

Public Accounts Select Committee Agenda

Wednesday, 21 March 2018

7.30 pm,

Committee room 3

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 Wednesday, 21 March 2018.

Janet Senior, Acting Chief Executive
Tuesday, 13 March 2018

Councillor Maja Hilton (Chair)	
Councillor Chris Barnham (Vice-Chair)	
Councillor Paul Bell	
Councillor Brenda Dacres	
Councillor Amanda De Ryk	
Councillor Carl Handley	
Councillor Simon Hooks	
Councillor Mark Ingleby	
Councillor Roy Kennedy	
Councillor Sophie McGeevor	
Councillor Alan Hall (ex-Officio)	
Councillor Gareth Siddorn (ex-Officio)	

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Tuesday, 6 February 2018 at 7.30 pm

PRESENT: Councillors Maja Hilton (Chair), Chris Barnham (Vice-Chair), Brenda Dacres, Carl Handley, Simon Hooks, Mark Ingleby and Sophie McGeevor

APOLOGIES: Councillors Paul Bell and Amanda De Ryk

ALSO PRESENT: Sir Steve Bullock (Mayor), Councillor Kevin Bonavia (Cabinet Member Resources), Timothy Andrew (Scrutiny Manager), David Austin (Head of Corporate Resources), Dave Richards (CYP Group Finance Manager) and Janet Senior (Acting Chief Executive and Executive Director for Resources & Regeneration)

1. Minutes of the meeting held on 20 December 2017

- 1.1 The Chair noted that an officer update on the complaints process had been delayed but confirmation had been received that it would be provided.
- 1.2 Councillor Handley advised the Committee that the Housing Select Committee was following up on the comments it had received from Public Accounts Select Committee about the Lewisham Homeseach system.
- 1.3 **Resolved:** that the minutes of the meeting held on 20 December be agreed as an accurate record.

2. Declarations of interest

- 2.1 Councillor Handley declared a personal interest under item four as a governor at Watergate school.

3. Responses from Mayor and Cabinet

- 3.1 The Committee welcomed the Council's decision to work with the association of public service excellence (APSE).
- 3.2 Members noted the appointment of Katherine Nidd to the new procurement and commercialisation role and agreed that they would invite her to a future committee meeting.
- 3.3 **Resolved:** that the responses from Mayor and Cabinet be noted.

4. Annual budget 2018-19

- 4.1 Sir Steve Bullock (Mayor of Lewisham) addressed the Committee. The following key points were noted:
 - The budget report contained detailed technical information and was similar in scope to previous budget reports. However, it could also be viewed as the fourth in a series of budgets in the 2014-18 administration.

- The four year budget process had started in 2014 resulting from a large public consultation, which shared information about budget pressures and sought views about Council priorities.
- Some savings were proposed in the budget – but not at the scale that had been put forward previously.
- Some of the previously agreed savings were difficult to implement. Given that the savings programme had been ongoing for eight years, this was not surprising.
- The pause in savings proposals in this year’s budget would allow the Council to focus on the delivery of those proposals that had been previously agreed.
- The scale of the savings programme had to be kept in mind. The budget for 2018-19 was around £233m against the updated (for demand and inflation) figure for the 2009-10 budget which would have been approximately £423m.
- Within the limits of decision making on Council tax- it had to be recognised that whilst it was a source of revenue it was also a potential burden on residents.
- Council tax made up about half of next year’s budget, as opposed to a quarter ten years ago.
- The overspend in the 2017-18 budget was a cause for concern but he was satisfied that the Council had a robust financial base.
- It was recognised that the use of reserves was not sustainable, however Lewisham was in a stronger position than other authorities, which did not have underlying robust finances.
- All local authorities in the country faced an extremely difficult financial situation due to: reduced central government finance; limits on taxation and rising demand.
- All public services were under pressure but few were confronted with the complexity of the challenges faced by local government.

4.2 Councillor Kevin Bonavia (Cabinet Member for Resources) addressed the Committee, the following key points were noted:

- The Council was using all of the levers at its disposal to try to balance the budget. This included making some savings as well as putting up council tax.
- Up until three years ago the Government had offered councils a deal (which Lewisham, along with many other councils took) to provide funding in exchange for freezing council tax.
- The Government had removed the deal to freeze council tax in favour of allowing councils to increase tax in order to provide additional funds for essential services (particularly adult social care). It was believed that this was because the Government wanted to shift the focus for funding pressures to councils rather than recognising that there was an issue with the funding of social care nationally.
- Council tax was a significant source of revenue, in comparison with 2010 – an additional £11m of tax was being collected. This was not just because of rises but also because of the increased number of homes in the borough.
- The approach to council tax in the budget was similar to last year – the core element was being increased by the maximum amount (2.99%) which would provide approximately an additional £3m in revenue (based on the current 96% collection rate).
- The Council would also be implementing the social care precept – which allowed a 6% increase in council tax over a three year period.

- 4.3 Councillor Bonavia responded to questions from the Committee, the following key points were noted:
- Lewisham had a council tax reduction scheme to protect the most vulnerable residents.
 - The Council's policy was to decrease the reduction available for working age recipients of the scheme relative to the reduction in revenue support grant from government.
 - Last year this had resulted in an increase for working age recipients of the scheme of 33% (one of the highest increases in London).
 - This year, work had been done to consider a level of increase that would be revenue neutral. This was determined to be an increase of 25%.
 - An additional 100% relief had been brought in for care leavers. The Council was also asking other councils in London to consider implementing this relief for Lewisham care leavers living in their boroughs.
 - Officers had been tasked with considering other ways the Council could help the most vulnerable residents.
 - It was agreed that it was important to provide new homes in the borough for residents and that this required careful consideration to be given to development density and the availability of infrastructure.

- 4.4 David Austin (Head of Corporate Resources) introduced the report, the following key points were noted:
- There were some recent changes that would impact on the final levels of the income for the 2018-19 budget. Further information was awaited from government.
 - Each section the report provided a summary of the Council's financial position in this financial year and it set out the figures for the 2018-19 budget.
 - The main sections of the report were: capital, housing revenue account, dedicated schools grant, general fund, other sources of funding and treasury. He would introduce each in turn and take questions:

4.5 Capital

- The 2017-18 capital programme had been reviewed (as noted in financial monitoring reports throughout the year) it provided £100m in funding for projects across the housing revenue account and general fund and included: highways, schools, housing and regeneration schemes (amongst others).
- The four year programme for the whole capital programme provided for £271m of funding. In 2018-19 there was £135m of funding available.
- It should be noted that the other years of the scheme were still subject to change depending on changing priorities.
- In 2018-19 - £63m was allocated to the general fund and £73 to the housing revenue account.
- Funding for the capital programme through the general fund would be provided from borrowing, grants and receipts. For the housing revenue account the funding would be provided from reserves. The Council had been building up reserves to fund the housing matters programme.
- Borrowing to fund development entailed additional costs for interest and charges that could be avoided by using reserves.

4.6 David Austin responded to a question from the Committee, the following key point was noted:

- The capital spending on housing was split: £40m on decent homes work and £32m on new building work.

4.7 Housing revenue account

- The housing revenue account was on budget, though there had been some slippage in the capital programme in 17/18.
- The budget set the rent levels for 2018-19. Under government rules, rents had to be decreased by 1% a year up until 2020/21.
- Rents were previously being raised by the CPI measure of inflation plus 1% (this formula would have resulted in a 4% rent increase this year) so there was effectively a 5% shift in the anticipated level of income.
- The change made about a £1 difference a week on the average property for residents.
- The decrease in rents created a pressure in the longer term (30 year) business plan for the housing revenue account budget.
- The government had said that rent restrictions would be lifted, but it was not yet clear what this would entail.
- This created some constraint in the short-term and uncertainty in the 30 year business plan.
- The report also provided information about consultation with residents about charges (for garages, heating, lighting and other shared utilities).
- It should be noted that some of the charges (particularly for grounds maintenance) had increased – this was at the request of residents.

4.8 David Austin responded to questions from the Committee, the following key points were noted:

- The potential increase in rents (post 2021) would be dependent on inflation.
- The overall impact of rent decreases on the housing revenue account business plan would be about £240m. This would reduce the level of reserves. However, over the five year period the largest drain on the reserves would be the commitments to the capital fund.
- There was also an option to borrow to fund the capital programme (Lewisham currently had the capacity to borrow £64m) but the Council had committed to using reserves (as a more cost effective option) before borrowing.
- When borrowing the Council decided on the most effective source at the time. The public works loan board was not always cheapest.

4.9 Sir Steve Bullock responded to questions from the Committee, the following key points were noted:

- The 'pop up' housing in Ladywell was not funded from the housing revenue account capital fund. It was funded by prudential borrowing, offset by avoided costs.
- There was a perception that public works loan board was the cheapest way to borrow but this was not always true.

4.10 Dedicated schools grant

- As highlighted in the financial monitoring through the year, a number of schools were facing pressures. However, overall the dedicated schools grant was in balance.

- In 2018-19 the dedicated schools grant would be just over £292m. Some of that funding went directly to academies and the remainder was distributed by the Council.
- In addition to the grant there would be an estimated £17m of pupil premium (dependent on numbers of students) available to spend.
- There continued to be a slight increase in primary school pupil numbers but there was a decline in numbers of enrolments to secondary schools.
- Over time any reduction in pupil numbers would put pressures on schools budgets as the majority of their income was per pupil.
- The schools forum had agreed the mechanism for capping schools PFI costs at 10%.
- There were some key risks which would require schools to manage their budgets very carefully. The real terms reduction in schools budgets was estimated at effectively 7% over two years.
- If schools didn't make savings and they didn't have reserves, this represented a risk to the Council through the provision of emergency loans.

4.11 David Austin, Janet Senior (Acting Chief Executive and Executive Director for Resources and Regeneration) and Dave Richards (Group Finance Manager, Children and Young People) responded to questions from the Committee. The following key points were noted:

- Secondary school enrolments were falling across London.
- The Government was consulting on a change such that, if a school became an academy, the Council was required to write-off any loan that was owed.
- Schools could choose to become academies at any time, there was no indication that any school made a choice to become an academy just to avoid their loan.
- Approximate figures could be provided about the loss in school funding over the period since 2010.
- The new banding system in respect of Special Education Needs funding for schools would provide slightly more money overall. There were one or two schools where there would be slight downward adjustments, these were likely to be relatively small.
- Work was carried out with schools to analyse risks and develop sustainable budget plans.
- Schools at risk were a priority for support from the Council.
- The monitoring of schools budgets had been tightened up. There was a clear escalation process in place to support schools in trouble.
- The principal pressure on schools budgets was caused by falling pupil numbers and schools budgets were not rising in line with costs.

4.12 General fund

- In 2017-18 there was a forecast overspend of £12.9m. Any overspend at the end of the year would have to be drawn from reserves.
- In 2018-19 the general fund budget would be £241m. This included some growth as a result of Council tax collection work and growth in the base that had increased income slightly more than had been anticipated.
- There was a potential impact on the budget from pay inflation. It had been assumed that this would be 1% but there was an expectation that this might increase to 2%.
- The report detailed a range of risks and pressures facing the budget. Page 7

- Some changes had been made to base budgets to correct pressures that could not be achieved by savings (largely as a result of demand pressures).
- An additional saving had been added to the programme for 2018-19 relating to charges for the 'link line' service, which had been agreed for 2017-18 – but would be implemented next year.
- The anticipated gap in the budget for 2018-19 was £8.6m, £5m of which would be funded from the new homes bonus reserve and £3.6m from general reserves.
- Funding would need to continue for the implementation of the Council's transformation programme. This may need to be drawn from reserves.

4.13 David Austin and Janet Senior responded to questions from the Committee, the following key points were noted:

- Changes to waste and recycling services had been expected to result in a budget saving. However, the technical requirements of implementing the new service meant the full savings would not be achieved and that additional funding had been required. It was still anticipated that savings could be made in future years.
- There had been some initial issues with the implementation of the new waste and recycling service but it had largely been a success.
- The new homes bonus was initially scheduled to be provided over six years in order to incentivise the delivery of new homes. The rules had been tightened and it had been reduced to four years. A minimum cap had also been introduced.
- The new homes bonus was triggered when a new home was registered for Council tax.
- Part of the funding that had been available for the new homes bonus had been moved to fund the improved better care fund.
- Overspends in directorate budgets were regularly and closely examined.
- There were pressures in some directorate budgets as a result of increased demand and complexity of demand (particularly in the Children and Young People Directorate).
- The Council could not cease providing crematorium services. Investment had been made at the Lewisham crematorium to enable it to provide a wider range of services.

4.14 Sir Steve Bullock addressed the Committee, the following key points were noted:

- The Government had created the new homes bonus to incentivise Conservative authorities to build more housing. However, Lewisham (and other Labour authorities) had been successful at attracting funding, which prompted Government to make the conditions of the bonus less favourable.
- There were areas of the country where there were empty houses because of a lack of demand. This was not the case in Lewisham.

4.15 Other sources of funding and treasury

- The better care fund and improved better care fund were provided for adult social care. It had to be negotiated and spent jointly with health. The intention of the joint funding was to ensure that services were working effectively together.
- There was also funding for public health, which was under pressure and reducing. Half of this funding was used for sexual health services.

- Initial indications from the new business rates pooling arrangements was that they would provide an additional £4m in funding for Lewisham. However, this was not certain until the arrangements were in place so no assumptions had been made for the 2018-19 budget.
- There had been little change to the treasury management plans since last year.

4.16 David Austin and Janet Senior responded to questions from the Committee, the following key points were noted:

- Last year was the first year that the Council had put money into the budget (£10.6m) to fund transformation projects.
- The major corporate project taking place involved 'smarter working'. This included improvements to buildings as well as work to develop staff competencies and skills; the paperless office and the new customer relations management system.
- There were also projects taking place at a directorate level.
- Future plans for automation and analytics would streamline the delivery of Council services.
- Work was taking place to develop the Council's use of data to make the delivery of services more efficient, to tackle fraud and to help with future planning.
- Lewisham's LOBO (lender option, borrower option loans) were different from the loans that had been described as 'toxic loans' at some other authorities.

4.17 There was also a brief discussion about the delivery of the previously agreed savings proposals in children and adolescent mental health services budget, which had recently been discussed at the Children and Young People Select Committee, but which were not part of the budget report.

5. Select Committee work programme

- 5.1 The Committee discussed the work programme and agreed that the following items would be considered at its meeting on 21 March 2018:
- Income generation and commercialisation
 - Asset management
 - Management report
 - Financial forecasts
 - Audit panel update

6. Referrals to Mayor and Cabinet

6.1 There were none.

The meeting ended at 9.10 pm

Chair: _____

Date: _____

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Public Accounts Select Committee		
Title	Declaration of interests	
Contributor	Acting Chief Executive	Item 2
Class	Part 1 (open)	21 March 2018

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;

(b) and 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 members' 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	Referral from Overview and Scrutiny Business Panel	
Contributor	Scrutiny Manager	Item 4
Class	Part 1 (open)	21 March 2018

- 1.1 At its meeting on 13 February 2018, the Overview and Scrutiny Business Panel considered a report on the Council's letting and disposal procedure.
- 1.2 Following a discussion Members of the Business Panel agreed to refer the report to Public Accounts Select Committee for consideration. The report is appended below.

Overview and Scrutiny Business Panel			
Report Title	Review of the Council's Lettings and Disposal Procedure	Item No	
Contributors	Executive Director for Resources & Regeneration		
Class	Part 1	Date	13 February 2018

1. Purpose of paper

- 1.1. The Chair of the Overview and Scrutiny Business Panel requested a review of the Council's lettings and disposal procedures.
- 1.2. This paper sets out the responses from the referral.

2. Recommendations:

- 2.1 It is recommended that the Overview and Scrutiny Business Panel note the findings of the review.

