn (ex-Officio)	

# Agenda Item 1

<b>Committee</b>	Public Accounts Select Committee	<b>Item No.</b>	1
<b>Report Title</b>	Confirmation of Chair & Vice Chair of the Public Accounts Select Committee		
<b>Ward</b>			
<b>Contributors</b>	Chief Executive (Head of Business & Committee)		
<b>Class</b>	Part 1	<b>Date:</b>	14 April 2015

## 1. Summary

Further to the Annual General Meeting of Council on 26 March 2015, this report informs the Select Committee of the appointment of a Chair and Vice Chair of the Public Accounts Select Committee.

## 2. Purpose of the Report

To issue directions to the Select Committee regarding the election of their Chair and Vice Chair.

## 3. Recommendations

The Select Committee is recommended to:

- (i) Confirm the election of Councillor Jamie Milne as Chair of the Public Accounts Select Committee
- (ii) Confirm the election of Councillor Mark Ingleby as Vice Chair of the Public Accounts Select Committee

## 4. Background

4.1 On 26 March 2015, the Annual General Meeting of the Council considered a report setting out an allocation of seats on committees to political groups on the Council in compliance with the requirements of the Local Government and Housing Act 1989.

4.2 The constitutional allocation for both chairs and vice chairs of select committees is:

Labour: 6

## 5. Financial Implications

5.1 There are no financial implications arising from this report.

## **6. Legal Implications**

- 6.1 Select Committees are obliged to act in accordance with the Council's Constitution.

### **BACKGROUND PAPERS**

Council AGM Agenda papers 26 March 2015 – available on the Council website <http://www.lewisham.gov.uk/> or on request from Kevin Flaherty, Business and Committee manager (0208 3149327)

If you have any queries on this report, please contact Katie Wood, Scrutiny Manager (020 8314 9446)

## MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE Tuesday, 10 March 2015 at 7.00 pm

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

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 31<sup>st</sup> 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 and 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

4.1 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: -----

Date:-----

# Agenda Item 3

<b>Committee</b>	Public Accounts Select Committee	<b>Item No.</b>	3
<b>Title</b>	Declarations of Interest		
<b>Wards</b>			
<b>Contributors</b>	Chief Executive		
<b>Class</b>	Part 1	<b>Date</b>	14 April 2015

## Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

### 1 Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct:-

- (1) Disclosable pecuniary interests
- (2) Other registerable interests
- (3) Non-registerable interests

### 2 Disclosable pecuniary interests are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person\* for profit or gain
- (b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).
- (c) Undischarged contracts between a relevant person\* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.
- (d) Beneficial interests in land in the borough.
- (e) Licence to occupy land in the borough for one month or more.
- (f) Corporate tenancies – any tenancy, where to the member's knowledge, the Council is landlord and the tenant is a firm in which the relevant person\* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.
- (g) Beneficial interest in securities of a body where:-
  - (a) that body to the member's knowledge has a place of business or land in the borough; and

- (b) either
- (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or
  - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person\* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

\*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

### (3) Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

- (a) Membership or position of control or management in a body to which you were appointed or nominated by the Council
- (b) Any body exercising functions of a public nature or directed to charitable purposes, or whose principal purposes include the influence of public opinion or policy, including any political party
- (c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25

### (4) Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members' Interests (for example a matter concerning the closure of a school at which a Member's child attends).

### (5) Declaration and Impact of interest on member's participation

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**
- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the

meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in consideration of the matter and vote on it unless paragraph (c) below applies.

- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their, family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.
- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

## **(6) Sensitive information**

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

## **(7) Exempt categories**

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

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# Agenda Item 4

Public Accounts Select Committee		
Title	Select Committee work programme 2015-16	
Contributor	Scrutiny Manager	Item 4
Class	Part 1 (open)	14 April 2015

## 1. Purpose

To ask Members to discuss and agree an annual work programme for the Public Accounts Select Committee.

## 2. Summary

This report:

1. Informs Members of the meeting dates for this municipal year.
2. Provides the context for setting the Committee's work programme.
3. Invites Members to decide on the Committee's priorities for the 2015-16 municipal year.
4. Informs Members of the process for Business Panel approval of the work programme.
5. Outlines how the work programme can be monitored, managed and developed.

## 3. Recommendations

The Select Committee is asked to:

- Note the meeting dates and terms of reference for the Public Accounts Select Committee.
- Consider the provisional work programme at appendix B.
- Consider adding further items to the work programme, taking into consideration the criteria for selecting topics; information about local assembly priorities; and items already added to the provisional work programme.
- Note the key decision plan, attached at appendix F, and consider any key decisions for further scrutiny.
- Agree a work programme for the municipal year 2015/16.
- Review how the work programme can be developed, managed and monitored over the coming year.

## 4. Meeting dates

4.1 The following Committee meeting dates for the next municipal year were agreed at the Council AGM on 26 March 2015:

- 14 April 2015
- 27 May 2015
- 14 July 2015
- 29 September 2015

- 28 October 2015
- 2 December 2015
- 27 January 2016
- 16 March 2016.

## **5. Context**

5.1 The Committee's role is to examine issues relating to the Council's finances and to make recommendations for best financial practice across the authority, including improving procurement practice. The committee is also tasked with consulting and commenting on the actual and proposed contents of the Council budget and has a specific role in relation to the Audit Panel, whose effectiveness it is responsible for scrutinising. The Committee's terms of reference are set out in appendix A.

## **6. Deciding on items for the work programme**

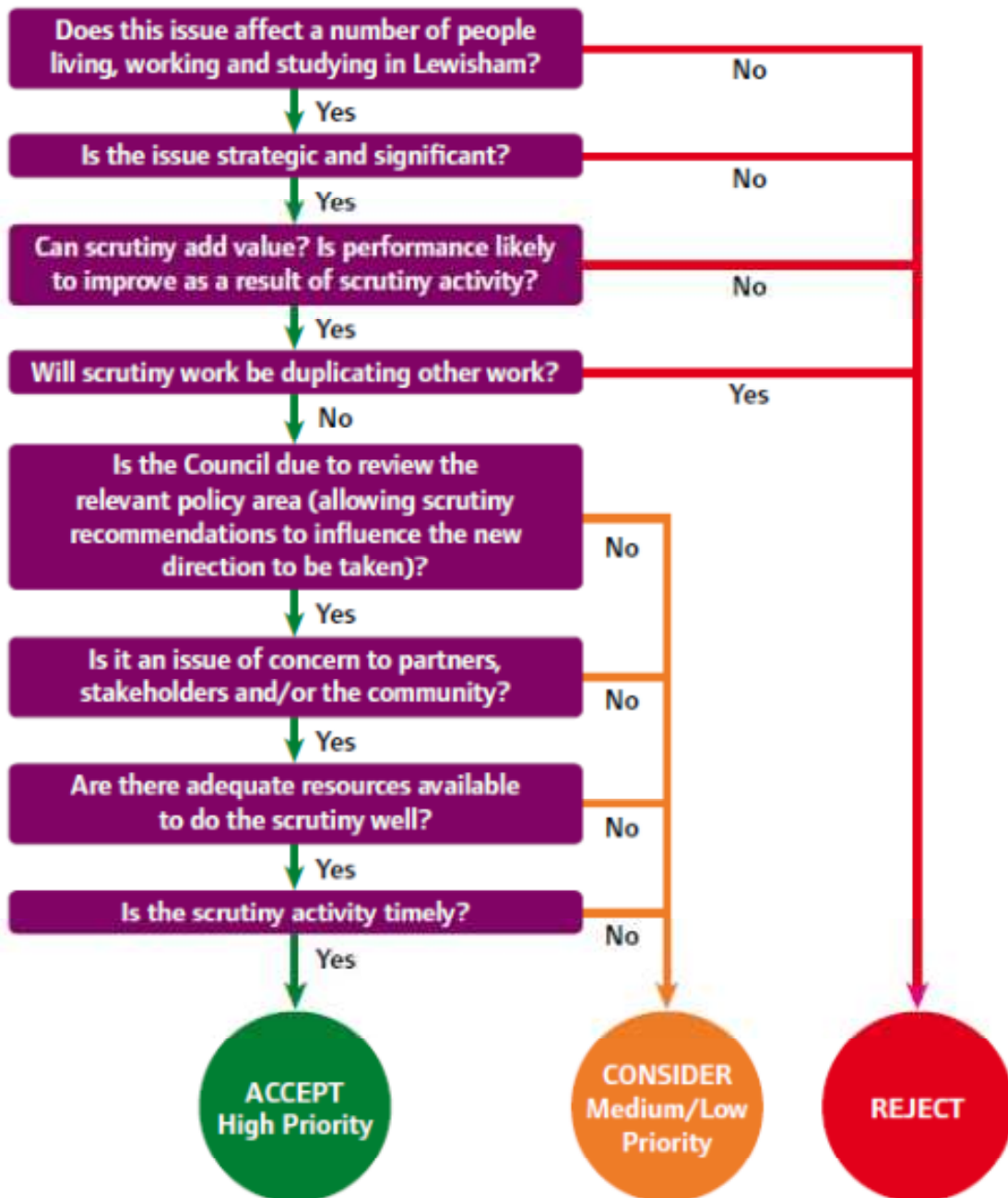
6.1 When deciding on items to include in the work programme, the Committee should have regard to:

- items the Committee is required to consider by virtue of its terms of reference;
- the criteria for selecting and prioritising topics;
- the capacity for adding items;
- the context for setting the work programme and advice from officers;
- suggestions already put forward by Members.



