

# MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 27 January 2016 at 7.00 pm

PRESENT: Councillors Jamie Milne (Chair), Mark Ingleby (Vice-Chair), Abdeslam Amrani, Maja Hilton, Ami Ibitson, Helen Klier, Jim Mallory and Crada Onuegbu

APOLOGIES: Councillors Chris Barnham, Roy Kennedy and Kevin Bonavia

ALSO PRESENT: Councillor Alan Hall (Chair of Overview & Scrutiny Committee), Mayor Sir Steve Bullock (Mayor), David Austin (Head of Corporate Resources), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Barrie Neal (Head of Corporate Policy and Governance), Georgina Nunney (Principal Lawyer), Janet Senior (Executive Director for Resources & Regeneration), Selwyn Thompson (Head of Financial Services) and Katie Wood (Scrutiny Manager)

## 1. Minutes of the meeting held on 2 December 2015

### 1.1 RESOLVED

That the minutes of the meeting of the Public Accounts Select Committee held on the 2<sup>nd</sup> December be agreed as an accurate record of proceedings.

## 2. Declarations of interest

2.1 There were no declarations of interest.

## 3. Annual Budget 2016/17

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

- The provisional settlement in December had been significantly different to what was anticipated. Although the overall scale of the cuts was not reduced, they were now spread over additional years. This allowed more scope for reducing year on year expenditure.
- Difficult judgements had to be made and it was felt to be right to make further use of reserves and the New Homes Bonus because of the damaging effect the additional cuts would have.
- The New Homes Bonus would continue for at least 4 years.
- There had been a significant change in approach by the Government in effectively encouraging local authorities to increase Council Tax by the addition of the 2% "Social Care Precept" and the reduction of the bonus for freezing council tax.
- There was less confidence that the provisional settlement would be the final settlement than in previous years. There was the possibility that significant changes may be proposed following lobbying

particularly by many of the shire counties. The final situation would be clarified by 10 February at the latest.

3.2 David Austin, Head of Corporate Resources, presented to the Committee highlighting the following key points:

- The Annual Budget would go to the Full Council meeting on the 24 February 2016.
- The report included all budget components and not just the General Fund.
- The 2016/17 Capital Programme stood at £129m.
- The Dedicated Schools Grant allocation of £283.5 million and the estimated Pupil Premium Grants of £18 million meant that the Schools budget was larger than the General Fund.
- The Housing Revenue Account would be affected by the Government Policy of a rent reduction of 1% on all social homes.
- The General Fund 2016/17 was proposed as £236 million on assumptions that: the £17 million of previous savings proposals were met; an assumed Council Tax increase of 3.99%; the use of once off reserves of £6 million to balance the savings shortfall and the use of £5 million from the New Homes Bonus.
- There was a £3.75 million allocation in the 2016/17 budget for pressures and risks. This could include pressures such as from the introduction of the Living Wage.
- Council would be asked to approve changes to the treasury management strategy including approving that minimum sovereignty rating of investments be reduced from AA to AA- and granting permission to invest for longer than one year.
- The Section 151 statement was still to be published. In addition to this, Business Rate Payer and Housing Consultations were on-going.

3.3 Councillor Alan Hall, Chair of Overview and Scrutiny addressed the Committee and highlighted the following key points:

- The shift in approach by the Government in terms of appearing to encourage raising taxation and the increased uncertainty regarding the potential for the provisional statement to be further changed, made this a particularly challenging time.
- The policy implications of reductions in the Housing Revenue Account were not fully understood and this could be an area of increased pressure.

3.4 In response to questions from Members of the Committee, the following key points were raised:

- The 1% reduction in rent for social housing would be a challenge for housing partners as well as the local authority. Although the 1% was likely to be accommodated without serious repercussions in year one, it could have damaging cumulative effects going forward.

- Until the Government's Housing and Planning Bill was enacted there would remain some ambiguity as to what the full implications would be.
- The level of overall reserves held by the Council remained adequate and using the New Homes Bonus in a prudent way was a sensible way of managing some of the spending reductions over the next year.
- Savings would continue to be identified through the Lewisham Future Board.
- Proposals to meet future savings requirements would be likely to include more joint working with other local authorities and identifying additional income streams. Increased health and social care integration could also bring about efficiencies.
- The reductions in schools budget would not affect the budget until 2017/18. Changes included reductions to the DSG and the potential phasing out of the Education Support Grant of £4 million.
- The response to the Public Accounts' Committee's recommendations from their Income Generation Review would be reported back to Committee at their meeting of 16 March. This would include details of the proposals around a wireless concession.
- An additional stabilisation funding of £1 million into the Pension Fund would be provided for 2016/17. This decision was made based on the 2013 valuation of the fund.
- The budget pressure from those with No Recourse to Public Funds was now stabilising and the allocated budget was now anticipated to match the service needs.
- The 2016/17 risk fund would be £3.75 million. The Public Accounts Committee would be notified of use of this fund through the Monitoring Report received quarterly by the Committee.

### 3.5 **RESOLVED:**

That the report be noted.

That the 2019/20 prudential borrowing figure of £9 million listed in table A2 of the report be clarified to explain how this figure was calculated.

That the Committee consider looking at the increasing pressures on the Housing Revenue Account as part of their 2016/17 work programme.

## 4. **Select Committee work programme**

### **RESOLVED:**

That the report be agreed subject to a clarification on the item on the Financial Forecasts scheduled for the meeting on 16<sup>th</sup> March 2016: This should include an update on the Lewisham Future Board as part of the report.

**5. Referrals to Mayor and Cabinet**

**RESOLVED:**

5.1 There were no referrals to Mayor and Cabinet.

The meeting ended at 8.10 pm

Chair:

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Date:

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