3. Introduction

- 3.1 The past 10 years have seen significant change for the Council in respect of its estate. As a result of estate rationalisation, in line with the Strategic Asset Management Plan, the Council has seen its Corporate or Operational Estate half in numbers.
- 3.2 Some of these assets have been sold, any capital receipts generally being used to fund the Council's capital programme. However many of these assets have been incorporated into the Council's Commercial Estate which, following the recent addition of the HRA non-housing estate, now stands at 240 properties. These generate a total annual income for the Council of £3.3m, used to fund Council services across the Borough. This does not include the Housing Estate Garages Portfolio of approximately 1,700 properties which generates a further £950,000 per annum.
- 3.3 Recent years have seen a conscious change in approach to ownership and use of Council non-operational assets, moving from disposals to long term retention of assets and a focus on lettings to generate income rather than capital receipts.
- 3.4 Coupled with this has been an increase in "meanwhile" short term uses for land and assets that form part of wider regeneration schemes and programmes. These have taken different forms, recent examples including Place Ladywell, the DEKS in the Old Town Hall in Catford, and most recently

the short term letting of Beckenham Place Park Mansion. These meanwhile uses can save the Council money on running and security costs, bring vacant buildings and land back into use and help contribute to the early stages of a regeneration programme while their long term use is being developed.

- 3.5 As a result of this focus on lettings and income generation more generally, but particularly the rise in short term “meanwhile” leases, and in line with the Chair of Overview and Scrutiny Business Panel request, officers have initiated a review of the Council’s Lettings and Disposal Procedures to ensure that is fit for purpose and provides for a process which reflects best practice.
- 3.6 Currently the Council does not have a formal, adopted lettings and disposal procedure or policy in place.

4. Teams & Responsibilities

- 4.1 Currently all disposals, property lettings and landlord and tenant work are carried out within the Property, Asset Strategy & Estates Service Group in the Regeneration & Place division. All land and building disposals are carried out by the Planning & Development team, whilst all landlord and tenant work, including property lettings, are carried out by the Estates Team, which manages the Council’s commercial estate. All of this work is overseen by the Property, Asset Strategy & Estates Service Group Manager, with relevant authorities obtained in line with the Council’s Scheme of Delegation (the Mayoral Scheme of Delegation and the Directorate for Resources and Regeneration Scheme of Delegation).

Role	Function
Head of Regeneration & Place	Responsible for providing overall direction and approvals where relevant, the Head of Service has the ultimate responsibility and accountability to ensure the Council’s disposals and lettings are carried out correctly.
Service Group Manager for Property, Asset Strategy & Estates	The Service Group Manager is responsible for providing direction for the relevant teams and has responsibility for ensuring the correct processes are followed.
Estates Manager/Senior Development Surveyor	Responsible for the day to day management of disposals and lettings as appropriate and for managing surveyors effectively, including allocating jobs as appropriate. This role is also responsible for managing any contracts with agents or consultants in relation to lettings.
Estates Surveyors / Planning & Development Surveyors	Responsible for day to day activities in relation to lettings and disposals

4.2 There are a small number of temporary lettings related to properties and assets which form part of wider regeneration programmes, such as Beckenham Place Park and Catford Town Centre, that are managed by officers in the Capital Programme (Regeneration) team within the Regeneration & Place Division. Where this is the case, all lettings are overseen and signed off by relevant managers in the Property, Asset Strategy & Estates team, again with relevant authorities granted in line with the Council's Scheme of Delegation. The table below sets out the key roles and functions of the officers involved in the disposal/lettings process in the Regeneration & Place Division.

5. Types of Disposals

5.1 For the purposes of this review, the types of disposals are split into four general categories:

- Land and asset disposals – these could be freehold or long leasehold disposals, or those leases over seven years granted in return for a capital receipt/premium; for the purposes of this review it will include all leases granted over 25 years and all freehold disposals.
- Standard commercial lettings – those properties which form part of the Council's existing commercial estate and used to generate income to support service delivery;
- Community building lettings – those properties which are either existing or former community buildings leased on commercial or semi-commercial terms;
- Meanwhile/temporary lettings – those properties which form part of wider regeneration plans and used on a temporary basis whilst long term plans for the buildings are realised. These properties in many cases if left empty, present security, maintenance and compliance issues and costs for the Council and so are often let for short term uses on terms which reflect their condition and investment required, the short term nature of the use and the resulting saving to the Council on security costs which would otherwise be incurred if the buildings were left empty. One of the main drivers for letting these units in this way is ensure they are kept safe and secure while longer term plans are developed for their use.

6. Scheme of Delegation

6.1 The Council's Constitution currently sets out how, where and on what basis decisions can be made in relation to disposals and lettings; the Council's Scheme of Delegation contains the details of this and forms the basis of decision making in relation to land and property.

- 6.2 Key decisions on disposals, and to declare properties/land surplus are made by the Executive (Mayor and or Mayor and Cabinet). In some cases such decisions are delegated to the Executive Director (ED) for Resources and Regeneration where the value of the disposal or asset is less than £500K.
- 6.3 The Scheme of Delegation provides that decisions related to leases, licences and tenancies (including those considered temporary, short term or at market/best consideration) are delegated to the ED for Resources and Regeneration, sub-delegated further to the Head of Service for Regeneration & Place. Accordingly, decisions on the grant of leases, licences and tenancies are not taken by Members unless the Scheme of Delegation does not apply.

7. Best Consideration

- 7.1 Under Section 123 of the Local Government Act 1972, the Council is under a statutory obligation to achieve “Best Consideration” when dealing with any disposal (sale or letting) of its assets. Essentially this is the best value or financial return that can reasonably be obtained, and for disposals will usually reflect Market Value, for lettings it will usually reflect market rental value.
- 7.2 This statutory obligation does not apply to leases granted for less than seven years. Leases for less than seven years are also not disposals for the purposes of the Scheme of Delegation and the requirement to obtain best consideration does not apply to them. However, the Scheme of Delegation requires all lettings to be at Market Value..
- 7.3 For any disposal or letting for less than Best Consideration/Market Value, approval needs to be granted by Mayor and Cabinet.
- 7.4 Market Value or Market Rental Value is usually determined following a full marketing process, however where this has not taken place then it is based on the advice either provided by suitably qualified Officers (either the Service Group Manager for Property, Asset Strategy and Estates or the Estates Manager) or by external professional surveyors.
- 7.5 Whether or not the Council has achieved Best Consideration in relation to a disposal or letting is determined on the same basis. Decisions (delegated or Mayor and Cabinet) are taken on the basis of advice provided either by Officers or external professional surveyors.
- 7.6 It should be noted that there will be occasions, particularly with short term lettings or where buildings require significant investment, where Best Consideration/Market Value may still be achieved without a rental payment being received by the Council. For buildings which require significant investment (such investment being borne by the prospective tenant), longer term leases will usually attract a significant rent free period and for short term leases it may not be financially viable for the tenant to both invest in a building and pay a rent to the Council.

8. Existing Disposal/Letting Procedures

Land/Building Disposals

- 8.1 For the purposes of this report, a disposal is defined as any freehold sale of Council assets or the grant of a leasehold in excess of 25 years.
- 8.2 A property or site is identified as being surplus to the Council's requirements through a process of ongoing property review in which it has been identified by Regeneration & Place and, if applicable, the occupying Service as being unused, under used or not offering value for money (because, for example, as a result of individual property review, the costs of maintenance may be prohibitive such that it is no longer cost effective to retain them).
- 8.3 An options appraisal is carried out which considers the following:
- Existing use and condition;
 - Site/property context – site constraints, planning constraints etc;
 - Legal/title status;
 - Potential alternative uses (including potential for redevelopment and constraints/opportunities associated with that);
 - Valuation – including existing use and alternative use/redevelopment value;
 - If redevelopment – delivery options e.g. Council led, RSL led, private sector led, potential for joint venture or other delivery vehicle;
 - If disposal – consideration and recommendation on the most suitable disposal route.
- 8.4 Based upon the findings and recommendations of the options appraisal, and following consultation with appropriate Members and Executive Directors, a Mayor and Cabinet or Delegated Authority report will seek approval to dispose without further referral and, in the case of a Mayor and Cabinet report, will seek delegation for the Executive Director for Resources and Regeneration to accept an offer and to negotiate further if necessary and to enter into the legal documentation necessary to complete the disposal.
- 8.5 The Cabinet report will recommend whether the sale should be leasehold or freehold and will include an assessment of the value and the impact on value, if any, of the respective methods of sale. It will also advise on the timing of the disposal and when the property should be brought forward.

Methods of Disposal

- 8.6 The methods of disposal that may be used are:
- Informal Tender;
 - Formal Tender;
 - Auction;
 - Sale by negotiation
- 8.7 Sales by Formal Tender and Auction are largely regulated by the process that needs to be followed to achieve a legally binding contract, they are not used

on a regular basis by the Council and so are not described or covered in this report.

- 8.8 Sales by negotiation usually involve a “Special Purchaser”, examples being:
- i. Sale to a sitting tenant
 - ii. Sale of an access which would enable a purchaser to release development value locked up in another property;
 - iii. Sale to an adjoining owner or sale of a part-interest in a property where amalgamation of interests could enable “marriage value” to be realised;
 - iv. Sale to an organisation or public body (eg a RSL) at less than market value where other benefits are offered to the Council.
- 8.9 In the case of example iii, this has been a relatively common occurrence over the past two to five years, where Officers have negotiated a disposal to an adjoining land owner to realise marriage value. In particular sale by negotiation is a more common occurrence where the Council is seeking to negotiate a disposal generating an income stream rather than a capital receipt. Recent examples include disposals at 1 Creekside and the former Copperas St Depot.
- 8.10 In these circumstances, if a site is has not been declared surplus already by Mayor and Cabinet, then that decision will be taken as part of the same report seeking authority to dispose, once negotiations have completed. The same process is followed in terms of an options appraisal considering different forms of development delivery.

Standard Commercial Lettings

- 8.11 There are two types of assets which come under this definition:
- Sites/buildings which already form part of the Commercial Estate and are being re-let;
 - Operational sites/buildings which have been declared surplus and moved into the Commercial Estate.
- 8.12 For the latter, the same process as for disposal sites/properties is followed. Sites are identified through a process of ongoing property review in which it has been identified by Regeneration & Place and, if applicable, the occupying Service as being unused, under used or not offering value for money. Properties are declared surplus either by Mayor and Cabinet or the ED for Resources and Regeneration where the value of the disposal or asset is less than £500K, and in each case following agreement between relevant service areas, and following notification of the relevant Ward Members. However it is important to note that this does not happen for lettings or lease renewals for properties which are already part of the Commercial Estate.

Pre-marketing Activities

- 8.13 Prior to marketing, a surveyor from the Estates Team will carry out a site inspection to assess:
- General repair and any works required;
 - Site/property safety and security (and make any arrangement to protect against squatters or unauthorised entry);
 - Potential fire hazards.
- 8.14 The surveyor will notify relevant Council departments the property is vacant and arrange/instruct as necessary any statutory assessments, for example Energy Performance Certificates.
- 8.15 The surveyor will also make an assessment of the potential rental value prior to passing the property on to instructed letting agents.

Marketing Activities

- 8.16 The Council has a contract with local agents to carry out all marketing and leasing activities on its behalf. The Agent will prepare marketing particulars, including the following details:
- Photographs;
 - The address, floor plan and a location plan of the property;
 - A brief description of the property and the area;
 - Rental required;
 - Length of lease being offered;
 - Energy Performance Certificate
 - Viewing and contact details
- 8.17 As well as letting boards on site, properties are listed both on the Agent's website and the Council's. All offers received by Agents are passed on to the Estates Team for review. Offers are assessed on the basis of (but not limited to):
- Level of rent;
 - Proposed use;
 - Track record and experience;
 - Due diligence – company records etc;
 - References (if requested).
- 8.18 Upon selection of an applicant, the Agent will agree Heads of Terms for approval by the Council's surveyor. Once agreed, these are signed off by the Estates Manager and Property, Asset Strategy and Estates Service Group Manager. The Estates Team then instruct the Council's Legal Department to draw up and complete legal documentation.

Community Building Lettings

- 8.19 For community buildings which are transferred into the Commercial Estate, the same process outlined in the previous section is followed.

- 8.20 However there are community buildings which still form part of the Operational Estate but which are not occupied directly by Council employees, but instead by organisations from the voluntary sector. The management of these buildings and organisations is overseen by colleagues in Community Services; a number of organisations occupy under premises management agreements, however some occupy under leases, negotiated by the surveyors in the Estates Team.
- 8.21 Generally speaking, the organisations occupying these buildings have historically done so for some time, and leases or premises management agreements have been put in place to regularise occupation. In these circumstances, there has not usually been a marketing process.
- 8.22 In April 2015 Mayor and Cabinet agreed a framework for the use of Council assets to support the Voluntary Sector and this forms the basis of the grant of any leases to organisations in Council community buildings.
- 8.23 To summarise, there are four categories described as follows:
- **Sole occupancy of a building (not at full market rate)** – This would be a building, wholly or predominantly utilised by one Voluntary and Community Sector (VCS) organisation. In order for an organisation to have sole occupancy of a building it would need to demonstrate a need for specialist facilities that could not be provided elsewhere and/or within a shared facility. The organisation would need to demonstrate that it can't afford full market rate. The organisation would also need to be delivering services that meet Council priorities.
 - **Voluntary and Community Sector Hub** – This would be a shared building with all inclusive affordable rents. This would be the preferred category for organisations that are providing services that meet our priorities (and cannot demonstrate the need for specialist facilities above). The Hubs will provide office and meeting space. Activity space where appropriate and possible may also be provided, otherwise this would need to be hired elsewhere.
 - **Community Centre** – This would be a neighbourhood based facility with activity space that is predominantly geared towards providing services at a neighbourhood level. Community Centres currently have a range of different terms and conditions, some are on full repairing leases, some directly provided and others managed by Premises Management Organisations (PMOs) but with Repairs & Maintenance provided by the Council.
 - **Sole occupancy of a building at full market rate** – This would be for larger Voluntary and Community Sector organisations that can afford to pay full market rates, for those that are not delivering services that meet our priorities or for organisations that are delivering services that meet our priorities but that do not wish to be housed within one of the VCS hubs. These organisations would still be able to access buildings (where available) on the Council's standard letting terms and conditions.

- 8.24 Any new lettings of community premises to a VCS organisation will follow general lettings procedures set out in the previous section, however are carried together with colleagues from Community Services.
- 8.25 Authority for lettings to organisations who occupy Council buildings to deliver commissioned services is granted by Mayor & Cabinet. General terms are set out to bidders as part of the tender exercise, and authority to agree the final terms is delegated to the ED for Resources & Regeneration.

Temporary/Meanwhile Use Lettings

- 8.26 This category includes Council (or Catford Regeneration Partnership Limited) owned buildings or sites which are vacant, but which sit within an area for which long term regeneration or redevelopment proposals are either planned or in place. Whichever team is leading on meanwhile/temporary lettings, oversight is provided by surveyors in the Estates Team and/or other officers in the Property, Asset Strategy and Estates service group as appropriate or required.
- 8.27 Recent examples include the buildings on Beckenham Place Park, Catford Town Centre, former Ladywell Leisure Centre site. In most cases the buildings are in a poor state of repair and require significant capital investment in order to bring them into a safe and statutory compliant state of repairs; they also tend to incur the Council significant security and other costs in order to keep the buildings/sites safe and secure.
- 8.28 Historically, smaller buildings have been occupied by Property Guardians in order to minimise the Council's revenue expenditure, whilst longer term plans for the buildings are realised. Other larger properties where this is not possible have remained vacant and the Council continues to incur revenue costs. However, there is a recognition that bringing these buildings into active use for short term (generally under three years) use, even for no or little rent, can help contribute to the early stages of regeneration plans.
- 8.29 It is important to note that best consideration or the achievement of a market rent for a property may not always result in receiving income, depending on other factors involved in a letting. As stated earlier in this report, these buildings are often in a poor state of repair and require significant investment in order to bring them into an occupiable condition. These costs can either be borne by the Council as landlord or by a prospective tenant. In standard, longer term lettings, an ingoing tenant would be granted a significant rent free period to recognise their upfront capital investment; however for short term leases the investment required may exceed the annual market rent the Council could expect to achieve over the course of the proposed lease term if the property were in better condition.
- 8.30 In addition to the Capital investment required, the Council can benefit from a reduction in holding costs associated with security and other items, which in

some cases can be significant. As a result, in some cases the rent that the Council negotiates will reflect these tangible benefits.