6.2 The following flow chart, based on the Centre for Public Scrutiny (CfPS) advice for prioritising topics is designed to help Members decide which items should be added to the work programme:

## Scrutiny work programme – prioritisation process



## **7. Different types of scrutiny**

7.1 It is important to agree how each work programme item will be scrutinised. Some items may only require an information report to be presented to the Committee and others will require performance monitoring data or analysis to be presented. Typically, the majority of items take the form of single meeting items, where members:

- (a) agree what information and analysis they wish to receive in order to achieve their desired outcomes;
- (b) receive a report presenting that information and analysis;
- (c) ask questions of the presenting officer or guest;
- (d) agree, following discussion of the report, whether the Committee will make recommendations or receive further information or analysis before summarising its views.

7.2 For each item, the Committee should consider what type of scrutiny is required and whether the item is high or medium/low priority (using the prioritisation process). Allocating priority to work programme items will enable the Committee to decide which low and medium priority items it should remove from its work programme, when it decides to add high priority issues in the course of the year.

### In-depth review

7.3 Some items might be suitable for an in-depth review, where the item is scrutinised over a series of meetings. Normally this takes four meetings to complete:

- Meeting 1: Scoping paper (planning the review)
- Meetings 2 & 3: Evidence sessions
- Meeting 4: Agreeing a report and recommendations

7.4 If the Committee wants to designate one of its work programme items as an in-depth review, this should be done at the first meeting of the municipal year to allow sufficient time to carry out the review. A scoping paper for the review will then be prepared for the next meeting.

## **8. Provisional 2015/16 work programme**

8.1 The Scrutiny Manager has drafted a provisional work programme for the Committee to consider, which is attached at appendix B. This includes:

- suggestions from the Committee in the previous year;
- suggestions from officers;
- issues arising as a result of previous scrutiny;
- issues that the Committee is required to consider by virtue of its terms of reference;
- items requiring follow up from Committee reviews and recommendations;
- standard reviews of policy implementation or performance, which is based on a regular schedule;

8.2 The Committee should also give consideration to:

- issues of importance to Local Assemblies
- decisions due to be made by Mayor and Cabinet (appendix F).

#### Suggestions from the Committee

8.3 At its last meeting of the 2014/15 municipal year, the Committee received a scoping paper on income generation and agreed to commence an indepth review on this matter. The Committee also agreed that the following suggestions would be put forward for consideration as part of the work programme for the 2015/16 municipal year:

- The Council's approach to shared services.
- Monitoring of public realm contracts.
- An update on Asset Management.

8.4 These suggestions have been incorporated into the draft work programme at appendix B.

#### Suggestions from officers

8.5 The following is an additional suggestion from officers:

- A report on the final outturn for the 2014/15 budget.

8.6 This suggestion has also been incorporated into the draft work programme at appendix B.

8.7 The medium term financial strategy reported to Mayor and Cabinet in July 2014 estimated that £85m of savings were still required for the period 2015/16 to 2017/8. In order to achieve savings, the Council has embarked on a series of thematic and cross-cutting reviews to fundamentally review the way it delivers services. This will mean that savings will be delivered over longer periods and will need to be agreed and taken as and when they are identified. Officers have committed to regular interactions with Members in order to facilitate scrutiny of the specific savings proposals arising from the major change programmes. The Select Committee will need to retain capacity in its work programme to consider these as is necessary.

#### Issues arising as a result of previous scrutiny

8.8 During the 2014/15 programme of meeting, members of the committee highlighted the need to have further information on the Council's ICT strategy.

8.9 In addition, Business Panel, at its meeting on 27<sup>th</sup> January 2015, suggested that the committee may want to consider the implementation of savings proposal 03 (creating an internal enforcement agency).

8.11 These items have been incorporated into the draft work programme at appendix B.

### Issues that the Committee is required to consider by virtue of its terms of reference

8.12 Items added to the provisional work programme under this heading include:

- Scrutinising the effectiveness of the Audit Panel.
- Annual Budget report

8.13 These items have been incorporated into the draft work programme at appendix B.

### Items requiring follow up from Committee reviews and recommendations

8.14 The committee is due to receive an update on the implementation of any agreed recommendations arising from the review carried out on those with No Recourse to Public Funds. This has been scheduled for approximately six months after the Mayoral response is received.

### Standard reviews of policy implementation or performance, which is based on a regular schedule

8.15 In previous years, Members of the Committee have agreed to consider the following items on a regular cycle and they have been incorporated into the draft work programme at appendix B:

- Financial forecasts (three times a year)
- The Management report (when financial forecasts are considered)
- Mid-year Treasury Review
- Annual Complaints Report.

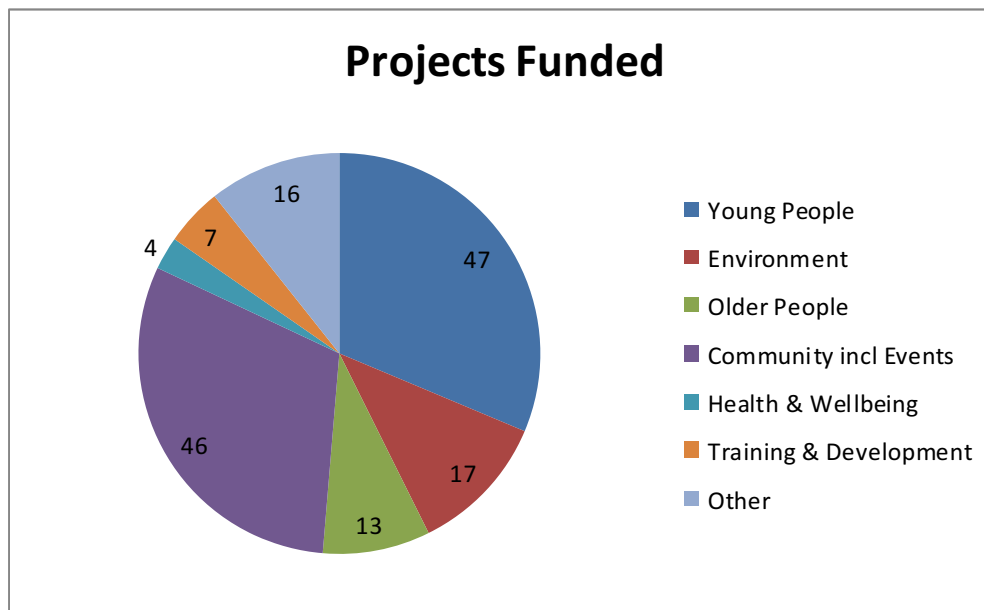
### Decisions due to be made by Mayor and Cabinet

8.16 Members are asked to review the most recent notice of key decisions (at appendix F) and suggest any additional items for further scrutiny.

### Consideration of issues of importance to Local Assemblies

8.17 A list of assembly priorities is included at appendix D. Members are asked to consider whether there are issues of importance arising from their interactions with their ward assembly that should be considered for further scrutiny. All 18 wards priorities are impacted by the Council's finances.

8.18 At its meeting on 3 February 2015, the Safer Stronger Communities Select Committee scrutinised an annual update from officers about the assemblies programme. Members received the following breakdown of assembly funding for local projects:



8.19 It is up to the Committee to agree the provisional work programme, outlined at appendix B and decide whether any additional items should be added.

## 9. Approving, monitoring and managing the work programme

9.1 In accordance with the Overview and Scrutiny Procedure rules outlined in the Council's constitution, each select committee is required to submit their annual work programme to the Overview and Scrutiny Business Panel. The Business Panel will meet on 28 April 2015 to consider provisional work programmes and agree a co-ordinated Overview and Scrutiny work programme, which avoids duplication of effort and which facilitates the effective conduct of business.

9.2 The work programme will be reviewed at each meeting of the Committee. This allows urgent items to be added and items which are no longer a priority to be removed. Each additional item added should first be considered against the criteria outlined above. If the committee agrees to add additional items because they are high priority, it must then consider which medium/low priority items should be removed in order to create sufficient capacity. The Committee has eight scheduled meetings this municipal year and its work programme needs to be achievable in terms of the amount of meeting time available.