- 8.31 In terms of procedures, the majority of lettings have followed standard procedures followed during the course of a normal commercial letting. The same criteria described in that section when assessing tenant applications are used, however more weight is given to the proposed use, in particular how it helps meet wider regeneration objectives specific to the plans for the area the property is in.
- 8.32 In a small number of cases, lettings have been undertaken directly with tenants by negotiation. Beckenham Place Park Mansion is a recent example of this, with the imminent closure of the golf course resulting in closure of publicly available facilities in the building, a decision was required its short term use in order to ensure the ongoing security of the building from squatting and damage, make the building safe for occupation and, if possible, ensure the availability of the building for use by the public.
- 8.33 In terms of a process followed, an options appraisal was carried out considering the various ways the building could be secured, together with the minimum capital investment required to enable that. This included the Council securing through a security company, property guardians or the grant of a meanwhile/temporary letting. It was concluded that the meanwhile use lease approach offered the best option for safeguarding the mansion. It offered the lowest cost solution to provide the necessary building security and transfers many of the ongoing running costs to the occupier. The introduction of active uses to the park would also help to introduce new users to the space and more widely to the Park.
- 8.34 No formal marketing process was undertaken, although Officers did engage with other potential meanwhile use operators, before negotiating a short term letting with RJK Properties. In the time between the closure of the golf course and occupation by RJK Properties the building was squatted, with RJK Properties assisting the Council in obtaining possession by agreement. Given the investment required by any tenant, together with set up and ongoing management costs, together with the short term nature of the lease, Officers were and are satisfied that the terms agreed were in line with what could have been expected had the property been marketed. Authority for the letting was provide by the ED for Resources & Regeneration and in line with the Council's Scheme of Delegation.
- 8.35 Having reviewed the circumstances of this letting, whilst the terms agreed were in line with market expectations, the Council's fiduciary requirements were met and the Scheme of Delegation followed correctly, it would have been more appropriate to follow the procedures of a standard commercial letting and market the opportunity more widely through Agents. However, it is accepted that in this case there were particular time pressures associated with the building becoming vacant, and the significant cost implications if the Council were to secure the building; therefore a wider marketing exercise was

not feasible in these circumstances. In terms of lessons learnt, in the future the planning of any similar vacant possession proposals should allow time for a marketing exercise in order to ensure the opportunity is more widely advertised.

9. Best Practice and Review Findings

- 9.1 Having carried out an initial review of other London Boroughs, there are few which have published, formal procedures of policy for lettings and disposals. Those which do include London Borough of Tower Hamlets, whilst other Boroughs seem also to be reviewing their procedures in this area. Officers have also liaised with key contacts in property teams at other London Boroughs to understand general approaches in this area.
- 9.2 Whilst there are differences between how local authorities approach disposals and lettings, these are generally limited to the method of disposal, with authorities generally following one or two favoured methods, and how opportunities (disposals or lettings) are marketed, that is through agents or directly through in-house teams.
- 9.3 In comparison to Lewisham, there are Councils whose procedures are broadly similar, and those with some significant difference. Where all Councils align, is that they seek to use practices which result in an open, transparent and consistent process of disposal or letting, and that they result in outcomes which meet both statutory requirements and the individual Council's own constitution and fiduciary requirements.
- 9.4 The key questions therefore for this review are:
- Are the Council's lettings and disposal procedures consistent, clear and transparent;
 - Do those procedures result in outcomes which meet statutory requirements and the Council's own fiduciary requirements.
- 9.5 In respect of the first, Officers are satisfied that this is the case. Generally, the same standard procedures are followed for all lettings, however where they are not there have been demonstrable reasons for doing so and these cases tend to be the exception rather than the norm. The criteria for tenant selection is clear and followed equally for all standard commercial lettings. The increase in meanwhile or temporary lettings within regeneration areas has resulted in a slight change to the standard set of criteria used in these circumstances however there are clear reasons for this being the case.
- 9.6 That said, an even great level of transparency and consistency of approach could be achieved if a more formal lettings and disposal policy were adopted. It is the recommendation of this review that such a policy be formally adopted by Members.
- 9.7 In respect of the second question, both statutory legislation and the Council's own Scheme of Delegation are clear as to the requirements for the Council to

meet in respect of any letting or disposal. Authorities for any disposal type are obtained in accordance with the Council's Scheme of Delegation. In relation to requirements to achieve best consideration, the majority of lettings are carried out following a marketing process. For those which are not, suitably qualified Officers are required to be satisfied that the "best" or market terms have been achieved. For asset disposals, the issue of best consideration is dealt with as part of the reporting for the approval/authority process. In respect of this question Officers are satisfied the Council's procedures are fit for purpose.

10. Recommendations

- 10.1 This report recommends that a recommendation is made to Mayor and Cabinet seeking to adopt a formal lettings and disposal policy. If this recommendation is agreed, Officers propose that a draft Policy is brought back to this Committee before going to Mayor and Cabinet for adoption.

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Public Accounts Select Committee		
Title	Financial forecasts 2017/18	
Contributor	Executive Director for Resources and Regeneration	Item 5
Class	Part 1 (open)	21 March 2018

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the financial forecasts for 2017/18 as at 31st January 2018. The key areas to note are as follows:
- i. There is a forecast overspend of £12.9m against the directorates' net general fund revenue budget. This is set out in more detail in sections five to nine of this report. This compares to a final outturn of £7m for 2016/17 which resulted after applying £2.8m of funding for 'risks and other budget pressures' against the directorates' year-end overspend of £9.8m for that year.
 - ii. The Dedicated Schools Grant (DSG) is expected to balance at the year end. It is expected that there will be 13 schools who will have a licensed deficit. This is set out in more detail in section 11 of this report.
 - iii. The Housing Revenue Account (HRA) is currently projecting an additional surplus of £2.3m. This is set out in more detail in section 12 of this report.
 - iv. As at 31st January 2018, some 82.7% of council tax due and 91.3% of business rates due had been collected. At this point last year, 83.5% of council tax due and 90.5% of business rates due had been collected. This is set out in more detail in section 13 of this report.
 - v. For the 2017/18 capital programme, £64.3m has been spent as at 31 January 2018, which is 63% of the revised budget of £102.4m. The comparable figure to 31 January last year was 57% spend against the revised budget of £84.8m, with the final outturn being 84% spend against budget.

2. PURPOSE

- 2.1 The purpose of this report is set out the financial forecasts for 2017/18 as at the end of January 2018, projected to the year end.

3. RECOMMENDATION

- 3.1 The Public Accounts Select Committee is recommended to:
- 3.1.1 Note the current financial forecasts for the year ending 31 March 2018 and any appropriate action being taken by the Executive Directors to manage down the forecasted year-end overspend.

4. POLICY CONTEXT

- 4.1 Reporting financial results in a clear and meaningful format contributes directly to the council's tenth corporate priority: inspiring efficiency, effectiveness and equity.

5. DIRECTORATE FORECAST OUTTURN

- 5.1 The forecasts against the directorates' general fund revenue budgets are shown in Table 1 below. In summary, a forecast year end overspend of £12.9m is being reported as at the end of January 2018. At the same time last year, an overspend of some £11.6m was forecast. Members should note that for 2017/18, there is a residual sum of £1.3m held corporately for managing 'risks and other budget pressures' which emerge during the year. As in previous years, the Executive Director for Resources and Regeneration will give due consideration as to when it might be appropriate to apply this sum to alleviate budget pressures, which will have the effect of bringing down the current projected overspend to £11.6m. This consideration will happen at the end of the financial year, after assessing the progress that has been made to manage down the current forecast overspend.

Table 1 – Overall Directorate position for 2017/18

Directorate	Gross budgeted spend	Gross budgeted income	Net budget 2017/18	Variance Jan 2017/18	Variance Dec 2017/18
	£m	£m	£m	£m	£m
Children & Young People (1)	66.7	(18.0)	48.7	8.6	8.4
Community Services	167.0	(80.0)	87.0	0.8	1.2
Customer Services (2)	102.7	(60.1)	42.6	4.6	4.6
Resources & Regeneration	76.9	(51.8)	25.1	(1.1)	(0.9)
Directorate Totals	413.3	(209.9)	203.4	12.9	13.3
Corporate Items	29.3	(0.0)	29.3	0	0
Net Revenue Budget	442.6	(209.9)	232.7	12.9	13.3

(1) – gross figures exclude £290m Dedicated Schools' Grant expenditure and matching grant income

(2) – gross figures exclude approximately £220m of matching income and expenditure for housing benefits.

6. CHILDREN AND YOUNG PEOPLE'S SERVICES

- 6.1 As at the end of January 2018, the Children and Young People's directorate is forecasting a £8.6m overspend. At this point last year, the forecast overspend was £4.9m, with the actual year-end outturn for 2016/17 being an overspend of £7m.

Table 2 – Children & Young People Directorate

Service Area	Gross budgeted spend	Gross budgeted income – including grants*	Net budget	Forecast over/ (under) spend Jan 2018	Forecast over/ (under) spend Dec 2017
	£m	£m	£m	£m	£m
Children's Social Care – includes No Recourse to Public Funds	38.5	0.9	37.6	6.0	5.8
Education, Standards and Inclusion	2.6	1.5	1.1	(0.3)	(0.3)
Targeted Services and Joint Commissioning	25.6	13.6	12.0	2.9	2.9
Schools	0.0	2.0	2.0	0.0	0.0
Total	66.7	18.0	48.7	8.6	8.4

* The government grants include the Adoption Reform Grant, SEND reform grant, Troubled Families grant and Music grant

- 6.2 The most significant cost pressures for the directorate fall within the *children's social care* division which amounts to £6.0m. The key issues relating to the directorate's budget pressures have been set out in the following paragraphs.
- 6.3 The placement budget for *looked after children* is currently forecast to overspend by £2.5m. This is based on an average of 470 looked after children for the year, The forecast assumes all of the agreed revenue budget savings will be delivered in full in this area.
- 6.4 There is an additional pressure on the *section 17* unrelated to no recourse to public funds of £0.7m. The no recourse to public funds is expected to underspend by £0.4m. This budget meets the families who are intentionally homeless. In addition, the salaries and wages budget shows a forecast overspend of £1.7m.
- 6.5 In addition, a total investment of £0.6m has been made in the 'new front door' service which is designed to meet safeguarding requirements and bring costs down in the future.
- 6.6 The unachieved savings across the directorate amount to £1.6m, of which £0.7m relates to previous years' savings. The other budget pressures in the rest of the directorate are within the Partnerships and Targeted Services area.
- 6.7 The final outturn on schools' transport at end of 2016/17 was an overspend of £1.2m. In 2017/18, it is expected to be in the region of £1.4m. Members should note that demand reduction measures have resulted in a 10% decrease in numbers on transport and there is currently a review of fleet and passenger transport services underway. The revenue budget savings from this review have been built into the forecast in full.
- 6.8 The education psychologists' budget has seen increased spending pressure due to the increased demand for Education Health and Care Plans (EHCP), where the

numbers issued has doubled this year. The overspend is expected to be £0.5m. In addition, the short breaks budget is expected to overspend by £0.3m, although work is underway to bring this back within budget.

- 6.9 The Department for Education removed the Education Services Grant (ESG) from Local Authorities in 2017/18. The grant was previously treated as part of the General Fund. The Department for Education however moved the part of the grant that supported statutory education services to the Dedicated Schools Budget. It is now proposed that those former statutory services be funded out of the Dedicated Schools Grant saving £0.3m.
- 6.10 The key unit costs and activity levels within children’s social care are summarised in the following table.

Table 3 – Fostering Client Numbers

Placement type	Average weekly unit costs		Client numbers
	Dec. 2017 (£)	Dec. 2016 (£)	January 2018
Local authority fostering	442	414	168
Agency fostering	901	902	188
Residential homes	3,722	3,672	42

- 6.11 The unit cost information set out in the table above demonstrates the importance of the directorate’s strategy for shifting the balance of provision towards fostering.

7. COMMUNITY SERVICES

- 7.1 As at the end of January 2018, the Community Services directorate is forecasting an overspend on £0.8m. At the same time last year, the year-end forecast was an overspend of £3.4m, with the actual year-end outturn being an overspend of £3.8m.

Table 4 – Community Services Directorate

Service Area	Gross budgeted expenditure	Gross budgeted income	Net budget	Forecast over/ (under) spend Jan 2017/18	Forecast over/ (under) spend Dec 2017/18
	£m	£m	£m	£m	£m
Adult Services Division	115.5	(46.6)	68.8	1.7	1.7
Cultural and Community Development	17.0	(7.7)	9.4	(0.2)	0.0
Public Health	16.0	(17.6)	(1.6)	(0.1)	(0.2)
Crime Reduction & Supporting People	17.7	(8.3)	9.4	(0.5)	(0.2)
Strategy & Performance	1.3	(0.1)	1.2	(0.1)	(0.1)
Reserves	-0.2	0.0	(0.2)	(0.0)	(0.0)
Total	167.3	(80.2)	87.0	0.8	1.2

- 7.2 The *adult services* division is forecast to overspend by £1.7m. The main variances relate to placement budgets where existing pressures are compounded by the cost of new transition cases of £0.9m, by pressures from earlier discharges from hospital and by the difficulty in achieving the £4.5m savings required for

2017/18. The projections above assume that the majority of both the improved Better Care Fund (iBCF) and the Adult Social Care Support Grant will be available to address pressures and reduce the need to impose savings. The projections also assume that £1m of the iBCF will be used to fund entirely new services. The plans for use of this funding are currently being developed and projections in future months will take full account of the financial effect of these plans. The Public Accounts Select Committee members should note that to date only £0.3m has been committed, but projections above assume that the balance will be spent. To the extent that this spend is on expenditure already projected the service overspend will reduce. As no additional commitments have been identified over the past month and given the short time remaining in the financial year it is increasingly likely that the balance of £0.7m will be applied to funding the costs incurred by the council in reducing the number of patients in Lewisham Hospital who are medically fit for discharge. If the s.75 Board approved this use, the ASC overspend will reduce to £1m and the community services overspend will fall to £0.1m.

- 7.3 The *cultural and community services division* is now forecasting an underspend of £0.2m-a movement of £0.2m from last month's balanced position. There has been a movement of £0.15m on Leisure Management due to a change in the accounting treatment for the budgeted contribution to the Discretionary Rate Relief Pool – this cost will now fall on the collection fund rather than on the revenue budget. There is also now an expected underspend of £0.050m on Libraries-Books and Resources - an earmarked reserve request will be made at year end to carry forward this funding to cover the once off contribution to the London Libraries Consortium (LLC) for the New London wide Library Management System-each local authority within the LLC has been requested to identify and set aside funding for a one-off transition costs which due to delays will now fall in 2018/19.
- 7.4 Overall, there is a projected overspend on the budget for Community Centres of £150k. There was a review undertaken of the facilities management arrangements for the seven buildings directly managed by the Community Resources Team in order to deliver a saving of £70k for the 2017/18 financial year. This work included the option to outsource management functions to a third part provider with experience in either managing community facilities or to a social housing provider. Delays in the implementation of this work coupled with a loss of income from the closure of several building during 2016/17 following the implementation of voluntary sector accommodation plan (*report to Mayor & Cabinet on 11 November 2015*) have created the 2017/18 budget pressure. This budget pressure on community centres is being more than offset by a range of underspends across the rest of the Division - Arts Budget £80k (accounting reclassification for reserves), Libraries Service (including Deptford Lounge) £60k, the Community Sector Grants budget £20k, Broadway Theatre £10k, Leisure Management £140k and the Culture and Community Development (staffing) budget £60k.
- 7.5 A small underspend (£0.1m) is projected on the *public health* budget. It is expected that the complex set of savings required to balance the budget, including very significant changes to the London-wide arrangements for sexual health, will all be delivered. This area will be kept under close review during the financial year.
- 7.6 The *crime reduction and supporting people* division is now forecasting an underspend of £0.5m, representing movement of £0.3m on last month's £0.2m

underspend. The primary change from last month position is that agreement has now been reached with One Housing over the annual rental income for the use of Honor Lea Hostel for the delivery of services under the Supporting People Programme. The final agreement has now been signed and backdated to April 2016, resulting in net rental income of £0.2m not previously assumed in the monitoring position. There have also been smaller increases in underspends across the rest of the Division totalling £0.1m.