9.3 At each meeting of the Committee, there will be an item on the work programme presented by the Scrutiny Manager. When discussing this item, the Committee will be asked to consider the items programmed for the next meeting. Members will be asked to outline what information and analysis they would like in the report for each item, based on the outcomes they would like to achieve, so that officers are clear on what they need to provide.

## 10. Financial implications

10.1 There may be financial implications arising from some of the items that will be included in the work programme (especially reviews) and these will need to be considered when preparing those items/scoping those reviews.

## **11. Legal implications**

- 11.1 In accordance with the Council's Constitution, all scrutiny select committees must devise and submit a work programme to the Business Panel at the start of each municipal year.

## **12. Equalities implications**

- 12.1 The Equality Act 2010 brought together all previous equality legislation in England, Scotland and Wales. The Act included a new public sector equality duty, replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 12.2 The Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
  - advance equality of opportunity between people who share a protected characteristic and those who do not.
  - foster good relations between people who share a protected characteristic and those who do not.
- 12.3 There may be equalities implications arising from items on the work programme and all activities undertaken by the Committee will need to give due consideration to this.

## **13. Crime and disorder implications**

- 13.1 There may be crime and disorder implications arising from some of the items that will be included in the work programme (especially reviews) and these will need to be considered when preparing those items/scoping those reviews.

### **Background documents**

Lewisham Council's Constitution  
Centre for Public Scrutiny: The Good Scrutiny Guide

### **Appendices**

Appendix A – Committee's terms of reference  
Appendix B – Provisional work programme  
Appendix C – CfPS criteria for selecting scrutiny topics  
Appendix D – Local assembly priorities  
Appendix E – How to carry out reviews  
Appendix F – Key decision plan (April – July 2015)

## Appendix A

The following roles are common to all select committees:

### (a) General functions

To review and scrutinise decisions made and actions taken in relation to executive and non-executive functions

To make reports and recommendations to the Council or the executive, arising out of such review and scrutiny in relation to any executive or non-executive function

To make reports or recommendations to the Council and/or Executive in relation to matters affecting the area or its residents

The right to require the attendance of members and officers to answer questions includes a right to require a member to attend to answer questions on up and coming decisions

### (b) Policy development

To assist the executive in matters of policy development by in depth analysis of strategic policy issues facing the Council for report and/or recommendation to the Executive or Council or committee as appropriate

To conduct research, community and/or other consultation in the analysis of policy options available to the Council

To liaise with other public organisations operating in the borough – both national, regional and local, to ensure that the interests of local people are enhanced by collaborative working in policy development wherever possible

### (c) Scrutiny

To scrutinise the decisions made by and the performance of the Executive and other committees and Council officers both in relation to individual decisions made and over time

To scrutinise previous performance of the Council in relation to its policy objectives/performance targets and/or particular service areas

To question members of the Executive or appropriate committees and executive directors personally about decisions

To question members of the Executive or appropriate committees and executive directors in relation to previous performance whether generally in comparison with service plans and targets over time or in relation to particular initiatives which have been implemented

To scrutinise the performance of other public bodies in the borough and to invite them to make reports to and/or address the select committee/Business Panel and local people about their activities and performance

To question and gather evidence from any person outside the Council (with their consent)

To make recommendations to the Executive or appropriate committee and/or Council arising from the outcome of the scrutiny process

(d) Community representation

To promote and put into effect closer links between overview and scrutiny members and the local community

To encourage and stimulate an enhanced community representative role for overview and scrutiny members including enhanced methods of consultation with local people

To liaise with the Council's ward assemblies so that the local community might participate in the democratic process and where it considers it appropriate to seek the views of the ward assemblies on matters that affect or are likely to affect the local areas, including accepting items for the agenda of the appropriate select committee from ward assemblies.

To keep the Council's local ward assemblies under review and to make recommendations to the Executive and/or Council as to how participation in the democratic process by local people can be enhanced

To receive petitions, deputations and representations from local people and other stakeholders about areas of concern within their overview and scrutiny remit, to refer them to the Executive, appropriate committee or officer for action, with a recommendation or report if the committee considers that necessary

To consider any referral within their remit referred to it by a member under the Councillor Call for Action, and if they consider it appropriate to scrutinise decisions and/or actions taken in relation to that matter, and/or make recommendations/report to the Executive (for executive matters) or the Council (non-executive matters)

(e) Finance

To exercise overall responsibility for finances made available to it for use in the performance of its overview and scrutiny function.

(f) Work programme

As far as possible to draw up a draft annual work programme in each municipal year for consideration by the overview and scrutiny Business Panel. Once approved by the Business Panel, the relevant select committee will implement the programme during that municipal year. Nothing in this arrangement inhibits the right of every member of a select committee (or the Business Panel) to place an item on the agenda of that select committee (or Business Panel respectively) for discussion.

The Council and the Executive will also be able to request that the overview and scrutiny select committee research and/or report on matters of concern and the select committee will consider whether the work can be carried out as requested. If it can be accommodated, the select committee will perform it. If the committee has reservations about performing the requested work, it will refer the matter to the Business Panel for decision.



The following roles are specific to the Public Accounts Select Committee:

- To make reports and recommendations to the Council or the Executive which promote the better custodianship of the Council's finances and to make recommendations for best financial practice across the authority.
- To investigate the possibilities for improving the Council's financial management practice and to make reports and recommendations to Executive or Council as appropriate.
- To encourage the highest standards of financial custodianship where necessary overseeing training activity for all members in this area.
- To consult on and to comment on and make recommendations to the Executive in respect of the actual and proposed contents of the Council's budget and without limiting the general remit of the committee, to hold the Executive to account for its performance in respect of all budgetary matters.
- To receive reports as appropriate from the Audit Panel in respect of their overview of contract procedure rules and financial regulations
- To make recommendations and reports for consideration by the Executive or Council to improve procurement practice.
- To scrutinise the effectiveness of the Audit Panel

Appendix B - Provisional Work Programme 2015/16

Work Item	Type of review	Priority	Strategic Priority	Delivery deadline	14-Apr	27-May	14-Jul	29-Sep	28-Oct	02-Dec	27-Jan	16-Mar
Lewisham Future Programme	TBC	High	CP10	Mar-16				<b>Savings</b>				
Election of Chair and Vice-Chair	Constitutional requirement	High	CP10	Apr-15								
Select Committee Work Programme 15/16	Constitutional requirement	High	CP10	Apr-15								
Financial forecasts 2015/16	Performance monitoring	Medium	CP10	Jan-16								
Final Outturn 2014/15	Performance monitoring	Medium	CP10	Jul-15								
Management report	Performance monitoring	Low	CP10	Jan-16								
income generation review	In-depth review	Medium	CP10	Sep-15	<b>Evidence session</b>	<b>Evidence session</b>	<b>Evidence session</b>	<b>Report and recs</b>				
Mid-year Treasury Management Review	Performance monitoring	Medium	CP10	Oct-15								
Annual complaints report	Performance monitoring	Medium	CP10	Dec-15								
Shared Services	Performance monitoring	High	CP10	Jul-15								
Asset management update	Standard item	Medium	CP10	Jul-15								
ICT Strategy	Information item	High	CP10	May-15								
NRPF	Recommendations follow-up	Medium	CP10	Dec-15								
Annual Budget 2015/16	Standard item	High	CP10	Jan-16								
Contract monitoring - public realm	Performance monitoring	Medium	CP10	Dec-15								
Implementation of savings proposal 03 (creating an internal enforcement agency)	Performance monitoring	Medium	CP10	Mar-16								
Audit Panel update	Constitutional Requirement	Medium	CP10	Mar-16								

**Shaping Our Future: Lewisham's Sustainable  
Community Strategy 2008-2020**

	<b>Priority</b>	
1	Ambitious and achieving	SCS 1
2	Safer	SCS 2
3	Empowered and responsible	SCS 3
4	Clean, green and liveable	SCS 4
5	Healthy, active and enjoyable	SCS 5
6	Dynamic and prosperous	SCS 6

**Corporate Priorities**

	<b>Priority</b>	
1	Community Leadership	CP 1
2	Young people's achievement and involvement	CP 2
3	Clean, green and liveable	CP 3
4	Safety, security and a visible presence	CP 4
5	Strengthening the local economy	CP 5
6	Decent homes for all	CP 6
7	Protection of children	CP 7
8	Caring for adults and older people	CP 8
9	Active, healthy citizens	CP 9
10	Inspiring efficiency, effectiveness and equity	CP 10

## Appendix C – Criteria for selecting topics

The Centre for Public Scrutiny (CfPS) has developed a useful set of questions to help committees prioritise items for scrutiny work programmes:

### General questions to be asked at the outset

- Is there a clear objective for scrutinising this topic – what do we hope to achieve?
- Does the topic have a potential impact for one or more section(s) of the population?
- Is the issue strategic and significant?
- Is there evidence to support the need for scrutiny?
- What are the likely benefits to the council and its customers?
- Are you likely to achieve a desired outcome?
- What are the potential risks?
- Are there adequate resources available to carry out the scrutiny well?
- Is the scrutiny activity timely?

### Sources of topics

The CfPS also suggest that ideas for topics might derive from three main sources: the public interest; council priorities; and external factors. These are described below.

#### Public interest

- Issues identified by members through surgeries, casework and other.
- Contact with constituents.
- User dissatisfaction with service (e.g. complaints).
- Market surveys/citizens panels.
- Issues covered in media

#### Internal council priority

- Council corporate priority area.
- High level of budgetary commitment to the service/policy area (as percentage of total expenditure).
- Pattern of budgetary overspend.
- Poorly performing service (evidence from performance indicators/ benchmarking).

#### External Factors

- Priority area for central government.
- New government guidance or legislation.
- Issues raised by External Audit Management Letters/External Audit reports.
- Key reports or new evidence provided by external organisations on key issue.

### Criteria to reject items

Finally, the CfPS suggest some criteria for rejecting items:

- issues being examined elsewhere - e.g. by the Cabinet, working group, officer group, external body;
- issues dealt with less than two years ago;
- new legislation or guidance expected within the next year;

- no scope for scrutiny to add value/ make a difference;
- the objective cannot be achieved in the specified timescale.

### **Bellingham**

- Children and young people.
- Older people's issues
- Community events and festivals
- The promotion and development of Bellingham as a community

### **Blackheath**

- Environment and Community.
- Provision for Older people, Young People and Children
- Parking, Streets and Waste.
- Crime and Anti-Social Behaviour

### **Brockley**

- Creating a high-quality living environment – improving our local living environment and making Brockley a safer, cleaner and greener place to live, work and learn
- Connecting communities – bringing Brockley residents together and fostering a sense of community spirit, mutual understanding and respect, through community projects, events and activities

### **Catford South**

- Streetscape and environment (litter, dog fouling, fly tipping, street furniture).
- Developing local opportunities for children (aged 16 and under) and young people (aged 17–25)
- Increase opportunities for older people
- Improvements to shopping hubs
- Community cohesion

### **Crofton Park**

- Streetscape (litter, dog fouling, fly tipping, street furniture).
- Roads and pavement maintenance.
- Traffic and parking issues.
- Youth provision.
- Community cohesion.

### **Downham**

- Crime and ASB
- Youth Provision
- The Environment
- Provision for the Elderly
- Adult Education

### **Evelyn**

- Young people and children.
- Provision for older people.
- Community support on anti-social behaviour, crime and drug issues.
- Housing issues/developments.
- Community capacity building.

### **Forest Hill**

- youth engagement and provision
- making Forest Hill more attractive
- community events and publicity

### **Grove Park**

- Traffic congestion.
- Community communication.
- Neighbourhood security.
- Cleaner and better environment.
- More activities for the young and elderly

### **Ladywell**

- Environment and landscape.
- Antisocial behaviour and crime.
- Local shops.
- Lack of youth and community facilities.
- Traffic.

### **Lee Green**

- Safe healthy living – improving health services, crime reduction, improved environment, provision of outdoor spaces / exercise spaces, promote measures to reduce air pollution / promoting cleaner air.
- Roads and streets – road safety and traffic calming measures, road maintenance, cleaner streets, tree

planting, rubbish collection, improved road use, provision of cycling tracks, addressing parking and CPZ issues.

- Leisure and amenities – improved parks and open spaces, more meeting spaces / community centres, provision of cycling tracks, improved shops, Leegate, provision of more local events.
- Services and infrastructure – better social housing, provision of jobs locally, more services for the elderly and young people, increased use and access to local use for recreational activities, more school spaces.

### **Lewisham Central**

- Improving health and well-being.
- Cleaner, better environment.
- Better access to activities and facilities for young people.
- Better access to training and employment for all inhabitants of the ward.
- Promoting and improving community cohesion.

### **New Cross**

- Unemployment.
- Child poverty and young people.
- Community facilities.
- Environment.
- Community cohesion and engagement.
- Crime and antisocial behaviour.

### **Perry Vale**

- The environment.
- Roads and traffic.
- Activities for younger people.
- Antisocial behaviour and crime.
- Activities for the whole community.

### **Rushey Green**

- activities for children, young people or older people
- community cohesion (including the Rushey Green Festival)
- culture and the arts
- development of a Rushey Green Community Hub
- local streetscape, environment and ecology

### **Sydenham**

- Bringing the community together – intergenerational and intercultural activities.
- Health, wellbeing and community safety – increasing wellbeing including supporting people who cannot get out as much.
- Vibrant high street.
- Clean and green – helping to keep Sydenham streets clean and appealing.
- Transport improvements

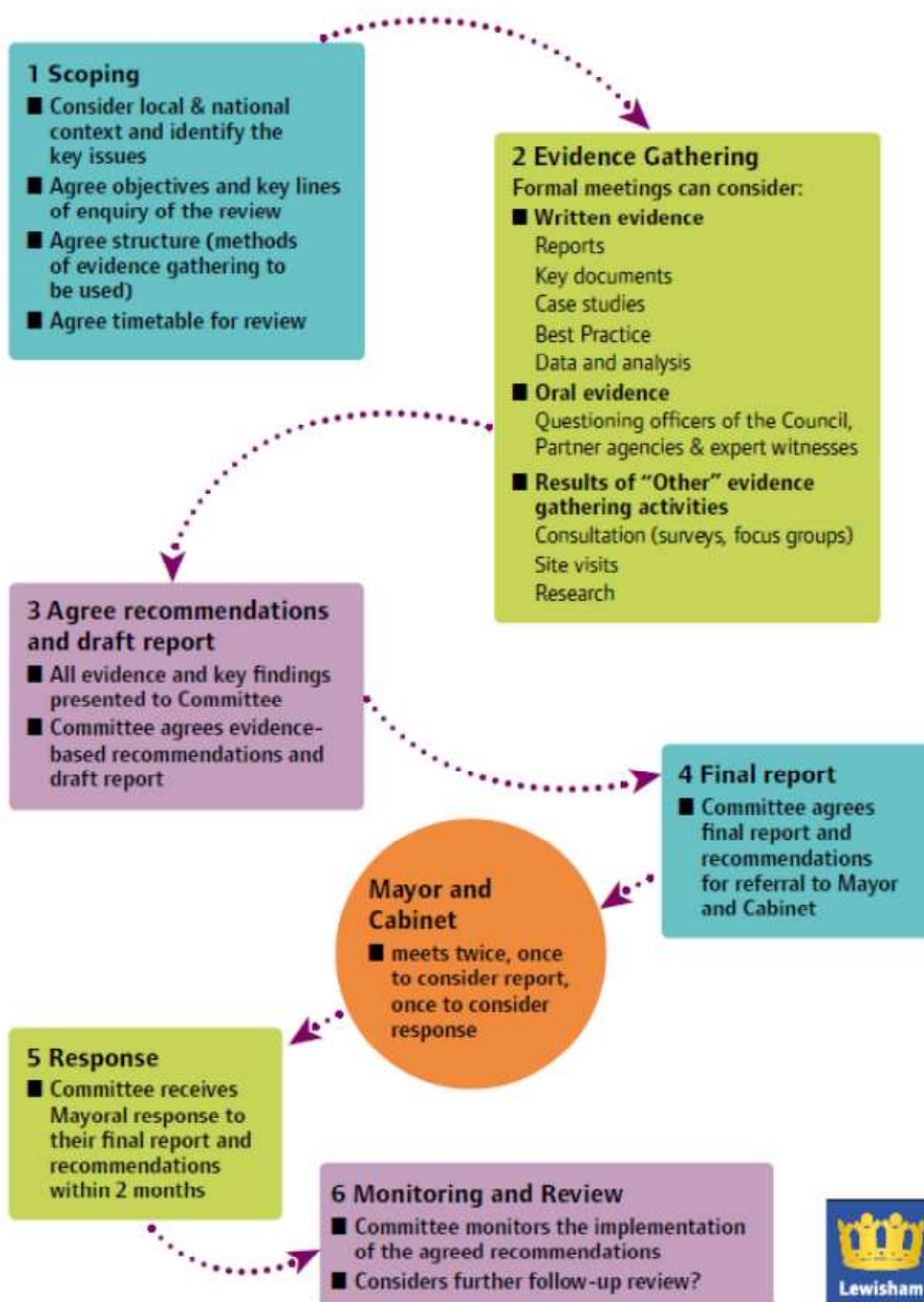
### **Telegraph Hill**

- Safety, crime and antisocial behaviour.
- Youth activities and support projects.
- Traffic calming and transport.
- Community activities.
- Cleaning up dirty streets.