- 7.7 Secondly, following the adverse service inspection by the Youth Justice Board, a 'new' staffing structure is being put in place to address the issues raised and to implement the HM Inspectorate of Prisons improvement plan. This is projected to create a £0.1m pressure on the core budget for the *youth offending service* in 2017/18.
- 7.8 The *strategy and performance* service which includes the directorate management team budget is showing a small underspend (£0.1m).
- 7.9 There is a now no net projected variance on the Community Services Reserves. There is a proposed drawdown of £0.1m against the earmarked reserve for VAWG. This is matched against the overspend shown on the Supporting People Programme. Also, a sum of £0.1m has been transferred to reserves following the technical accounting adjustment on the Arts Service – matched against the underspend on the Arts Service.

8. CUSTOMER SERVICES

- 8.1 As at the end of January 2018, the Customer Services directorate is forecasting an overspend of £4.6m. At the same time last year, the year-end forecast was an overspend of £3.7m, with the actual year-end outturn being an overspend of £1.4m.

Table 5 – Customer Services Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend Jan 2017/18	Forecast over/ (under) spend Dec 2017/18
	£m	£m	£m	£m	£m
Strategic Housing	27.5	(21.9)	5.6	0.2	0.2
Environment	35.8	(17.3)	18.5	2.7	2.7
Public Services*	34.1	(20.5)	13.6	0.4^	0.5^
Technology and Change	5.3	(0.4)	4.9	1.3	1.2
Total	102.7	(60.1)	42.6	4.6	4.6

* (excludes £210m of matching income and expenditure in respect of housing benefits)

^ includes £0.2m overspend on housing benefit subsidy

- 8.2 The *Strategic Housing service* is forecasting a pressure of £0.2m in relation to staffing costs for *no recourse to public funds*, following an in-year reduction in the staffing budget. One-off underspends, created through a number of cost management and reduction initiatives last year, are not expected to recur in 2017/18.

- 8.3 The *Environment division* is forecasting an overspend of £2.7m. As at the end of January 2018, net overspends of £1.4m on *refuse services* and £0.3m for *strategic waste management* are projected. The projection for *refuse services* takes account of additional costs arising from the delay in implementing the move to fortnightly collections and in implementing a new service for food and garden waste collections. The budget assumed that the fortnightly collection and new services would be implemented at the beginning of the financial year. The leasing of several new vehicles, following the disposal of a number of vehicles during the year, has added to the forecast overspend. New refuse vehicles are due to be received in May 2018, which will greatly reduce the number of hired in vehicles. There is a projected shortfall in income on the *trade refuse* budget of £0.2m and *domestic refuse* debt write-offs of £0.2m. The *strategic waste management* forecast assumes that expenditure on fly-tipping continues at current levels.
- 8.4 The *passenger services* budget is still currently showing a budget pressure of £0.5m for 2017/18. This is subject to a formal budget adjustment being agreed in 17-18 to present this variance against the end service users budgets rather than Passenger Services. A saving of £1m was originally agreed to Transport Budgets by Mayor & Cabinet over a two-year period for 2016/17 and 2017/18. A saving of £0.5m was applied to the Passenger Services (Customer Services) in 2016/17 with a further £0.5m applied for 2017/18. Given that these savings were unlikely to be delivered in full and were subject to the successful outcome of the transport review, they have subsequently been partially reduced by budget pressures funding of £0.5m applied to the Passenger Services (Customer Services) budget in 2017/18. However, for accounting purposes the Customer Services directorate has historically held no direct budget for Passenger Services as all service costs incurred are budgeted to be fully recharged back to the end service users (primarily in Children & Young People and Community Services directorates) who are the ultimate budget holders. A significant level of cost reductions have been achieved by Passenger Services across the two-year period which have resulted in a reduction in the costs recharged back to the user directorates. These reduced costs are however reflected in the user directorates projected outturn position rather than that of the Customer Services directorate – this currently leaves a net budget pressure of £0.5m in Passenger Services. These budgets will be fully adjusted at the year-end.
- 8.5 Street management is forecasting an overspend of £0.2m, relating to an overspend on staffing costs and unbudgeted grounds maintenance costs for street cleansing, and public convenience rental and maintenance charges.
- 8.6 The *green scene* budgets are projecting an overspend of £0.3m largely as a result of projected overspends on arboreal services of £0.2m. An escalating number of insurance claims for damage from trees, often caused by weather related issues, have resulted in greater than expected remedial tree works. An overspend on grounds maintenance costs for parks and unbudgeted legal fees totalling £0.1m is also forecast.
- 8.7 The *bereavement services* budgets are projecting an overspend of £0.2m, arising partly from higher than budgeted costs for the mortuary service and coroners court, in addition to lower than anticipated crematorium income.
- 8.8 The *Public Services division* is forecasting an overspend of £0.4m, although £0.2m of this relates to housing benefit subsidy. An overspend of £0.4m is anticipated in the *revenues service*, primarily for the underachievement of the income target for

enforcement agents. The gross costs of the *parking service* are £0.8m above budget, due to the purchase of hand-held devices, an increase in bank charges arising from the rise in cashless parking charge payments, and an increase in overtime payments. This is offset by increased income from fixed penalty notices of £0.7m and £0.3m from pay and display charges. The service for *housing benefits* is expected to overspend by £0.2m, which relates solely to the housing benefit subsidy.

- 8.9 The *Technology and Change* division is forecasting a £1.3m overspend, up £0.1m on the previous month, following an increase in the projection for shared service costs. Last year the service delivered budget savings of £1m, primarily through introducing a new shared ICT service and reducing the cost of our infrastructure contracts. For 2017/18, the division was expected to deliver a further saving of at least £0.35m, but a reduction in the division's budget, combined with a new pressure from software licences, means that overall the division is still projecting an overspend of £1.3m. This is expected to be managed down through the extension of the shared service to the London Borough of Southwark and reducing the demand for certain services, such as printing, to bring the division back to a balanced budget in 2018/19.

9. RESOURCES AND REGENERATION

- 9.1 As at the end of January 2018, the Resources and Regeneration directorate is forecasting an underspend of £1.1m. At the same time last year, the year-end forecast was for an underspend of £0.7m, with the actual year-end outturn being an underspend of £2.4m.

Table 6 – Resources and Regeneration Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend Jan 2017/18	Forecast over/ (under) spend Dec 2017/18
	£m	£m	£m	£m	£m
Corporate Resources	5.9	(3.2)	2.7	0.0	0.0
Corporate Policy & Governance	4.7	(0.3)	4.4	(0.4)	(0.4)
Financial Services	4.7	(1.5)	3.2	0.0	0.0
Organisational Development & HR	2.7	(0.2)	2.5	(0.2)	(0.2)
Legal Services	3.2	(0.4)	2.8	0.0	0.0
Strategy	4.9	(2.8)	2.1	(0.4)	(0.3)
Planning	2.6	(1.5)	1.1	(0.2)	(0.2)
Regeneration & Place	48.2	(40.5)	7.7	0.1	0.2
Reserves	0.0	(1.4)	(1.4)	0.0	0.0
Total	76.9	(51.8)	25.1	(1.1)	(0.9)

- 9.2 The *regeneration & place* division is forecasting an overspend of £0.1m. There continues to be an underachievement of income from utilities companies against the network management budget of £0.2m. This reflects improved utility company practices and IT systems. There is also a net overspend of £0.2m forecast in relation to garages that were transferred from the Housing Revenue Account in 2015/16. Officers are making continued efforts to maximise the net rental income to fully achieve budget savings. These overspends are offset by areas of

underspending including: additional income from corporate rents; an underspend against the Schools Estate Management budget; and reduced Street Lighting energy costs, to arrive at the overall net overspend forecast of £0.1m.

- 9.3 In the *corporate policy & governance* division, there is underspending forecast on both employee costs of £0.3m and on supplies & services expenditure of £0.1m. In the *organisational development and HR* division, there is underspending forecast on staffing budgets of £0.2m. The *strategy* division is forecasting an underspend of £0.4m, mainly across employee cost budgets. The *planning* division is forecasting an underspend of £0.2m that is driven by high levels of income.
- 9.4 There are no significant variances currently being forecast within the *corporate resources, financial services or legal services* divisions.

10. CORPORATE PROVISIONS

- 10.1 The *corporate financial provisions* include working balances, capital expenditure charged to the revenue account (CERA), and interest on revenue balances. These provisions are not expected to overspend although, with the impact of continued reductions in service budgets, there is ever greater pressure on working balances. Certainty on their outturn only becomes clear towards the end of the financial year.

11. DEDICATED SCHOOLS' GRANT

- 11.1 The total DSG currently stands at £289.6m and is broken down as follows:

	DSG including Academies £'000	DSG After Academies Recoupment £'000
Schools Block	215.4	188.6
Early Years Block	23.5	23.5
High Needs Block	50.7	48.1
2017-18 Total DSG	289.6	260.2

- 11.2 On 18th January 2018, the Schools Forum agreed to move to the new national funding formula rather than the current Lewisham one for the financial year 2018/19. They also agreed to recommend to the Mayor the minimum funding guarantee should be set at 0.5%.
- 11.3 The funding of schools still causes concern. While the government has confirmed that no school will lose under the national funding formula next year and there will be sufficient funding for a 0.5% uplift in funding rates for both 2018/19 and 2019/20, schools will have extra costs as a consequence of inflation and the unexpected reduction in pupils in Lewisham. Currently, there are 13 of our schools in deficit with a further 6 at risk. The forecast suggests that Lewisham schools will face a 7% real terms reduction over the coming three years.

- 11.4 Schools are being encouraged to plan their budgets much earlier than has traditionally been the case and officers have recommended to schools that they set draft budgets in the Autumn Term, with the governing body finally confirming the budget in the spring. Planning the budget in the autumn allows enough time for a school to undertake consultations should it need to change or reduce the staffing. This will allow implementation in the following September.
- 11.5 The local authority experience is that deficits are often not identified until the year end, which delays the implementation of recovery plans and consequently, in the first year of the recovery plan the deficit rises thereby increasing the level of savings that the school needs to achieve. In other words, late identification of a deficit and/or delays in implementing a recovery plan will have a direct impact on the school.
- 11.6 Initial feedback from school bursars indicated that they did not feel equipped to undertake early planning, more from a technical budgeting point of view than conceptually. Medium term planning is different from setting an annual budget and a different approach is needed. Since it includes use of sensitivity analysis to flex plans so governors can understand the best case, worst case and most likely scenarios. This includes predictions around pupil numbers, funding and inflation. In order to help schools do this early planning, training sessions were held for schools, with good levels of attendance.
- 11.7 A training session was also held for Governors on Managing Schools' Finance and Meeting the Financial Challenge.
- 11.8 Over the last 18 months significant work has been undertaken to make schools aware of the financial constraints and to improve the financial management in schools. This includes: finance based training sessions, finance visits to schools, and completing HR health checks
- 11.9 Officers and schools continue to work closely with teacher and support staff trade unions.
- 11.10 Other major developments to assist schools with their financial management include the issuing of a new Self checking budget monitoring and budget planning toolkits. Budget returns and budget monitoring returns are now being made on time and the new escalation process is proving effective.
- 11.11 The central side of the DSG is expected to end the year in a balanced position.

12. HOUSING REVENUE ACCOUNT

- 12.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2017/18. The balanced HRA budget seen in the table includes a budgeted surplus of £7.9m, which is to be transferred to reserves at year end as a part of the 30 year HRA plan.
- 12.2 The forecast position for January 2018 is for an additional surplus of £2.3m. Within that position, there is a net increase in expected income of £1.1m due to lower than budgeted void loss and a slowdown in stock loss, an under-spend of £217k on housing needs and an under-spend of £60k on external grant

allowances paid. In addition there has been a reduction of £0.5m in internal recharges due in the main to a reduction in insurance premiums recharge.

- 12.3 Bad debt impairments have been revised with a reduction of £1.3m in costs and it is expected that the contingency budget of £0.25m will not be used as there are currently no calls against it. It is possible that energy charges may reduce further due to the letting of a new supply contract. This will be reported on as the new prices have been reviewed and consumption data is analysed. Depreciation charges are over budget £1.5m due to the revaluation of assets increasing by 8.0%. The budgeted allowance was 2.5%
- 12.4 The monitoring position does not currently take account of the full financial effects relating to Council costs arising as a result of the response to Grenfell tragedy. These will be reported on as and when they become known/clear.

Table 7 – Housing Revenue Account

Service Area	Expenditure Budget	Income Budget	2017/18 budget	Forecast over/ (under) spend
	£m	£m	£m	£m
Customer Services – Housing	12.5	(3.5)	9.0	(0.21)
Lewisham Homes & R&M	36.9	0	36.9	(0.06)
Resources	2.1	0	2.1	(0.60)
Centrally Managed Budgets	47.8	(95.8)	(48.0)	(1.43)
Total	99.3	(99.3)	0	(2.30)

13. COLLECTION FUND

- 13.1 As at 31st January 2018, £107.1m of council tax had been collected. This represents 82.7% of the total amount due for the year of £129.6m. This is slightly below the profiled collection rate of 84.1% if the overall target for the year of 96% is to be met. At the same time last year, the collection rate to date was 83.5%.
- 13.2 Business rates collection is at 91.3%, an increase of 0.8% compared to the same period last year, and 5.6% lower than the profiled collection rate if the overall target rate for the year of 99% is to be achieved.

14. CAPITAL EXPENDITURE

- 14.1 The overall spend to 31 January 2018 is £64.3m. This represents 63% of the revised budget of £102.4m. At this point last year, 57% of the revised budget of £84.8m had been spent, with the final outturn being 84% spend against budget.

Table 8 – Capital Programme spend to date

2017/18 Capital Programme	Budget Report (February 2017)	Revised Budget	Spend to 31 Jan 2018	Spent to Date (Revised Budget)
	£m	£m	£m	%
Community Services	0.0	0.7	0.2	29%
Resources & Regeneration	11.6	15.2	9.7	64%
CYP	20.6	21.1	14.3	68%
Customer Services	1.7	1.8	0.4	22%
Housing (General Fund)	11.6	26.0	17.5	67%
Total General Fund	45.5	64.8	42.1	65%
Housing Matters Programme	40.8	10.5	6.2	59%
Decent Homes Programme	36.4	25.0	15.8	63%
Other HRA capital	0.8	2.1	0.2	10%
Total HRA	78.0	37.6	22.2	59%
Total Expenditure	123.5	102.4	64.3	63%

14.2 The table below shows the current position on the major projects in the 2017/18 General Fund capital programme (i.e. those over £1m in 2017/18).

Table 9 – Major Capital Projects

2017/18 Capital Programme	Budget Report (February 2017)	Revised Budget	Spend to 31 Jan 2018	Spent to Date (Revised Budget)
	£m	£m	£m	%
Housing Regeneration Schemes (Excalibur, Heathside & Lethbridge)	6.1	8.2	4.2	51%
School Places Programme	14.4	12.5	10.5	84%
Other Schools Capital Works	6.2	7.8	3.4	44%
Disabled Facilities / Private Sector Grants	1.3	2.2	0.6	27%
Highways and Bridges (TfL)	0.0	2.4	2.7	113%
Catford town centre	4.0	3.5	1.5	43%
Asset Management Programme	3.9	3.6	1.1	31%
Highways and Bridges (LBL)	4.0	5.3	4.4	83%
Travellers Site Relocation	1.1	0.0	0.0	0%
Acquisition – Hostels Programme	0.0	1.4	0.6	43%
Grove Park Street Improvements	1.1	0.1	0.0	0%
Lewisham Homes Property Acquisition loan	0.0	10.0	10.0	100%
Total Major Projects	42.1	57.0	39.0	68%
Other Projects	3.4	7.8	3.1	40%
Total Projects – General Fund	45.5	64.8	42.1	65%

14.4 The main sources of financing the capital programme are grants and contributions and capital receipts from the sale of property assets. Some £26.4m has been received so far this year, comprising £0.5m in respect of previous year's Housing stock transfers, £9.6m (net) from Housing Right to Buy sales and Capital Receipts and £16.3m of grants and contributions.