### **Whitefoot**

- Crime and ASB
- Lack of Community Facilities
- Activities for Children and Young people
- Roads and Traffic
- Lack of Community Spirit

## How to carry out an in-depth review





## FORWARD PLAN OF KEY DECISIONS

### Forward Plan April 2015 - July 2015

This Forward Plan sets out the key decisions the Council expects to take during the next four months.

Anyone wishing to make representations on a decision should submit them in writing as soon as possible to the relevant contact officer (shown as number (7) in the key overleaf). Any representations made less than 3 days before the meeting should be sent to Kevin Flaherty, the Local Democracy Officer, at the Council Offices or [kevin.flaherty@lewisham.gov.uk](mailto:kevin.flaherty@lewisham.gov.uk). However the deadline will be 4pm on the working day prior to the meeting.

A "key decision"\* means an executive decision which is likely to:

- (a) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates;
- (b) be significant in terms of its effects on communities living or working in an area comprising two or more wards.

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
December 2014	<b>Annual Lettings Plan</b>	Wednesday, 25/03/15 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
February 2015	<b>Deptford Green School - Transition to a Normally Constituted Governing Body</b>	Wednesday, 25/03/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
September 2014	<b>Deptford Southern Sites Regeneration Project</b>	Wednesday, 25/03/15 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
February 2015	<b>Discharge of Homeless Duty into the Private Rented Sector</b>	Wednesday, 25/03/15 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
June 2014	<b>Housing Strategy 2015 - 2020</b>	Wednesday, 25/03/15 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
February 2015	<b>Governing Bodies Reconstitution</b>	Wednesday, 25/03/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin,		

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
			Cabinet Member for Children and Young People		
February 2015	<b>Instruments of Government Multiple Schools</b>	Wednesday, 25/03/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
February 2015	<b>Local Support Scheme Update</b>	Wednesday, 25/03/15 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Joan Millbank, Cabinet Member Third Sector & Community		
February 2015	<b>Proposal to enlarge Turnham Primary School to 3FE</b>	Wednesday, 25/03/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
November 2014	<b>School Admissions Arrangements 2016-17</b>	Wednesday, 25/03/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
February 2015	<b>Contract Award for</b>	Wednesday,	Frankie Sulke, Executive		

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
	<b>modifications at Horniman Primary School</b>	25/03/15 Mayor and Cabinet (Contracts)	Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
December 2014	<b>Pay Policy Statement</b>	Thursday, 26/03/15 Council	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member Resources		
December 2014	<b>Contract Award Launcelot Primary school</b>	Wednesday, 08/04/15 Overview and Scrutiny Education Business Panel	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
December 2014	<b>Asset Management Strategy (Highways)</b>	Wednesday, 22/04/15 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
February 2015	<b>Building Control Review of Fees and Charges</b>	Wednesday, 22/04/15 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
February 2015	<b>Determination of Applications to Establish Neighbourhod</b>	Wednesday, 22/04/15	Janet Senior, Executive Director for Resources &		

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
	<b>Forum and Designate Neighbourhood Area for Corbett Estate</b>	Mayor and Cabinet	Regeneration and Councillor Alan Smith, Deputy Mayor		
February 2015	<b>Section 75 Agreement between CCG and Council</b>	Wednesday, 22/04/15 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
February 2015	<b>Voluntary Sector Accommodation</b>	Wednesday, 22/04/15 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Joan Millbank, Cabinet Member Third Sector & Community		
March 2015	<b>Appointment of Operator Lewisham Enterprise Hub</b>	Wednesday, 22/04/15 Mayor and Cabinet (Contracts)	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
February 2015	<b>Award of Contract for the enlargement of St George's Primary School</b>	Wednesday, 22/04/15 Mayor and Cabinet (Contracts)	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
February 2015	<b>Award of Design and Build Contract Phase 1 Grove Park Public Realm Project</b>	Wednesday, 22/04/15 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and		

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
		(Contracts)	Councillor Rachel Onikosi, Cabinet Member Public Realm		
September 2014	<b>Award of Street Advertising and Bus Shelter Contract</b>	Wednesday, 22/04/15 Mayor and Cabinet (Contracts)	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
November 2014	<b>Procurement of the School Kitchen Maintenance Contract</b>	Wednesday, 22/04/15 Mayor and Cabinet (Contracts)	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
March 2015	<b>Procurement of Occupational Health and Employee Assistance Programme Provider</b>	Wednesday, 22/04/15 Mayor and Cabinet (Contracts)	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
February 2015	<b>Variation of Contract with Bailey Partners Provision of Services to Primary Places Programme</b>	Tuesday, 28/04/15 Overview and Scrutiny Education Business Panel	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
February 2015	<b>Variation of contract for works at Forster Park Primary School</b>	Tuesday, 28/04/15 Overview and Scrutiny Education	Frankie Sulke, Executive Director for Children and Young People and		

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
		Business Panel	Councillor Paul Maslin, Cabinet Member for Children and Young People		
December 2014	<b>Catford Town Centre CRPL Business Plan 2015/16</b>	Wednesday, 13/05/15 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
March 2015	<b>Leathersellers Federation of Schools Academy consultation</b>	Wednesday, 13/05/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
March 2015	<b>Licensed Deficit Application Sedgehill School</b>	Wednesday, 13/05/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
June 2014	<b>Surrey Canal Triangle (New Bermondsey) - Compulsory Purchase Order Resolution</b>	Wednesday, 13/05/15 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
March 2015	<b>Allocation of Main Grants Programme</b>	Wednesday, 13/05/15 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and		

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
		(Contracts)	Councillor Joan Millbank, Cabinet Member Third Sector & Community		
September 2014	<b>Prevention and Inclusion Framework Contract Award</b>	Wednesday, 13/05/15 Mayor and Cabinet (Contracts)	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
March 2015	<b>Adoption Statement of Purpose 2015-16</b>	Wednesday, 03/06/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
March 2015	<b>Fostering Statement of Purpose 2015-16</b>	Wednesday, 03/06/15 Mayor and Cabinet	Frankie Sulke, Executive Director for Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
February 2015	<b>ICT Service Review</b>	Wednesday, 03/06/15 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member Resources		
December 2014	<b>Catford Town Centre CRPL</b>	Wednesday,	Janet Senior, Executive		



<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
	<b>Business Plan 2015/16</b>	24/06/15 Council	Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
March 2015	<b>Housing Strategy</b>	Wednesday, 24/06/15 Council	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
February 2015	<b>Local Development Framework: Revised Local Development Scheme (version 7)</b>	Wednesday, 24/06/15 Council	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
January 2015	<b>Waste Strategy Consultation</b>	Wednesday, 15/07/15 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Rachel Onikosi, Cabinet Member Public Realm		
November 2014	<b>Award of Highways Public Realm Contract Coulgate Street</b>	Wednesday, 15/07/15 Mayor and Cabinet (Contracts)	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
February 2015	<b>Review of Licensing Policy</b>	Wednesday, 21/10/15 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Rachel Onikosi, Cabinet Member Public Realm		

**FORWARD PLAN – KEY DECISIONS**

<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
February 2015	<b>Review of Licensing Policy</b>	Wednesday, 25/11/15 Council	Aileen Buckton, Executive Director for Community Services and Councillor Rachel Onikosi, Cabinet Member Public Realm		

<b>Public Accounts Select Committee</b>			
<b>Title</b>	Income Generation Review – First Evidence Session	<b>Item No</b>	5
<b>Contributors</b>	Scrutiny Manager		
<b>Class</b>	Part 1	<b>Date</b>	14 April 2015

## 1. Purpose of paper

- 1.1. On 10<sup>th</sup> March 2015, the Public Accounts Select Committee received a scoping paper setting out the rationale for the in-depth review and providing some background information on the current situation within Lewisham and some proposed terms of reference for the review. The Committee stated that they wished to commence an in-depth review on the maximising of income generation.
- 1.2. The committee requested that there be three evidence sessions: the first of which would highlight good practice from other Councils; the second would expand on this and hear from expert witnesses in other Councils and the third would look at current proposals from Lewisham on maximising its income generation.
- 1.3. The purpose of this paper is to provide the committee with further information for consideration in its review. In particular, it addresses “good practice from other councils” as set out in the key lines of enquiry listed in the scoping paper on the 10<sup>th</sup> March. It covers:
  - The policy context.
  - Good practice examples of maximising income generation from other Councils.
  - Invites discussion on the potential of these schemes, or similar, to be replicated in Lewisham.
- 1.3 The in-depth review process is outlined at Appendix A.

## 2. Recommendations

The Select Committee is asked to:

- Note the content of the report.
- Note that there will be further evidence sessions on 27<sup>th</sup> May and 14<sup>th</sup> July 2015.
- Note the draft Income Strategy attached in Appendix 1 and make any comments or recommendations prior to it going to Mayor and Cabinet for approval.

### 3. Policy context

- 3.1 The Council's ten corporate priorities and the overarching Sustainable Community Strategy drive budgetary decisions. Lewisham's corporate priorities were agreed by full Council and they remain the principal mechanism through which the Council's performance is reported and through which the impact of saving and spending decisions are assessed.
- 3.2 The Council's current financial situation is exceptionally challenging. The funding available to local authorities has fallen sharply in recent years, with councils just over half way through a scheduled 40% cut in funding from central government. Having delivered £10 billion of savings in the three years from 2011/12, local authorities have to find the same savings again by the end of 2015/16<sup>1</sup>. London, in particular, has been hit hard, taking a 33 per cent real terms cut in funding for service provision from central government between 2009/10 and 2013/14<sup>2</sup> with further cuts in funding expected until at least 2018. Although councils across the country have seen substantial cuts to their budgets, the situation is particularly acute in London due to the rapidly rising population, demographic complexity, rising housing costs and the disproportionate impact of welfare reforms. Boroughs have tried to make the large savings required without cutting front line services, focussing on achieving efficiencies; withdrawing or reducing discretionary services; paring back how statutory services are provided, targeting those most in need; and looking to maximise income.
- 3.3 Lewisham Council has made savings of £93m to meet its revenue budget requirements since May 2010. The Medium Term Financial Strategy, reported to Mayor & Cabinet in July 2014, estimated that £85m of savings were still required over the period 2015/16 to 2017/18. As a result, very severe financial constraints will continue to be imposed on Council services, with cuts to be made year on year. The Lewisham Future Programme Board was established to progress cross-cutting and thematic reviews to deliver required savings and one of these reviews is focussed on income generation.
- 3.4 The recent Local Government Association (LGA) report *Under Pressure* suggests that one of the most common budget strategies being followed by local authorities for 2015/16 is maximising income from investments, fees and charges<sup>3</sup>. The report states that some of the strategies being adopted include:
- Ensuring investments generate the maximum possible income.
  - Changing fee charging structures to ensure that, while remaining equitable, service charges move closer to recovering the full costs of providing those services.
  - Maximising the income generated by assets.

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<sup>1</sup> LGA (2014), *Under Pressure, how councils are planning for future cuts*, p3

<sup>2</sup> A Fitzgerald, R Lupton, R Smyth, P Vizard (2013), *Hard Times, New Directions? The Impact of the Local Government Spending Cuts in London*, P4

<sup>3</sup> LGA (2014), *Under Pressure, how councils are planning for future cuts*, p9

#### **4. Strategies being followed by other councils**

- 4.1 At its meeting on 10<sup>th</sup> March 2015, the committee requested that the first evidence session for this review be focussed on good practice from other councils with the aim of committee members being able to draw out examples where external witnesses and additional information would add value. A number of examples were listed in the scoping document and the committee has asked for additional information on these.
- 4.2 The areas where this report will examine good practice are as follows; fees and charges, looking at Croydon; the commercialisation of staff, looking at the example of Hammersmith and Fulham; mutuals, looking at Oldham Council; generating income through Wi-Fi, looking at the example of Camden; and generating income through website advertising, considering Birmingham Council's activity in this area.
- 4.3 In addition to these examples, committee members may wish to examine good practice in other areas, and the discussion on witnesses for the second evidence session can reflect this.

#### **5. Fees and Charges – Croydon**

- 5.1 Like many councils, Croydon Council has changed its approach to setting fees and charges. It is now following a new income policy based on moving away from the use of historical prices to inform fees and charges, to understanding the true cost of providing or commissioning services and pricing accordingly, whilst recognising the service user's need for the services being charged for and their ability to pay<sup>4</sup>. As part of this, Croydon is striving to develop a more commercial / entrepreneurial culture within the Council. Croydon's review of fees and charges has resulted in an increase in income generation in 2014/15 of £1.162m.
- 5.2 However, a major barrier regarding the setting of fees and charges remains regulation. Even if it was determined, for example, that an increase in fees and charges above the costs of providing the service would not reduce demand, many fees and charges (such as those levied by Highways and Building Control) are heavily regulated and can only be charged on the basis of cost recovery, offering no scope for generating a profit. In their evidence to the 2013 London Finance Commission, London Councils encouraged that body 'to press for deregulation' and 'the freedom to set...in some cases market rate' fees in areas such as 'planning applications, building control, land searches and licensing.' London Councils argued that, 'there are many services that local government has a statutory duty to deliver, but is required to charge for at a level determined by central government. The result is that there are a number of services which leave councils with an overall net loss each year.'<sup>5</sup> Westminster City Council also called for, in its evidence to the

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<sup>4</sup> For further information see: <https://www.croydon.gov.uk/democracy/budgets/2014-15>

<sup>5</sup> For further information see: <http://www.london.gov.uk/sites/default/files/London%20Councils.pdf>

Commission, the ability ‘to offer price-differentiated levels of service in order to recoup costs and to offer innovative services.’<sup>6</sup>

- 5.3 Westminster Council recently faced a legal challenge against the fees it charged for licensing sex establishments. The Court of Appeal ruled that the fees set must not exceed the costs of administering the licensing regime. This meant that the council was no longer able to include the cost of enforcement against unlicensed sex establishment operators when setting the licence fee, although the cost of visits to licensed premises to monitor compliance could be recovered through fees. Westminster City Council has since appealed to the Supreme Court but a final determination is still to be made<sup>7</sup>.
- 5.4 Interestingly, a recent report commissioned by Localis<sup>8</sup> has suggested that mutuals may offer a potential way around prescriptions for what local authorities may charge for, or trade for profit in.
- 5.5 Should members wish to explore this area further, key witnesses could include: the London Borough of Croydon and Westminster City Council.

### ***Lewisham’s Draft Income Strategy***

- 5.6 A number of proposals are being pursued by the Council as part of the Lewisham Future Programme income generation review. In addition to working up specific proposals, the review has resulted in the development of a comprehensive draft income strategy that is attached in Appendix 1. The Committee has the opportunity for pre-decision scrutiny on this, prior to its consideration by Mayor and Cabinet. The strategy is intended to ensure that the management of the fees and charges levied by the Council, and other sources of income that the Council receives, is consistent and guided by agreed principles. If approved, the strategy will mean that the Council will adhere to the following principles when setting or introducing fees and charges: Full Cost recovery; Market Rates; Inflation Rise; Benchmarking Agreeing Subsidy; Understanding Demand; Concessions Collection; Targeting Charges.
- 5.7 The Committee received additional information on this in the scoping paper on 10<sup>th</sup> March 2015 and will have a full report and evidence session on the Council’s activity in this area at the third evidence session on the 14<sup>th</sup> July 2015.

## **6. Commercialisation of staff – Hammersmith and Fulham.**

- 6.1 The London Borough of Hammersmith and Fulham (H&F) has taken a strategic approach to commercialisation in order to install a culture of commercialisation and a focus on sales. The council now has a sales and marketing plan and a greater understanding of the profit and loss made by

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<sup>6</sup> For further information see: <http://www.london.gov.uk/sites/default/files/Summary%20of%20written%20evidence.pdf>

<sup>7</sup> For further information see: <https://www.supremecourt.uk/cases/uksc-2013-0146.html>

<sup>8</sup> For further information see: <http://www.lqcplus.com/Journals/2015/03/25/i/c/q/Localis---Commercial-Councils.pdf>

each service. It has reported a shift in staff attitudes with an increased understanding of the importance of covering costs in terms of reducing staff cuts and maintaining service levels.

- 6.2 Staff were trained and encouraged to cross-sell other services to customers, for example the registrar taking requests from people to get married now offers details of the ceremonial rooms at the council to hold the ceremony as well. The importance of engaging with the heads of services rather than just the finance team, as traditionally had been the case with income generation work, has been a key lesson learnt by the council.
- 6.3 Rather than constantly focusing on cost-cutting, staff have been encouraged to think about how the Council can grow its income base by thinking more commercially. Staff have monthly sales meetings where they are encouraged to think pro-actively about increasing income. Sales targets have been introduced and a culture of commercial thinking. This has also been combined with efficiencies in processes and systems, streamlining channels of communication, smart working and the questioning of ineffective ways of working and procedures.
- 6.4 The Council's Environment, Leisure and Residents Directorate encourage the motto "Get, Grow, Keep". Each area has a sales and marketing plan and an external income target. While proactively marketing the council's services in areas such as trade waste where customers have a choice is seen as a good start, generating customer loyalty and repeat business is seen as a must. H&F believe that to do this ensuring great customer experience is fundamental to success.
- 6.5 Staff focus on customer experience. The Directorate runs customer experience workshops with staff and look at complaints and enquiries and other ways in which customers contact them to see what can be learned. Being commercially competitive was seen as vital to the success of many services as there are many where residents or businesses have a choice of service providers.
- 6.6 For further analysis of good practice in terms of commercialisation of staff, the committee could hear witnesses from: Hammersmith & Fulham Council and the Tri-Borough.