15. FINANCIAL IMPLICATIONS

15.1 This report concerns the financial forecasts for the 2017/18 financial year. However, there are no direct financial implications in noting these.

16. LEGAL IMPLICATIONS

16.1 The Council must act prudently in relation to the stewardship of Council taxpayers' funds. The Council must set and maintain a balanced budget.

17. CRIME AND DISORDER ACT IMPLICATIONS

17.1 There are no crime and disorder implications directly arising from this report.

18. EQUALITIES AND ENVIRONMENTAL IMPLICATIONS

18.1 There are no equalities or environmental implications directly arising from this report.

19. CONCLUSION

19.1 The council will continue to apply sound financial controls throughout the duration of the financial year. However, the short and medium term outlook remains difficult.

BACKGROUND PAPERS AND APPENDICES

Short Title of Report	Date	Location	Contact
Financial Outturn for 2016/17	7 th June 2017 (M&C)	5 th Floor Laurence House	Selwyn Thompson
2017/18 Budget	22 nd February 2017 (Council)	5 th Floor Laurence House	David Austin

For further information on this report, please contact:

Selwyn Thompson, Head of Financial Services on 020 8314 6932

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Public Accounts Select Committee		
Title	Asset Management update	
Contributor	Service Group Manager for Property, Asset Strategy & Estates, Regeneration & Place	Item 6
Class	Part 1 (open)	21 March 2018

1. Purpose

- 1.1 This report provides an update to Public Accounts Committee on the Council's approach to asset management including work taken forward since the last update in November 2016 and the priorities and risks going forward in relation to corporate assets. The report also provides an update on the Council's successes and strategy in relation to generating revenue and stimulating the local economy from its asset base.

2. Recommendations

- 2.1 Public Accounts Committee is invited to note the contents of the report.

3. Policy context

- 3.1 Lewisham's Sustainable Community Strategy 'Shaping our future' 2008-2020 sets out 6 priority outcomes. Each of these outcomes are relevant, since Council assets provide the foundation for delivery of all services. The Council's Strategic Asset Management Plan 2015-2020 has particular resonance with the priorities for 'Dynamic and prosperous' communities 'where people are part of vibrant localities and town centres well connected to London and beyond'.
- 3.2 Lewisham's Corporate Strategy sets out 10 corporate priorities. The Council's asset base supports plans to achieve each of these corporate priorities, but has particular links to 'Clean, green and liveable', 'Strengthening the local economy', 'Decent Homes for all', and 'Inspiring efficiency, effectiveness and equity'.
- 3.3 The Lewisham Regeneration Strategy – People, Prosperity and Places sets out the Council's vision for the regeneration of Lewisham until 2020, and outlines the new and emerging opportunities from which the residents, current and new, will benefit. This sets out:
- The links to the Council's wider strategic aims;
 - The main development corridor and links that are the building blocks for regeneration both large and small across the borough;
 - The ways in which the Council is working to drive growth and transformation of the borough, particularly through the use of its own assets.

3.4 In March 2015 Mayor and Cabinet approved a new Strategic Asset Management Plan 2015-2020. Integration of asset management work with housing, planning, infrastructure, regeneration, highways and schools remains a strategic priority. The Council's ability to link plans for the corporate estate with wider activity on highways, schools and the public realm creates the potential to connect to, benefit from and influence the wider regeneration of the borough.

4. Overview

4.1 The Council's 2016/17 Statement of Accounts estimated the value of the Council's property assets at £857m (excluding dwellings, vehicles, plant and equipment). The current market value is considered to be higher than this, with London-wide market trends suggesting a rising trajectory for the asset portfolio's value.

4.2 As of March 2018 the Council's non-housing asset portfolio base is 853 properties. These have been classified as follows:

- 145 operational assets supporting the Council's service delivery and office accommodation needs.
- School and school assets over which the Council hold the freehold. The school estate across both the primary and secondary numbers 97.
- Property assets from which the Council derives revenue income in the form of rent. There are sites in the Council's commercial portfolio covering 312 separate assets (sites with multiple units as well as other assets such as aerial sites).

4.3 In March 2015 the Council published a new corporate Strategic Asset Management Plan 2015-2020 that set management of corporate assets within the framework of the following outcomes:

- Compliance with regulation and responsiveness to risk.
- Improving the quality of services that can be delivered through the corporate asset function.
- Reducing expenditure and exposure to costs; and
- Increasing income generated and collected.

4.4 Key achievements since the last report in November 2016 in relation to asset management include:

- Further progress developing the use of the updated Asset Register;
- Implementation of a new corporate Asset Management System;
- Further consolidation and rationalisation of office space across the estate;
- Progress on the management of both the Operational Estate in relation to regulatory compliance, governance and day to day management;
- Successful collaborative working with other public sector partners, particularly in relation to the One Public Estate (OPE) programme;
- Further progress on maximising income from new lettings across the commercial portfolio, including from the reuse of ex-operational sites as commercial properties;

4.5 This report provides a more detailed update on some of these achievement, together with detail of both the strategy and the ongoing work to generate and maximise revenue from the Council's portfolio.

5. Systems and processes

5.1 A key priority for property has been to strengthen managerial control on the asset portfolio by improving the accuracy of information, establishing robust processes, ensuring clear lines of accountability and setting in place the right governance structures to implement effective decision-making.

5.2 A central focus of this work has been the consolidation and quality assurance of data held corporately on assets, bringing together information from various asset managers using a number of parallel systems across the Council.

5.3 Asset Management System

5.4 As previously reported in November 2016, the Council has been working towards establishing a new Asset Management System which has been live since November 2016. It comprises the following modules:

- Properties Management Module
- Programs and Projects Management Module
- Highways Asset Register Management Module
- Facilities Management Module

5.5 The Properties Team, Programs and Projects Team and the Highways team have been using and updating data over the last year and are continuing to do so as a part of the Business as Usual (BAU). The Energy team have also started updating Assets Energy Performance Certificates (EPC) certificates for the relevant assets as required in Asset Management System (AMS). Following from the previous Public Accounts Select Committee (PASC) report, Lewisham has now terminated the contract with K2 (Tribal) system as AMS has replaced the K2 functionality. The Facilities Management Module is configured and ready to be used, although it is currently on hold as the Asset Management Team is awaiting updated data from Kier - the new contractor. As soon as Kier have provided the data, this data will be uploaded in the AMS and then Facilities Management team can continue with BAU processes. The data upload from Kier into AMS in the near future will enable the Facilities Management team to monitor and update jobs as required. Following this bulk data upload AMS will be a fully functional system as envisioned.

5.6 Asset Register

5.7 Work is continuing to further update the Non-housing Asset Register and the current position (with a comparison to the position at the last time of reporting) is shown in the following table:

Asset Category	March 2018		Nov 2016		Change	
	No.	%	No.	%	No.	%
Commercial	312	37%	225	29%	+87	+8%
Operational	145	17%	138	18%	+7	+5%
Parcels of Land	144	17%	110	14%	+34	+31%
Parks / Open Spaces	102	12%	105	13%	-3	-3%
Schools	89	11%	89	11%	-	-
Residential (Inc. Homes)	33	4%	29	4%	+4	+14%
Other	28	2%	45	6%	-17	-4%
Unclassified	0	0%	39	5%	-39	-5%
Total	853		780		73	+9%

- 5.8 The number of 'Not Classified' Assets has now been reduced to zero. The Asset Categories have also been increased so that there is a clearer understanding of the type of Assets the Council is responsible for and the various Asset owners across the authority.
- 5.9 Work is continuing to assess our various Assets based on the information currently available, together with detailed site inspections of land and buildings to enhance our knowledge and enable strategy and operational management plans to be formulated. We will seek to capture, hold and maintain the Asset inventory and subsequent condition data centrally so that all stakeholders can easily access extracts as appropriate through the Asset Management System.
- 5.10 The Council is required by law to publish details of its land ownership. Data is already shared on the Government's EPIMS system as part of its undertaking in the OPE programme, and further requirements are likely to come forward as part of other Government led initiatives and regulations. It is therefore positive that we have reached the position we have in relation to the Council's Asset Register and Officers will be ensuring that all requirements in relation to data publishing is complied with.

6. Optimisation of the operational estate

- 6.1 Reshaping the corporate portfolio has been an ongoing part of the Council's response to financial pressures, and part of the division's identified savings targets. The Council has continued with its work to optimise the operational estate, with further progress made to consolidate office accommodation, surrendering empty properties and ending rental agreements.
- 6.2 Since we last reported further properties have been vacated or proposed to be vacated so reducing the Council's exposure to maintenance and facilities management costs. These properties have either been returned to the landlord or alternative uses are being explored to generate income and further revenue savings.
- 6.3 Where the Council is the landlord the approach continues to be to seek alternative commercial opportunities, turning ongoing costs into an income. For example the Old Town Hall is now fully let, providing accommodation for

Lewisham Homes and Meanwhile Use creating local employment opportunities on the 4th and 5th floors.

- 6.4 Laurence House continues to be used intensively and is currently undergoing a 'restack' programme to maximise flexible working arrangements and the efficient use of space. The programme includes a project to refurbish and restyle the ground floor reception to improve the customer experience, due for completion in Spring 2018. A similar project has begun for the public facing areas of the Civic Suite.
- 6.5 Estate Management
- 6.6 Tying in with the positive progress on the Asset Register, work has been ongoing to improve the overall management of the Council's Operational and Commercial Estates. This includes:
- Cross departmental work to provide greater clarity on how and who is responsible for managing operational assets outside of the Catford Complex;
 - Improved monitoring of regulatory compliance across both estates;
 - Work to create an evidence base of buildings condition to better inform a Planned Preventative Maintenance Programme.
- 6.7 Even prior to the Grenfell tragedy, the Council had been doing a significant piece of work to improve both performance and monitoring of regulatory compliance of its asset base. However the events that took place last summer highlighted even further the need for absolute clarity on how Council buildings are managed from health and safety and compliance perspective, and ensure that the correct systems, processes and training are in place to support building and service managers. This was discussed with Members at the H&S Committee in 2017
- 6.8 Work has been ongoing with other services and directorates who occupy operational buildings to identify a clear and simple list of tasks in relation to building management and confirm/agree responsible persons for each site. Furthermore, there has been an increase in the promotion of training for staff and occupiers to undertake to provide necessary skills. This has had a high level of take up.
- 6.9 A Premises Handbook is also in draft (with a view to producing a final version by May 2018) to provide further guidance and assistance to building occupiers, setting out in lay-person terms, amongst other things:
- Specific responsibilities of premises managers;
 - Council policy and guidance on 'how to manage a Council asset';

- Responsibilities of other services – Health & Safety (H&S), Regeneration & Place (R&P) etc – with relevant contact details;
- Relevant contacts for queries, information and training; and
- Hierarchy of accountability and responsibility.

6.10 Officers have been working closely with the Council's key contractors to improve performance on statutory and regulatory compliance. That will continue as remedial works that arise as a result of this work are identified and dealt with. The Council's Compliance Team monitor the Operational Estate in respect of compliance and provide data on individual buildings, working with occupiers, managers and contractors to ensure that key tasks are carried out. There have been some challenges with the transition to the new contractor in 2017 requiring commitments from both parties to improve the contract performance; including regular meetings with the contractor's senior management and the Council's acting Chief Executive.

6.11 As well as improving data and evidence on health and safety and compliance in Council assets, the division are also working through updating condition data on the Operational Estate as well. It is envisaged this work will be completed by July 2018 and used, together with the information produced from statutory and regulatory risk assessments and surveys, to inform future capital investment plans for Council assets.

6.12 In addition, a cross departmental working group has been set up – the Asset Management Working Group, chaired by Regeneration & Place – as a tool to help take a more strategic approach to such investment in Council assets described above. This will provide a more regular engagement tool with Services to identify key asset related service strategies and programmes, and help identify which assets will be required for service deliver in the medium to long term, and which might be released for alternative use.

6.13 One Public Estate (OPE)

6.14 OPE is a pioneering initiative delivered in partnership by the Cabinet Office Government Property Unit and the Local Government Association. It provides practical and technical support and funding to councils to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners. The main aim of the initiative is to encourage better collaboration and working between public sector partners in relation to the use of assets. More specifically, the programme has four core objectives:

- Creating economic growth
- More integrated, customer-focused services
- Generating efficiencies through reducing running costs and capital receipts.

- 6.15 Lewisham Council is the lead organisation for the Lewisham Partnership, which includes Lewisham & Greenwich Trust (LGT), South London & Maudsley Trust (SLaM), Lewisham CCG and the GP Federation. The Partnership has been successful in obtaining funding for Phases 4 and, more recently, 6 of the Programme, totalling £500k for a variety of projects, covered in more detail below.
- 6.16 The Lewisham Partnership's bids and programme outline three interdependent areas of work:
- Regeneration – activity focussed on shared use of area specific sites that can deliver new homes, employment and fit for purpose assets.
 - Collaboration – activity to enable the expansion of community based care services, new models of care at home and primary care development.
 - Strategic Estate Planning – activity to maximise the use of existing facilities and co-location of services.
- 6.17 Four projects have received funding so far:
- Development of a Strategic Plan for Ladywell, centring around the former Ladywell Leisure Centre site but also taking into account other key partnership land holding in the immediate area;
 - Reconfiguration of the Lewisham Hospital site for the provision of a neighbourhood “hub” for N2, mental health bed/SLaM re-provision and other new service facilities;
 - Reconfiguration of Downham Health and Leisure Centre to facilitate a neighbourhood “hub” for N3;
 - Feasibility study around the potential redevelopment of Sydenham Green Health Centre for new health facilities and housing.
- 6.18 In addition, there are separate estate related projects between the partners related to improved service integration and collaboration, and the sharing of back office accommodation to realise running saving costs amongst other benefits.
- 6.19 The Council is also part of a separate OPE project led by London Borough of Bexley looking at the potential for shared depot and other infrastructure facilities.

7. Commercial estate

- 7.1 The commercial portfolio continues to represent a significant opportunity to drive income generation by continued work in the following areas:
- Realign the portfolio;
 - Acquisitions and disposal;

- Clear backlogs of casework;
- Cleansing data and systems; and
- Improve income collection and debt recovery processes.

7.2 Further progress has been made in this regard, again linked to already identified savings and income targets, this is described in more detail below.

7.3 Asset classification has improved significantly with the work achieved in updating the Asset Register and this work continues. Void rates now sit comfortably within a target rate of under 6%.

7.4 Closer integration with finance on income collection and debt recovery has resulted in a much better understanding of the key issues. Due to a historic lack of communication and a build-up of bad debts, this remains an issue to be fully resolved going forward, although it is important to note that current write off levels are at around 1% of the total annual rent roll.

7.5 Work has also been ongoing to improve the monitoring of statutory compliance across the Commercial Estate. Letters were sent to business and home addresses of all of our commercial tenants, reminding them of their responsibilities under their leases and requesting as a minimum they provide, where necessary, details of up to date fire risk assessments. The response rate to this exercise was 36% and the data received is being audited. Work is ongoing to identify high risk properties (i.e. those with high risk uses or vulnerable users) and these properties will be the focus as part of the next stage of work, to include more personal engagement with tenants who are still to respond or who have not responded adequately.

8. Asset Realisation & Income Generation

8.1 A great deal of work continues to identify and progress opportunities to maximise and generate income from the Council's asset portfolio. The key areas of priority and focus remain:

- Growth and increased performance of the commercial estate;
- Land and asset uses with a focus on income generation;
- Development of a private rental sector programme; and
- Cross service working to bring forward regeneration in the borough.

8.2 Commercial Estate

8.3 The Estate Management team continues to significantly improve the performance of the portfolio, through new lettings, tenancy regularisation and working through backlogs of lease renewals and rent reviews. In 2017/18 income is forecast to grow by 15% (£490,000) to £3.71m per annum, this being delivered as part of the Division's savings targets for the current financial year.