## **7. Mutuels – Oldham Council**

- 7.1 Oldham Council has developed a trading arm for adult social care that is building new business from self-funders and people with personal budgets<sup>9</sup>. Adult Social Care provider services transferred from the Council into the new wholly-owned company – Oldham Care and Support Ltd. – on 1<sup>st</sup> October 2013 following the drawing up of a detailed Service Level Agreement between the Council and the Company, to ensure the Company will continue to deliver

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<sup>9</sup> For further information see:

<http://committees.oldham.gov.uk/documents/s42561/Trading%20Arm%20for%20Adult%20Social%20Care%20Services%20Jan%202014.pdf>

against Oldham's key Adult Social Care outcomes and support the Council to achieve its priorities and Co-operative ambitions.

- 7.2 Around 450 staff were transferred over to the company, who were reassured that the new company would retain its public sector ethos whilst developing its commercial capacity to effectively compete in the adult social care market, thereby safeguarding both jobs and quality services. The Council owned company delivered its required efficiency savings of £1.2m for 2013/14 three months ahead of time, and financial forecasts indicate that it is on track to achieve further savings for 2014/15 amounting to £1.3m. The Council reports that financial sustainability is looking very promising, with growth plans for a second wholly-owned "start-up" company, Oldham Care and Support at Home Ltd.
- 7.3 If the Committee would like to explore this further, a witness from Oldham could be invited to attend the next evidence session; contribute to the session via Skype (it may be logistically difficult to get witnesses from outside London to attend the meeting); or provide a written submission.

#### ***Lewisham's potential Youth Service mutual***

- 7.4 The Mayor has asked officers to investigate the potential creation of an Employee Led Mutual (ELM) for the Youth Service and the preparation of a thorough and detailed business case for this will take approximately one year. The potential for income generation will be a key element of the planning process as it is envisaged that, should a mutual be created, it would be self-sustaining within three years.
- 7.5 The service is already generating income by renting space to private and community sector users and bidding for relevant, available grants. Based on current projections the Service is projected to generate £100k by the end of 2015/2016. However, by spinning out of Council control, it is felt that greater commercial and entrepreneurial activity could be engendered, as well as the ability to access funding streams unavailable to local authorities, such as Children In Need funding.

### **8. Advertising - Birmingham City Council**

- 8.1 Birmingham City Council is generating income through advertising on the Council's website. This is an interesting and potentially controversial method of income generation, but according to Birmingham Council, they are predicted to receive significant income through this stream. The Council is a member of "Capacity Grid" the Council Advertising Network<sup>10</sup> and it uses this economy of scale to sell to a wider network, generating increased income. The Council argues that it can generate significant income from its website without detracting from the user experience. Birmingham has set income targets based on the number of views per page but has stated that income can fluctuate from what was originally predicted.

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<sup>10</sup> For further information see: <http://capacitygrid.com/services-2/council-advertising-network/>



- 8.2 There are two methods of generating income through advertising on a Council website: Councils can either sell direct to advertisers or agencies; or (as is the case in Birmingham) can partner with an ad-network who put code into the Council website and automatically sell this on to advertisers and agencies who buy against the use of key words.
- 8.3 There are a lot of issues to consider here and two of the key factors are the appropriateness of any adverts and consumer protection. There would need to be sufficient controls in place to ensure that advertisers appearing next to content are appropriate and the technologies and systems in place to ensure this would have to be developed. There would also have to be a balance between the actual predicted revenue and any detriment to the user experience of accessing content on the Council website. By allowing an ad-network to put code into the website, it can be very difficult to stop inappropriate juxtaposition of adverts and content. For example, an advert for a local restaurant may seem perfectly acceptable until for example, a picture of say a chocolate cake appears next to pages on obesity and healthy eating. It would be very difficult to ensure that content was always appropriate as individual adverts would be different based on user viewing habits. There could also be issues of competition with Council's services. For example, an advert for a private gym next to details of the Council's leisure centre activities.
- 8.4 In Birmingham's case the partner ad-network have put code directly into the website. This allows a third party to place cookies on the Council browser which track the user. Adverts are sold on the basis of either amounts of views or can be targeted "i.e female; aged 20-30; lives in Birmingham". The amount of income generated would very much depend on the amount of traffic and number of pages of the website as targets would be set by impressions.
- 8.5 If generating income in this way was of interest to members for further scrutiny it would be essential to consider:
- privacy for website users
  - procurement – ensuring that there was significant expertise in digital advertising and IT to ensure the process was to the greatest advantage to the Council
  - Cost-benefit analysis – a clear understanding of the amounts of views the website generates and the amount of income this would be likely to generate versus the potential conflicts of interest and possible reduced quality of the user experience.
- 8.6 Should members wish to explore this area further, written and verbal evidence could be taken from: Birmingham City Council, Capacity Grid, industry experts including technology suppliers.

## **9. Generating income through Wi-Fi – Camden Council**

- 9.1 The London Borough of Camden is generating income from providing a Wi-Fi network in areas of high footfall<sup>11</sup> in the borough. Camden led a group of 17 local authorities to form a competitive dialogue process with wholesale customers. The Council effectively sold space on lampposts and CCTV posts for mobile base stations.
- 9.2 It was a concessionary contract and was won by Arqiva in nearly all the boroughs that took part in the tendering process. Other suppliers that have partnered with boroughs include O2 and Virgin.
- 9.3 Arqiva is the wholesale provider who then sells on to other network providers in order to make a profit. Arqiva is therefore able to provide residents, businesses and visitors 30 minutes free Wi-Fi internet access every day, with unlimited access to the Council website. After that time, they are invited to purchase extra time at a rate of £5 per day, £10 per week or £30 per month. The Council is anticipating receiving a multi-million income over the 10 year term of the contract they have signed with Arqiva.
- 9.4 As the technology develops, Camden predicts that the revenue may increase and also the amount of free Wi-Fi they are able to offer may also be able to be increased. The format of the contract in Westminster for example appears to be able to offer 24-hour free Wi-Fi access to residents, businesses and visitors in certain areas.
- 9.5 To increase the element of free Wi-Fi it is possible to shift the model used by the wholesale provider. If they were selling on targeted advertising based on user data, they may, for example be able to offer completely free Wi-Fi in certain areas. Any user would sign up to this marketing when they accessed the free Wi-Fi. Alternatively, controlled use of advertising where a user would have to watch a particular advert before they could view content would be another method that could be used.
- 9.6 If this is an area of interest then there are certain factors that would need to be looked into, in particular the procurement process would need to set a requirement which ensures it would address state aid and cover the complexities of balancing the benefits with the costs with a focus on the borough's priorities. Camden have stated that they could be willing to share procurement documentation and details of their pre-qualifying questionnaire.
- 9.7 Should members wish to explore this area further, key witnesses could include: Camden Council, Westminster Council and a wholesale provider.

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<sup>11</sup> For further information see: <http://www.camden.gov.uk/ccm/content/council-and-democracy/plans-and-policies/camden-strategies-&-partnerships/free-public-wi-fi-service/>

## **10. Selling services – Brent**

- 10.1 Brent Council is looking to gain “Approved Inspection” status for its Building Regulation team to enable them to undertake work throughout England without needing to obtain the host local authority’s agreement to work within their area<sup>12</sup>. This ability will allow Brent to market their building regulation services in the same way as private sector companies and compete with Private Sector Approved Inspectors. In taking forward this model Brent is reviewing its charges to reflect market rates, whilst ensuring that they remain competitive; and developing mechanisms whereby inspection of works can be effectively resourced and undertaken.
- 10.2 If the Committee would like to hear more about this initiative a representative from Brent could be asked to attend the next evidence session.

## **11. Witnesses**

- 11.1 Potential external witnesses have been suggested in each of the sections above, but it is up to the Committee to decide which examples of good practice it wishes to explore further and who it would like to invite to attend the next evidence session. Given the limited time available at each Select Committee meeting and the fact that there will be other items on the agenda, it is suggested that a maximum of five external witnesses are invited to attend the next session. However, additional written submissions from other councils could be requested. For each example of good practice that the Committee would like to consider further, appropriate Council officers will be asked to attend the meeting, to comment on the feasibility of adopting similar practices in Lewisham.
- 11.2 The Local Government Association provides a variety of guidance and support for councils on the area of income generation<sup>13</sup>. The Committee may wish to hear from a representative of the Association at the next meeting, depending on the number of other external witnesses it wishes to invite.