8.4 The strategy for further improved performance will remain to be focussed around the following key areas:

- Growth in the commercial portfolio;
 - Tenancy regularisation and ensuring lease management casework is up to date;
 - Garages – formulating an asset management strategy and identifying key areas where inward investment is required in order to increase rental income;
 - Debt management and recovery
- 8.5 Growth of the portfolio will come from a mix of strategic acquisitions, operational properties being released as part of the asset optimisation programme, and historic land disposals which will result in commercial space coming back to the Council.
- 8.6 Growth of the portfolio through strategic investment acquisitions remains to be looked on a case by case basis, and is restricted to in-borough opportunities rather than purely commercial out of borough investments.
- 8.7 Alternative Uses for Land & Assets
- 8.8 The potential for income generation is the main focus when assessing the options for Council land and buildings which are suitable for alternative uses, in particular for redevelopment/development. Where the Council has historically agreed to disposals of land, the more recent cases have not been traditional disposals where the Council has taken capital receipts, but instead focussed on outcomes which give more flexibility and retain ownership and control over its land, even if the Council is not delivering a development itself. Options for consideration as part of any feasibility and appraisal work include:
- Scale and use – what is the scale of potential development; is it a site on its own or can it be used to assemble a more comprehensive development; what are the acceptable/most appropriate uses;
 - Delivery – how the development will come forward- Council or other;
 - Receipt – if a disposal, what form can/should the Council’s financial return take.
- 8.9 However development is not the only way in which the Council can generate revenue savings from its buildings. There are a number of sites which, for whatever reason – strategic, economic, leases etc – are not suitable for development. In some of these cases the Council is looking at other alternative uses, in particular to provide temporary housing, and take people and families out of bed and breakfast accommodation. Not only do these projects bring buildings and land into use until they are required for development, but they also deliver revenue savings from taking people out of temporary accommodation.
- 8.10 The Council is also looking to generate short term revenue savings and wider regeneration benefits from bringing larger buildings back into temporary use

through a more effective meanwhile use strategy. Again this demonstrated by the Place Ladywell development, but we are also looking to deliver similar outcomes in Catford. Supersets took a lease in 2017 of the former Thomas Lane Depot and further lettings are expected as other existing commercial buildings become vacant. This does not necessarily deliver significant short term financial returns, but does bring vibrant economic, employment and place shaping uses to previously vacant sites, and helps realise quicker regeneration benefits to places such as Catford Town Centre. The division will continue to work closely with other services to help identify and bring forward other positive meanwhile use opportunities in other parts of the borough.

8.11 Private Rented Sector PRS Programme

8.12 The greatest potential for significant and long term income generation from Council land remains to be bringing appropriate sites forward for development to provide private rental accommodation. In November 2016 we reported on the status of the former New Deals for Communities (NDC) site at Besson Street. Since then, the Council has chosen Grainger as its preferred partner to deliver a scheme on Besson Street, with a planning consent expected to be achieved in early 2019 and the first homes completed in 2022. As well as generating significant income for the Council, it will also result in the Council being at the fore of a drive a step-change in standards and quality in the private rental sector.

8.13 The initial aim of the PRS programme was to generate income of £5m+ and this target has grown as a result of further revenue pressures. This scale of income is achievable in the long term, however given the lengthy lead-in time for construction projects of this nature, it will take time (over 10 years) to deliver.

8.14 Officers in Regeneration & Place continue to work closely with Housing colleagues to identify further suitable sites.

8.15 Regeneration & Cross Service Working

8.16 The division continues to work closely across key service areas, particularly Housing Strategy & Delivery, Planning and Economic Development, helping drive forward projects and deliver investment and growth for the Council.

8.17 The Division continues to lead on key regeneration programmes, in particular Catford Town Centre, where Mayor and Cabinet took the decision to realign the South Circular and unlock the town centre for redevelopment to provide a new civic and cultural heart to Catford, as well as new homes and new modern employment space.

8.18 The Bakerloo Line Extension to Lewisham and beyond is another key focus for the division, and we are working closely with Planning colleagues, London Borough of Southwark, the GLA and TfL to ensure the Bakerloo Line Extension to Lewisham and beyond through the south of the Borough is delivered.

9. Financial implications

- 9.1 The division has an excellent track record of delivering savings, with over £1m of savings delivered year on year from 2011 to 2016, a cumulative reduction of over 50% of net budget in five years. Further savings and income opportunities continue to be sought. The majority of these savings have been achieved through the rationalisation and optimisation of our operational asset base and the improved management of the commercial estate.

10. Legal implications

- 10.1 There is no statutory requirement on local authorities to have an asset management plan in place, although it is considered a matter of good practice.

11. Crime and disorder implications

- 11.1 There are no crime and disorder implications arising out of this report.

12. Equalities implications

- 12.1 The equalities implications of decisions in relation to the corporate estate will be considered in detail as part of the asset optimisation process and in relation to decisions on individual buildings will be subject to the Council's decision-making processes.

13. Environmental implications

- 13.1 The Council's assets, and the operation of the corporate estate has implications for carbon emissions, local air quality, use of resources and a range of other environmental factors. Improving the efficiency of the estate would be expected to have a positive environmental impact.

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Public Accounts Select Committee		
Title	Income generation and commercialisation update	
Contributor	Strategic Procurement and Commercial Services Manager	Item 7
Class	Part 1 (open)	21 March 2018

1. Summary and Purpose of the Report

- 1.1 To update the Public Accounts Select Committee on the progress being made on activities around income generation and commercialisation since the previous substantive report in June 2017.

2. Recommendations

- 2.1 The Public Accounts Select Committee is recommended to:
- 2.1.1 Note the contents of this report, making reference to the elements of income generating activity which has contributed to enable this Council to set a balanced budget over recent years.

3. Background and the story so far

- 3.1 Since March 2015 the Public Accounts Select Committee has continued to actively engage with officers to seek to ensure that the Council demonstrates its effectiveness in the management and generation of income.
- 3.2 This has been delivered in part through:
- the establishment of the Income Generation Board which has been tasked with the oversight of the delivery of certain new income streams and service initiatives; and
 - the production of a review by an independent consultant whose findings and recommendations were summarised into four key areas of: vision and strategy; leadership and accountability; modelling and best practice; and culture and communication.
- 3.3 Over the period there has been a number of proposed ways of delivering both the consultant's recommendations and for more generally advancing the income generation and commercialisation agenda. This has culminated in the creation in November 2017 of an 18 month interim post of Strategic Procurement and Commercial Services Manager, which will be responsible for the delivery of the Council's procurement function, contract management and income generation. In December 2017 an internal Council candidate was appointed to this role and started in January 2018.
- 3.4 The purpose of this paper is to update members of this committee on the latest position with procurement, contract management and income generation for the local authority. This particular paper covers:

- The policy context;
- An update on the linkages between procurement and contract management and how these play a vital role in ensuring that the Council remain commercially astute, particularly when transacting with the private sector;
- An update on the approach to income generation and the proposed timeline;
- An update on how the procurement, contract management and income generation work links with the transformation, digitisation, organisational and cultural change programmes currently being developed by the Council.

4. Policy Context

- 4.1 Over the course of the last six years, the Council has undertaken a significant revenue budget reduction programme to manage the difficult financial challenge it has been faced with. The Council has already made savings of £160.6m to meet its revenue budget requirements since May 2010 and is proposing further savings of £4.8m in 2018/19.
- 4.2 The Lewisham Future Programme Board (LFPB) was established to transform the way in which Council services are delivered by 2020. The LFPB manages delivery of these changes and has worked with Heads of Service and officers across the Council to develop options to be considered at Mayor & Cabinet and Council. The work to date has focused on developing a range of options via 18 service and cross-cutting based reviews, each led by a Head of Service.
- 4.3 The LFPB continues to assess, challenge and support work strand leads bringing forward a range of possible revenue budget savings options. Members will have already noted that contained within this has been a focus on generating higher levels of sustainable income.
- 4.4 To this end, various proposals have been and continue to be pursued by council officers as part of the LFPB income generation strategy. Those proposals previously agreed in earlier budget rounds and delivered as part of the programme include:
- Increasing the amount of Council tax collected;
 - Generating more income from School Service Level Agreements;
 - Maximising investment income;
 - Increasing income from advertising;
 - Extending Trade Waste services to Lewisham businesses; and
 - Reviewing fees and charges with *a view to increasing income*.
- 4.5 In November 2015, Mayor and Cabinet considered the income generating recommendations developed by the Public Accounts Select Committee. To recap, these recommendations and proposals included:

- *To identify and appoint a partner to deliver income through a wireless concession*
- *That a commercialisation ethos be endorsed and embedded throughout the Council*
- *To appoint a commercialisation specialist at Senior Officer Level*
- *That the portfolio of one cabinet post be amended to include specific responsibility and accountability for commercialisation and income generation*
- *That support for staff be embedded in any process or culture change within the Council*
- *That all Heads of Service be engaged in the process of moving to an increasingly commercial culture and in identifying income streams*
- *That in addition to a “top down” approach to identifying commercial strategies and income streams, a “bottom up” approach be encouraged for front line staff to report areas where they feel fee levels are wrong and to identify new areas of potential income streams. A platform for staff to do this should be created with clear feedback provided.*
- *That the true costs of Council services be understood*
- *That any restructures within the Council ensure the right grade of staff for the work.*

4.6 Since these recommendations were agreed as a result of this committee’s review, officers continue to make progress on these and this report provides members with the progress to date and the intended timescales for the further development of these aims. Officers will be able to expand further on these during the discussion at the meeting.

5. Procurement and Contract Management

5.1 As a Council we self-deliver only a small percentage of services directly. The majority of services are commissioned and delivered through contractors or partners, often in the private sector.

5.2 This evolution to a primarily commissioning led Council places a natural emphasis on ensuring that we can demonstrate both best value and economy, efficiency and effectiveness through the way we both procure and manage these contracts for goods and services. The Council retains overall responsibility for the strategy and policy for service delivery which provides clarity and focus on what is required to deliver this vision, but as we are reliant on other parties for the actual service delivery we need to ensure that we know how to effectively procure and manage these contracts to ensure that we achieve the best possible outcomes for residents. Therefore a significant factor in being a commercially astute Council is through the effectiveness in our procurement and contract management to ensure that we can maximise service delivery whilst minimising cost to the Council.

5.3 The interim role of Strategic Procurement and Commercial Services Manager brings responsibility for both procurement and contract management into a single central role and function. Part of the role’s remit is to consider and propose how

the Council can ensure that it not only remains legally compliant but that it looks to adopt good and best practice over the lifecycle of all commissioned services.

- 5.4 The current delivery of central procurement advice and support is provided through an SLA with the London Borough of Lambeth and this arrangement will continue whilst the wider review of both procurement and contract management is undertaken. There is a continual review of policy and process to ensure compliance with both procurement and wider legislation such as the Transparency Code and the changes in GDPR which take effect on the 25 May 2018. Further changes to our procurement approach will be needed to reflect the increased emphasis on social value and the outcomes of the Poverty Commission report.
- 5.5 To supplement the LBL resources we are looking to appoint two apprentices and the shortlisting for this is taking place. This will help build greater capacity within the Council and ensure learning and development opportunities are maximised for Lewisham apprenticeships.
- 5.6 A key change is the introduction of the contract management module within the existing procurement software which will enable significantly improved central monitoring of contracts. The system will be introduced in May 2018 with training delivered in June 2018 and Council wide roll out of the module. It is anticipated that this will assist in the creation of a single central register of contracts (currently held by individual Directorates) and will allow more sophisticated analysis of spend across the Council.
- 5.7 In conjunction with the ability to extract key contract management information from the new system, a review of supplier spend will be undertaken to also highlight those suppliers which account for the largest value per annum. This analysis will be cross referenced with the findings highlighted in the annual contract management audits undertaken to establish both a financial metric (value) and risk based approach to targeting areas for review and improvement.
- 5.8 Corporately this work is coordinated with the Directorates through the Commissioning and Procurement Board, chaired by the Commercial and Procurement Manager with legal and procurement officer support and Head of Service representation from all the Directorates. There is also a Joint Commissioning Board, established in January 2018, which follows the same gateway model focusing on adults and children joint Council and Health spend on commissioning services. The Commercial and Procurement Manager attends these meetings to provide advice and challenge and to ensure governance is aligned.

6. Income Generation

- 6.1 Each of the LFPB savings has been designated to particular strands. To date, there has been a number of revenue savings achieved through increased levels of income generation and this has come as a result of the work developed by this committee and the key message continues to be spread more widely throughout the organisation in that our ability to generate higher levels of income will in turn alleviate the pressure of making cuts to services.
- 6.2 It has been made clear that sustainable income generating activities have supported the council in being able to set a balanced budget over these years. For instance, in the 2015/16, there was a total £3.12m of income generation

targets to be achieved over three years with an additional £4.8m agreed as part of the 2016/17 and 2017/18 budget setting process. Currently, there is a further £0.5m of income generation targets in development which have been included within the 2018/19 budget.

- 6.3 It is important to note that not all the income has been fully realised, but given that have been formally agreed and endorsed by full Council, it is essential that officers continue to actively pursue these and develop other opportunities.
- 6.4 A key outcome expected from the creation of the post to oversee procurement, contract management and income generation for the Council is the drafting and agreement of a Council income generation and commercialisation strategy. This will reflect that commercialisation is a spectrum from 'money out' to 'money in', which starts with procurement, runs through the contract management lifecycle and then moves into traditional fees and charges before considering new models and ways of working, particularly under the increased powers that Local Authorities now have.
- 6.5 The initial stages of drafting a Commercial and Income Generation Strategy involve a wider review of practice elsewhere and benchmarking with other Local Authorities, this is building on the previous consultant's report and findings. The recent admittance to the Association of Public Sector Excellence has provided access to resources and materials as well as networking and benchmarking opportunities. The most recent Commercialisation, Income Generation and Trading Advisory day on the 22 February 2018 had a number of interesting presentations focusing on driving revenue and value through capital investment, operating a shared Teckal company, and an income and investments review of the most recent budget. The agenda and slides from this day have been appended to this report for information.
- 6.6 In addition to the establishment of a Commercial and Income Generation Strategy one of the first deliverables of the new role is an immediate review of fees and charges to ensure that the inflationary uplift of 3%, as agreed by full Council on the 21 February 2018 as part of the 2018/19 Budget, has been applied to all services where appropriate. This review will include all fee paying services, including those under service level agreements with partners. This review has commenced and will be undertaken in accordance with the constitutional requirements for reporting with the intention of being effective as soon as practicable after the 1 April 2018.
 - 6.6.1 Officers now have a complete and up to date database of fees and charges activity across the council. What is being developed now, is a consistent cost modelling approach. This continues to move forward, however due to capacity issues in the organisation, progress has been slow. Therefore, at this stage, it is not yet possible to be clear on how much additional income may be secured simply by ensuring full cost recovery.
- 6.7 During the summer a wider review will take place, (building on the previous work undertaken to establish a complete database of fees and charges), to establish an annual Council wide process for this. This process will review all current fees and charges but will also look to challenge services to introduce new fees and charges as appropriate. An example being the introduction in July 2016 of cost recovery charges for street naming and numbering, a service previously provided at nil cost to applicants and therefore at a cost to all residents. The annual process will consider: i) the legal framework; ii) the basis of charging; iii) the methodology for calculating charges; and iv) the way in charges are applied and

collected. The intention is to standardise the Council's approach to certain elements of charging (eg. overheads) and to ensure that there is full transparency for decision making.

- 6.8 In terms of some of the separate projects identified separately and reported on, and brief update is provided below.

Advertising Income (Large Format)

- 6.8.1 The original income target of £300k per annum was based on the assumption that numerous feasible sites existed within the Borough.
- 6.8.2 This was then reduced to four key sites (two in Lewisham and two in Catford) where large format digital advertising could raise additional and sustainable revenue and the budget was reduced to £100k.
- 6.8.3 Of these four sites two (one in Catford and one in Lewisham) have successfully achieved planning but this has taken far longer than expected. It is intended that these be offered to the market this month. However, the Council currently receives annual income of circa £30k for these sites and therefore whilst they are now expected to bring in improved income under the new planning approval, it is the net new income that will be generated will be circa £50k and the 2018/19 budget has recognised this position and adjusted the budget to reflect this. Officers will report back in due course once the leases have been let and the actual annual income is known.