## **12. Further implications**

- 12.1 At this stage there are no specific financial, legal, environmental or equalities implications to consider. However, each will be addressed as part of the review and as part of the implementation of any agreed recommendations arising from this review.

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<sup>12</sup> For further information see: <http://brent.gov.uk/media/12103610/5-APPENDIX-1-Budget-Savings.pdf>

<sup>13</sup> For further information see: <http://www.local.gov.uk/income-generation>

## Background Papers

- [Medium Term Financial Strategy](#), Report to Mayor and Cabinet (July 2014)
- [Hard Times, New Directions? The Impact of the Local Government Spending Cuts in London](#) produced by [the Centre for Analysis of Social Exclusion](#) at the London School of Economics, A Fitzgerald, R Lupton, R Smyth, P Vizard (2013)
- [Coping with the cuts? Local government and poorer communities](#) commissioned by the Joseph Rowntree Foundation, A Hastings, N Bailey, K Besemer, G Bramley, M Gannon and D Watkins (2013)
- The Local State We're In: PWC's Annual Local Government Survey [2013](#) and [2014](#)
- [Doing more with less: how London boroughs are using new powers to navigate budget straits and deliver local service](#), a Future of London report, J Wilson (2013)
- [Under Pressure, how councils are planning for future cuts](#), commissioned by the LGA, (2014)
- [Commercial Councils](#) produced by Localis, Richard Carr (2015)

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# **Lewisham Council**

## **Income Strategy and Guidance**

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## 1. Introduction

In 2013/14 Lewisham generated £118.3m of income, from fees, charges and other service income. This was from a variety of sources from Adult Social Care to Leisure Centres. This revenue is increasingly important with Government budget reductions meaning that the Council is required to save £85m between 2015/16 and 2017/18 to balance its budget. While income will play a critical role in meeting this challenge, it must be undertaken in a clear, transparent and consistent way.

Income can be a means by which to ensure a service is sustainable in the longer term but if not implemented in a fair and transparent way it can lead to a lack of engagement and distrust in the service and Council as a whole.

This Income Strategy is intended to ensure that where the Council has in place fees, charges and sources of income they are guided by certain principles and managed in a thoughtful and consistent way.

## 2. Principles

There are number of principles that the Council will follow when setting or introducing fees and charges.

- a. **Full Cost** – Any fees and charges at a minimum should cover full costs of the service (including capital and revenue investment and overheads) unless there are contrary policies, strategy, legal or contractual reasons.
- b. **Market Rates** – Where fees and charges are in place they should reflect market rates subject to meeting full cost. Any variation or charges that are significantly lower than the market must be agreed by the Fees and Charges Working Group.
- c. **Inflation Rise** – All fees and charges will rise in line with inflation in order to avoid sharp increases in prices.
- d. **Benchmarking** – All fees and charges should be benchmarked with neighbouring local authorities and the voluntary and private sector delivering similar services. Charges should not be significantly below comparator councils.
- e. **Agreeing Subsidy** – The Fees and Charges Working Group / Mayor and Cabinet must agree any decision to subsidise a service through lower fees. A business case must be presented setting out the rationale behind the subsidy and the full costs of the subsidy (including annual and whole life revenue, overheads and capital costs).
- f. **Understanding Demand** – Demand analysis must be undertaken to understand the impact of fees and charges on service and non-service users. This should include the elasticity of demand.
- g. **Concessions** – Any concessionary scheme should be based on ability to pay or promote a strategic objective and be applied in a consistent and transparent way across all council services.
- h. **Collection** – All fees and charges should be collected in the most efficient form. All fees and charges should be collected through automated electronic means and prior to the service being delivered.



- i. **Targeting Charges** – Managers should actively consider the use of alternative pricing structures to take advantage of opportunities to segment markets, and to target and promote take-up of services to specific target groups as appropriate to strategy objectives.

### **3. Key considerations**

In setting fees and charges, alongside our key charging principles, the service should take into account the considerations below. These will ensure that service areas set charges that do not unfairly penalise groups while ensuring that we do not end up placing undue stress on other service areas to fund a subsidy. The key principles and considerations align and should be considered together.

#### **a. Demand for the Service**

In order to deliver a quality service, the Council should understand the needs of those residents they serve and the demand for their service. This is irrespective of whether the service charges or not. Understanding the demand for the service and the needs will enable the service to tailor provision to residents to ensure that it meets these needs.

#### **b. Ability to Pay and Equity**

In determining charges services need to have regard to the nature of the service and the ability of users to pay. Any charges must also not unfairly penalise a particular group based on their characteristics.

#### **c. Statutory nature of the service**

The legal framework surrounding fees and charges will vary across services and each area must set fees and charges within any statutory requirements. If restrictions are placed on recovering full costs then service areas must ensure that they are including all relevant costs, this can be calculated through the use of the overheads calculator.

#### **d. Strategic priority**

Charging can be an important element of shaping behaviour and reinforcing strategic priorities for the Council. An example of this would be promoting sustainability and recycling through waste service charges.

#### **e. Impact on Service Outcomes**

The role of charging should be considered in line with the outcomes that the service is trying to achieve. While fees can be viewed as a push to drive people to improve certain outcomes (e.g. recycling instead of landfill), charges in some circumstances can promote users attaching added value to the activity. Each area must consider the impact on outcomes on a case by case basis.

#### **f. Collection/Transaction Costs**

When determining fees and charges the service should have regard to the cost of the collecting the income. Charges should not be introduced if the costs of transaction are greater than the incoming revenue.

#### **4. Governance and Monitoring**

As part of the development of the Income strategy Lewisham is establishing a fees and charges working group to ensure compliance with the Income Strategy.

##### **a. Fees and Charges Working Group**

In order to ensure transparency and consistency across the Council in relation to fees and charges, Lewisham will undertake an annual review on all charges set.

This review will be undertaken through a new working group that will engage with the Cabinet Member for Resources. The group will meet three times a year with all service areas being accountable to the group for setting their fees and charges in line with the Income Strategy.

##### **b. Fees and Charges Database**

The operation of the group will be underpinned through a new database of all fees and charges across the organisation. This will include information on:

- List of charges within the Service
- Statutory basis for charges
- When charges were reviewed and any increase.
- Overhead calculations
- Demand analysis
- Benchmarking

This information is there to inform the group when holding services to account on their current level of charges. The group is also able to use this information to determine whether to call Service Managers and Heads of Service in to explain in more detail how charges have been decided upon.

It will be the responsibility of Service Managers to update the database as and when there are planned changes to the fees and charges.

##### **c. Working Group Membership**

The working group will comprise four representatives from across the Directorates and will seek regular engagement with the Cabinet Member for Resources. These include:

- Head of Financial Services (Resources and Regeneration) (Chair)
- Head of Strategy, Partnerships & Improvement (Community Services)
- Head of Resources (Children and Young People)

- Head of Public Services (Customer Services)

The group are able to call in Heads of Service and Service Managers to account for how fees and charges have been set in line with the strategic direction of the organisation.

#### **d. Management of the Working Group**

The working group will be managed by finance as the role of the group aligns with the function of the service in checking compliance of services to the strategic direction of the organisation.

## 5. Key Lines of Enquiry

In order to support the work of the group and provide clarity to officers attending, the following key lines of enquiry are a guide to the areas and questions that the board may want to explore further.

### a. Rationale for Charges

- Why have we introduced a charge?
- Is the charge to reduce the subsidy to a service or recover full costs?
- What is the process for setting charges?
- What does the legislation enable in relation to charging?

### b. Strategic Compliance

- Do fees and charges comply with the income strategy and key principles?
- How do fees and charges relate to other Council strategic objectives (e.g. charging to drive improvement in recycling rates etc.)?

### c. Market Conditions

- Are there any other locally available providers delivering similar services in competition?
- How do fees and charges impact on these other providers?

### d. Future Plans

- What are your Service's plans for fees and charges in the future and are there plans to increase these? (e.g. rent review)

### e. Demand Management

- What is the relationship between charges and demand?
- What is the elasticity of demand?
- How does the service manage demand?
- What is the economic profile of your users and has this been considered in setting fees and charges?

### f. Concessions

- How do you determine concessions for the services? (e.g. statutory)

- Are these different concessionary groups clearly defined? (e.g. resident, student)
- What forms of proof are used to access the concessionary rates?
- How are concessions administered and what are the associated costs?

#### **g. Communication**

- How do you publicise information on your level of fees and charges?
- What ongoing communication do you have about fees and charges with your users?

#### **h. Administration**

- How are fees and charges administered?
- How much does this administration cost?
- Do you collect all charges prior to users receiving the service? If not, why?
- How do you promote the use of efficient collection? (e.g. direct debit use)

#### **i. Dependencies**

- What are the implications of charges for other areas of the Council?
- Will there be a positive or negative impact on these areas?

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