Wireless Concession

- 6.8.4 A key recommendation from the committee's in-depth review was to appoint a partner to develop a wireless concession and or small cell network across the borough, the benefit being to increase Wifi coverage and speeds for residents and those visiting the borough.
- 6.8.5 The council then partnered with Shared Access (SA) Ltd, who were set the target of identifying and delivering, as a minimum 10 sites across the borough within the previous financial year, where each of these sites will be host to two small cell antennae. The expected revenue from these sites would be in the region of £50k of sustainable income.
- 6.8.6 Despite assurances from SA that they would market the council's sites to the mobile operators to stimulate the market and generate further interest, there has been no interest from the mobile operators. The structure of the agreement with SA is that whilst there was no exclusivity offered by the Council there is no obligation on SA to bring forward sites.
- 6.8.7 Given the lack of market demand and the failure to secure any sites in the borough the revised income target of £50k has been removed altogether from the 2018/19 budget. However Officers continue to review options for increasing Wifi coverage and speeds for residents and visitors due to the wider social and economic benefits this achieves. The current option being explored is to access grant funding from the Department for Culture, Media and Sport (DCMS) Challenge Fund for local full fibre networks which would bring fibre into publicly owned assets.

7. New Models for Sustainable Income Generation

- 7.1.1 In agreeing the Lewisham Commercialisation and Income Generation strategy it will be important that as a Council we define what is meant by commercial astuteness, and it is being widely recognised that for Local Authorities it is vital that commercial initiatives deliver both a financial and social dividend. Attached in appendix 2 is a report by Grant Thornton that discusses the concept of social return and provides examples of how this is being delivered by Local Authorities.
- 7.1.2 Lewisham has already developed its own vehicle for delivering both a financial and social return through the Besson Street joint venture. This scheme will see the establishment of a separate company between Lewisham and the private sector (on a 50:50 basis) for the delivery of build to rent homes, of which a minimum of 35% will be offered at London Living Rent levels. This structure will allow the Council to actively influence the standard of privately rented accommodation whilst also generating a sustainable income stream from the investment.
- 7.1.3 Officers, as part of the Catford masterplanning work, will review the role of the wholly owned company Catford Regeneration Partnership Limited (CRPL) to ensure its financial and operational focus continues to support the wider Council objectives for this regeneration as it develops. Their business plan will be coming forward to Members before the summer recess in 2018.
- 7.1.4 Models such as this will continue to be assessed and adopted as part of the process of defining and agreeing the Commercialisation and Income Generating Strategy.

8. Financial implications

- 8.1 There are no specific financial implications directly arising from agreeing the recommendations to this report.

9. Legal Implications

- 9.1 There are no specific legal implications arising from the report. Any legal issues arising from the implementation of the deliverables referred to in the report will be considered in relation to that deliverable.

10. Crime and Disorder, Environmental and Equalities Implications

- 10.1 There are no crime and disorder, environmental or equalities implications relevant to this report.

BACKGROUND PAPERS AND APPENDICES

Short Title of Report	Date	Location	Contact
Income Generation Review (Scope and Sessions 1, 2 & 3)	10 th March 2015, 14 th April 2015, 14 th July 2015, 29 th September 2015 (Public Accounts Committee)	5 th Floor Laurence House	Selwyn Thompson
Income Generation and Commercialisation – Update	28 June 2017	5 th Floor Laurence House	Selwyn Thompson
APSE - Commercialisation, Income Generation and Trading Advisory Group Agenda and Papers	22 February 2018	5 th Floor Laurence House	Katharine Nidd
The Income Spectrum – Grant Thornton LLP	2017	5 th Floor Laurence House	Katharine Nidd

For further information on this report, please contact:

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The evolving business case for change

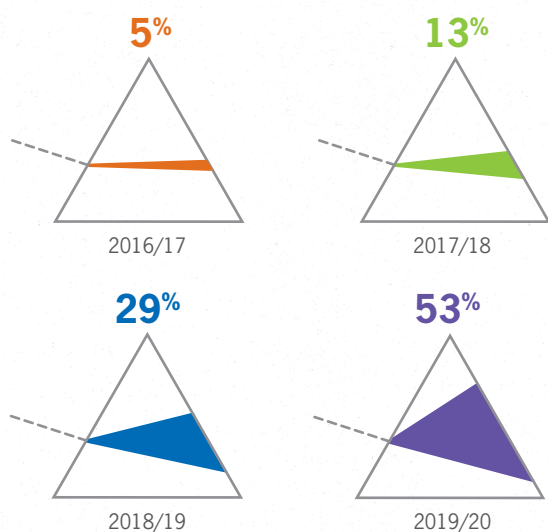
Income is a critical part of the path to financial sustainability alongside cost efficiency

Local government is under immense financial pressure to do more with less. The 2015/16 spending review is forecast to result in a £13 billion funding hole by 2020¹ that requires councils to make savings of up to 29 per cent. Despite this challenge, most councils continue to manage their finances proficiently and have become lean and many local authority chief financial officers (CFOs) are confident they can continue to balance the books. However, our research indicates (Figure 1) that a majority are concerned that reaching a tipping point is possible.

With further funding deficits still looming, income generation is increasingly an essential part of the solution to providing sustainable local services, alongside managing demand reduction and cost efficiency of service delivery.

This report shares the insights into how and why local authorities are reviewing and developing their approach to income generation.

Figure 1 CFO and auditor views on the year a financial tipping' point could be reached²



Report methodology

This report is for chief officers, elected members, directors of finance and other service leaders in local government who have responsibility for the strategic commissioning of outcomes. The report draws on:

- learning from public and private sector stakeholders
- Grant Thornton's own experience as an advisor to local government
- analysis from the Grant Thornton/CIPFA CFO Insights tool³
- insight from roundtables we convened on the topic in Leeds, Bristol and Exeter (refer to Acknowledgements section).

It also builds on our previous local government thought leadership on financial resilience, governance and alternative delivery models (ADMs), and place analysis.



Creating a sustainable financial future



Reforing local government



Better together



Vibrant Economy Index

¹ <http://www.itv.com/news/2015-11-29/councils-warn-of-13bn-funding-gap-by-2020-due-to-cuts-and-rising-social-care-costs/>

² Grant Thornton. Reforing Local Government, December 2015.

³ CFO Insights is an online financial analysis tool from Grant Thornton and CIPFA that gives those aspiring to improve the financial position of their organisation instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales. Further details are available at <http://www.cfoinsights.co.uk/>

The national picture

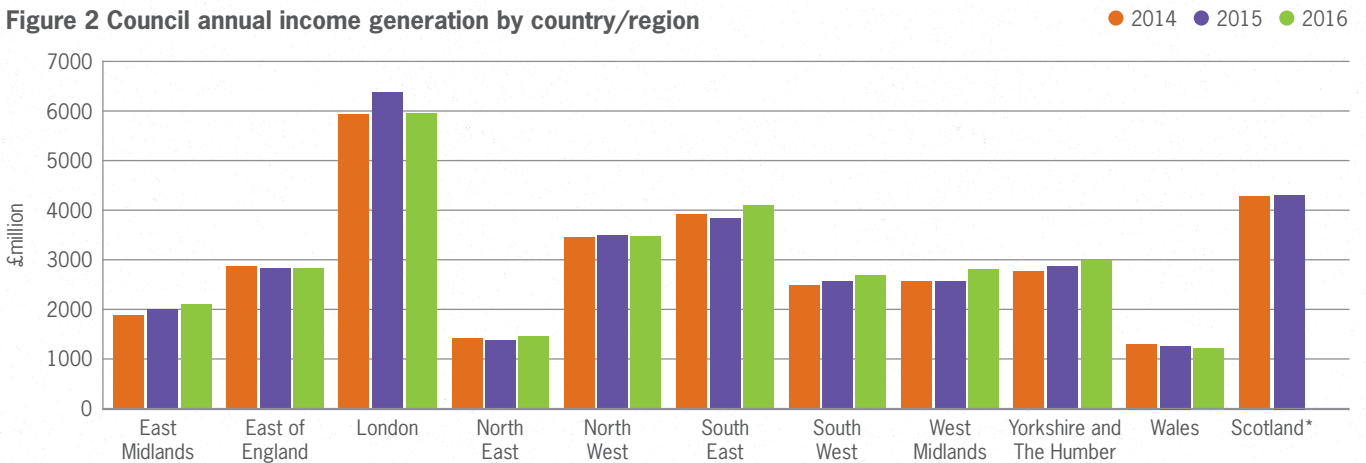
The Grant Thornton/CIPFA CFO Insights tool shows change in local authority income generation across England, Scotland and Wales. For instance, English local authority service based income increased by

4.1% between 2013/14 and 2015/16. (Figures 2, 3 and 4). By region, the East Midlands had the most notable increase in income at 11.5 per cent, followed by the West Midlands (8.7%) and South West (8.4%).

However, despite the large

increase in the East Midlands, it still has the third lowest income by region, indicating the scale of income generation across the country as authorities increasingly address commercialisation, even it had previously not been a priority.

Figure 2 Council annual income generation by country/region



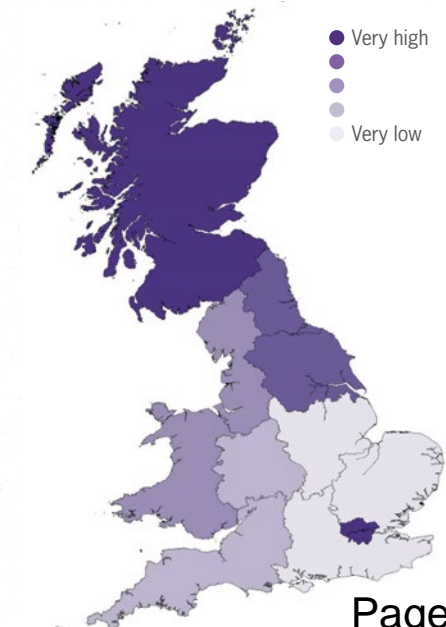
Source: CFO insights * 2016 data for Scotland not available

Figure 3 Country/regional variance in income

Region	% variance in income 2013/14-2014/15	% variance in income 2014/15-2015/16	% variance in income 2013/14-2015/16
East Midlands	6.12	5.05	11.47
East of England	-1.29	-0.13	-1.42
London	7.51	-6.54	0.48
North East	-2.67	6.20	3.37
North West	1.10	-0.41	0.69
South East	-1.98	6.76	4.65
South West	3.33	4.88	8.38
West Midlands	-0.10	8.84	8.73
Yorkshire and The Humber	3.54	4.57	8.27
Wales	-2.23	-3.75	-5.89
Scotland	0.43		

Source: CFO insights

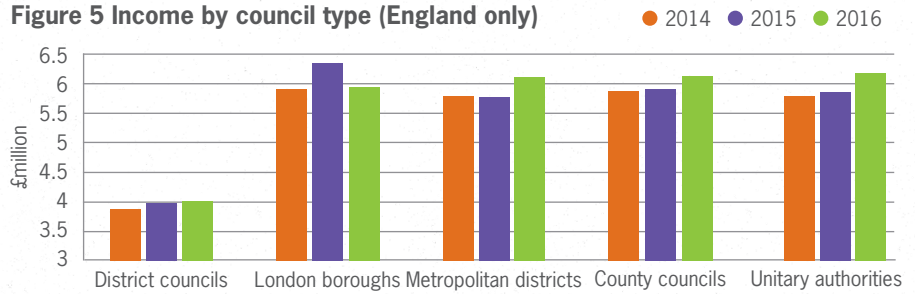
Figure 4 Range of income per capita



Segmentation by authority type in England shows that metropolitan, unitary and county councils saw significant increases in income generation in 2015/16 (Figure 5). Unitary authorities increased income by 6.5% between 2013/14 and 2015/16, followed by metropolitan authorities at 5.4%. This indicates that income generation is increasingly important to all council leaders regardless of the tier of government.

Local authorities are seeking to become more commercial and generate income in a variety of ways (see box out).

Figure 5 Income by council type (England only)



Source: CFO insights

Approaches to income generation

- **Fees and charges** – car parking, household garden waste, private sector use of public spaces
- **Asset management** – utilities, personnel, advertising and wifi concession license
- **Company spin-offs** – housing, energy, local challenger banks
- **Treasury investments** – real estate development, green energy, equity

Case studies

Cheltenham property purchase and lease

Cheltenham Borough Council bought 60,000 sq ft of commercial property for £14m which included a head lease which expires in 2023, generating annual rent of £1.3m and an annual investment return of 9%. The acquisition was financed through a combination of both internal borrowing and PWLB loans. The building will ultimately allow the council to relocate their headquarters in 2023 and facilitate the redevelopment of their current offices, which are in a prime town centre location, for mixed use development. The redevelopment aims to enhance Cheltenham’s offering for residents and visitors; deliver additional jobs; business rates and rental income to support the council’s budget and make a significant contribution to the local economy. The council is now exploring options to deliver the relocation and redevelopment earlier than 2023. Office development is one of a wider portfolio of treasury investments by the council, which also includes for instance, joint share ownership of Gloucestershire Airport Ltd.

Bristol Energy and Technology Serviced Ltd (BETS)

Establishing the council wholly-owned company is a central element of Bristol City Council’s commercial agenda and vision as a European Green Capital. BETS will generate and supply low-carbon and affordable energy. It is one subsidiary of the parent Bristol Holding Company, along with Bristol Waste which provides waste management and street scene services. Following an initial investment from the council’s general fund and European Investment Bank’s ELENA programme⁴, BETS is forecast to deliver a return within five years, with a rising return over the decade.

Flintshire off-street car parking charge

To maintain the vibrancy and vitality of the county Flintshire County Council is looking to provide a consistent approach to off-street parking through the expansion of pay and display for all town centre car parking provision of 40 spaces or more. The initiative will increase income by £0.4 million each year. By setting an effective pricing structure and tariff, charging has proved to be a mechanism to encourage commuters to use the car parks on the periphery of the town and community centres, while promoting town centre proximity spaces for short stay shoppers and visitors in support of commercial viability. The council’s proposals were informed by its ‘Big Budget Consultation’ to gauge levels of support for difficult decisions ahead due to funding gaps.

⁴ ELENA covers up to 90% of the technical support cost needed to prepare the investment business case and plan for implementation and financing local energy development.

Income generation has been made increasingly viable by changing statutory powers and cross-market sector reforms.

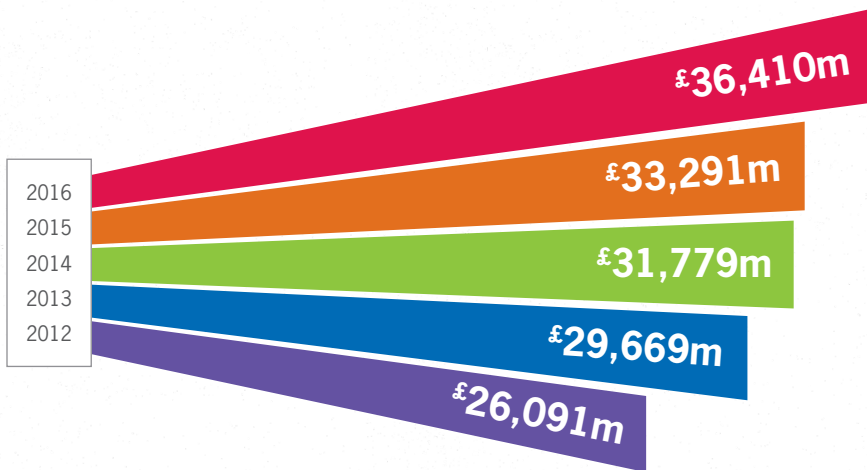
2016 was a landmark year for income generation by the sector in a number of ways. Alongside income generation by local authorities having increased since 2013/14 by 4.11%, by the second quarter of 2016, less than half (48%) of all treasury capital was kept in banks; a significant contrast to a level of 72% in 2008/09. Councils are increasingly choosing to hold part of their assets in

property and equity⁵. For instance, in terms of real estate development, local authority property deals were on track to break the £1 billion barrier. This is also reflected in DCLG financial data on English local government investments (Figure 6), which shows a year-on-year increase over the past five years to a high of over £36 billion in 2016/17⁶.

This rise in income has been enabled by changes to councils' ability to trade, as well as by multiple market reforms.

Power to trade is evolving and varies across tiers of local government and nations.

Figure 6 English local government investments (£m)



This rise in income has been enabled by changes to councils' ability to trade, as well as by multiple market reforms.



Powers to trade

England

- In England, the Localism Act 2011, building on the Local Government Act 2003, gives councils a greater General Power of Competence to trade and charge, to borrow and invest prudently.
- The Public Services (Social Value) Act 2012 also provides councils in England and Wales with commissioning obligations and powers to benefit from responsible procurement.

Wales

- The Well-being of Future Generations (Wales) Act 2015 places a new and additional duty on Welsh councils to consider the long-term sustainability of policy-making for different stakeholders over time.

Scotland

- In Scotland, the Local Government (Scotland) Act 1975 and the Scottish First Minister's Finance Circular 5/2010 sets out the statutory basis on which councils can prudentially borrow, lend and invest.
- At the same time, the Social Impact Pledge 2016 is a part of the Scottish Government's drive for a Fairer Scotland, which encourages councils to commit to changes within their policies and operations that will directly benefit communities.

⁵ Room 151. Editor's Blog. 21 December 2016.

⁶ DCLG Financial Statistics 2012-2016. HM Government. Year 2016/17 is based on live reporting of position as end of Q2 on 5 January 2017.

Multiple market reforms also present councils with new opportunities to commercialise. The reforms may be specific policy developments aimed squarely at councils, or general policy changes from which local government and other sectors can benefit. In terms of policy directed at councils, these include the New Homes Bonus (NHB) and localisation of business rates aim to incentive house building and economic growth respectively. Or, unprecedented low interest rates which make the cost of public borrowing to invest more attractive, that is ‘speculating to accumulate’. Regarding other policy from which councils can benefit, these include new rules on eligibility to access alternative funding through Individual Savings Accounts (ISA), such as solar energy bonds. Or, the Water Act 2014, which will liberalise the retail end of the market, meaning that from April 2017 onwards local authorities and other non-domestic water users (industry, not-for-profits) can trade, similarly to like many councils are already doing in the energy market⁷.

A council’s ability to invest will vary again across tiers and regions of government, according to external and internal factors including: powers and delegated authorities; strength of balance sheet to borrow or invest; political willingness to accept risk; amount of local physical, natural and brand assets which can be exploited; and organisational culture and capacity to implement change. It is also a question of time sensitivity. For instance, while some councils may want to benefit from a period of cheaper borrowing because they are relatively asset poor, other councils may have healthier reserves in the short-term, but are concerned about revenue security in the long-term so the challenge is to convert capital to on-going revenue streams when market conditions are most favourable.

Regarding other policy from which councils can benefit, these include new rules on eligibility to access alternative funding through Individual Savings Accounts (ISA), such as solar energy bonds.



The ideal scenario is investing to earn with a financial and social return.

Councils are now striving to generate income in a way which achieves multiple strategic outcomes for the same spend; examining options to balance budgets while simultaneously boosting growth, supporting vulnerable communities and protecting the environment. As illustrated in the cases on the next page, they are seeking a broad range of social returns from investments.

The Local Government Act 2003 requires councils to follow the CIPFA Prudential Code for Capital Finance. The objective is that statutory Section 151 officers – council CFOs – prudently invest the funds held on behalf of their communities. The guidance recommends that authorities should prioritise the highest rate of return for borrowing and investments according to security, liquidity and yield – in that order. However, what one council interprets as best value to communities may differ to another council.

⁷ See for instance Nottingham’s Robin Hood Energy Ltd or Peterborough’s Blue Sky energy service company.

Case studies

North East Lincolnshire's infrastructure revolving fund

The South Humber Infrastructure Investment Programme (SHIIP) is a £29.5 million joint arrangement over 15 years between the Council and Greater Lincolnshire Local Enterprise Partnership (LEP) and Central Government's Local Growth Fund whereby the upgrading of employment land is leading to an uplift in local jobs created and business rates collected. This is a key part of the council's economic strategy which includes an aspiration to be a European green energy hub through the port's local enterprise zone (EZ). SHIIP will facilitate the development of 222,000 sq.m. of new floor space accommodating up to 4,000 jobs and improve the local economy by £146 million GVA. Extra business rate retention as a result of SHIIP is factored into the council's medium term financial plan (MTFP) funding projections, of up to £2.3 million by 2019/20. The council borrowed £15 million to joint fund the deal. The contribution is to be recovered from Section 106 (s106) planning agreements.

Wolverhampton's recruitment agency

The City of Wolverhampton Council established YOO Recruit as a wholly-owned company for the provision of temporary workers into the council. It was originally developed as an invest to save initiative, recycling an existing operating cost to generate income and boost quality job opportunities for in the local area. The company has a turnover of £7.4 million, a gross profit of £0.6 million and net profit before tax of £0.3 million (yet to be audited). YOO Recruit also reduces costs through less invoicing and agency fees and ensures 90% of workers live within the city and are paid the Living Wage.

Chorley's purchase of local shopping centre

The primary purpose of buying the Market Walk shopping centre was to provide Chorley Council with greater control and influence over the town centre and improve the local economy by creating more jobs and attracting more people and businesses into the town centre. A secondary purpose was to provide a new income stream. The £23 million investment has helped to rejuvenate the town centre and generates business rates and rental income of £0.75 million per year. Prior to the investment a number of the retail outlets were in a poor state of repair or unoccupied. Due to this success, the council is now proposing to invest a further £17 million in a Market Walk extension, responding to feedback that an improved retail and leisure offer is needed to encourage town centre visits.



Typically, a council seeks a 5-10% financial return on its investment. The ideal transactions however are those that offer multiple benefits for the same spend, without a trade-off between financial and non-financial benefits. Some councils may be willing to accept a lower financial return to accommodate additional social outcomes, especially if these benefits are felt locally. However, social returns may also be realised indirectly from financial gain when the money from them is then invested in local public services. Alternatively, some councils may not pursue an initiative with a high financial return if it does not align

to their strategic priorities of directly benefitting local communities, or because they deem it unethical. For instance, not all councils are willing to enter into real estate developments outside of their authority's geographical boundaries.

The need to understand better the social impact of different courses of action has resulted in the emergence of a variety of codes, standards and tools from HM Government, professional service providers, think-tanks and non-profit organisations that provide guidance to local government. (See the box out.)

These initiatives are supporting and informing a number of councils decision to transfer to using outcomes based budgeting and strategic commissioning – as is the case with North East Lincolnshire and Wolverhampton – or, an interventionist approach to correct a perceived market failure – as is the case with Chorley. This business transformation is, therefore, not solely driven by a need to protect frontline public services when budgets are reducing, but more about a form of better government which secures greater impacts.

Guidance to local government

Green Book

HM Treasury's rule book for public policy appraisal includes guidance on multi-criteria analysis⁸. It applies elements of a full benefit-cost analysis which place an economic valuation on a transaction, in combination with a consideration of unvalued costs and benefits which have not or cannot be priced but which are also important to success. This is achieved through weighting and scoring of economic (eg attraction of £ private sector investment), social (eg number of local decent jobs created) and environmental benefits (eg decoupling of natural resource use from growth).

Place Analytics

Grant Thornton's online data platform is a subscription service which provides a geographical perspective on economic, social and environmental change. Reports tell a compelling 'story of place' by connecting service spend to service outcomes, thus informing public policy options.

Local Multiplier 3 (LM3)

LM3 was initially developed by the new economics foundation (nef) as a way of understanding the local economic impact of procurement contracts and regeneration schemes. LM3 is a tool to create a figure for an organisation's contribution to the local economy based on an analysis of financial records and a survey of staff and suppliers.

Social Return on Investment (SROI)

SROI is a framework based on social generally accepted accounting principles (SGAAP) that can be used to help manage and understand the social, economic and environmental outcomes created by an organisation. SROI seeks to include the values of people that are often [box out continues] excluded from markets in the same terms as used in markets that is money, in order to give people a voice in resource allocation decisions.

⁸ HM Treasury 2011. The Green Book. Appraisal and Evaluation in Central Government.

Learning from new and innovative practice

When external borrowing is required to fund new income opportunities the PWLB is still the first point of reference, but this is not always appropriate and councils routinely use other internal and external mechanisms, and are experimenting with new alternative finance too.

Interest rates impact significantly on a council's decision to invest or to save. Since the 2007/08 global financial crisis and the ensuing UK recession, domestic interest rates have remained at historically low levels – 0.25% at the time of writing. This reflects the Bank of England's monetary policy to bring economic stability and resilience by ensuring the cost of borrowing is low (so people invest rather than save) and the Sterling exchange rate is more competitive (so industry exports more). The Brexit referendum in June 2016 created more market uncertainty which further strengthened the Bank of England's resolve to maintain low rates in the near future.

As a consequence of this PWLB rates are also at a historic low, which has prompted a huge spike in PWLB borrowing by councils (£1.3 billion was borrowed in June alone).

While PWLB is the best source of funds for many councils, councils do routinely make use of other financial mechanisms too (Figure 7). Councils are innovating on income generation by using alternative delivery models to fund as well as deliver these new income opportunities. This includes harnessing one or a combination of traditional and new investment instruments, with options related to facilitation and regulation, public funds, debt and equity. (The appendix provides a glossary for these financial terms). Local facilitation and regulation can be a core enabler and accelerator of the other forms, which is additionally attractive to councils as it may involve nil/negligible initial and on-going additional costs.

Historically, PWLB has typically been cheaper, less risky and easier to administer form of funding than other providers.

The Public Works Loan Board

The PWLB is a statutory body managed by the UK Debt Management Office (DMO), a part of HM Treasury. It is authorised to lend money to any UK local authority which has the power to borrow, offering a fixed rate loan (up to 50 year period with repayment due in half yearly intervals) or a variable rate loan (up to 10 year period with repayment due at 1-6 month intervals)⁹. It is essentially an 'IOU' between central government and local government, on which the DMO collects 0.8% interest income. Critically, some councils are borrowing from PWLB because they lack reserves to invest and it is the cheapest and easiest available option. However, some others are borrowing even when they have reserves to do so because they are hedging their bets that it is a missed opportunity not to take advantage of historical low borrowing costs.

While the Government recently announced it is abolishing the PWLB, its function is to be retained, handled directly by HM Treasury and with the DMO acting as operating agent¹⁰.

⁹ UK Debt Management Office. PWLB Annual Report and Accounts 2015-2016.

¹⁰ <http://www.publicfinance.co.uk/news/2016/11/pwlb-be-scraped-government-confirms>



However, this is not universally so and is changing. For some councils, the PWLB is inflexible as it is not possible to negotiate a better rate or a bespoke repayment profile. So, for instance PWLB loans can be very expensive to repay early if a council unexpectedly finds its cash position is more positive than forecast. As the cases below show, this has given rise to alternative sources including pension funds and social impact investors (eg Luton), bonds (eg Aberdeen) and private bank loans – but critically also other public bodies including local authorities themselves (eg Warrington and Newham).

Rightly, there are political sensitivities associated with exploring these alternative sources of funding, whether to save or to borrow, especially in light of the Iceland Bank collapse and concern over the cost of Lender Option Borrower Option (LOBO) loans. Also there is an understandable, broader concern about ‘over gearing’ of councils – at present there is £88 billion of outstanding debt in English local government¹¹. Hence, as the examples help show, robust due diligence is a core requirement of risk mitigation for business case development as part of effective council treasury strategy. This due diligence, again, includes financial and non-financial aspects (eg Glasgow and Swindon).

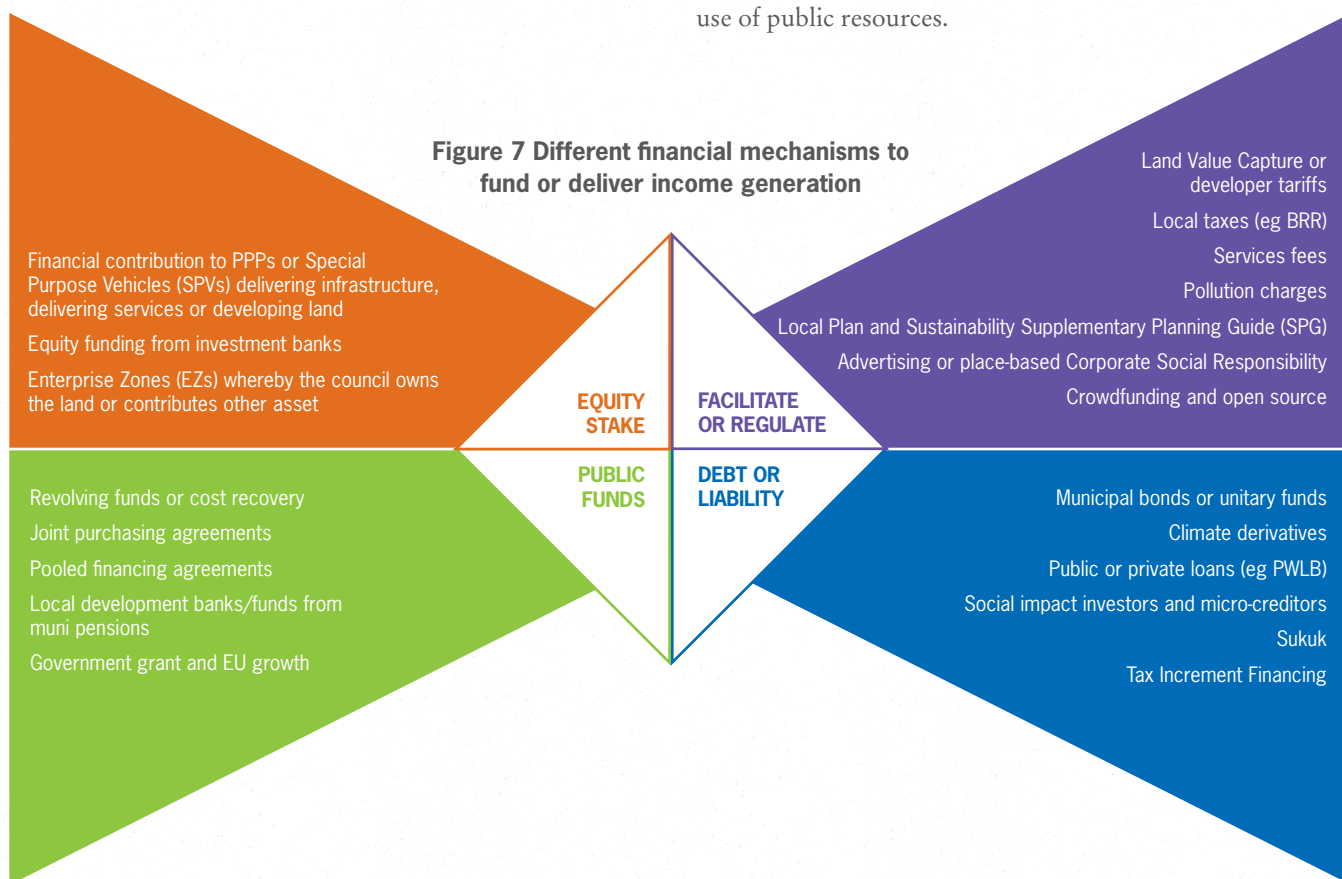
If aiming to deliver a financial and social return, some entrepreneurial councils not only aim to correct market failure but also act as an investor of first resort to help create new markets.

For some councils the idea that they should intervene in the market is anathema – for them this is the role of the private sector or central government. For other councils, however, market intervention is viewed as a fundamental duty, not just to reverse market shortcomings but even to create new markets. In the latter instance, considerations of social return may be both about a perceived public duty of care to do good or to do no harm, such as health and social care integration or climate risk¹².

Notable cases here include ‘first of its kind’ investment asset classes (eg Swindon, Aberdeen). It is also noteworthy that authorities are partnering with like-minded organisations from the private and investor community to make deals viable, in particular social impact investors and progressive fund managers (eg Luton with Cheyne and Big Society Capital).

In pursuing these market shaping activities, well informed councils are aware they need to comply with EU State Aid rules which prevent them from unfairly distorting market competition through inappropriate use of public resources.

Figure 7 Different financial mechanisms to fund or deliver income generation



¹¹ DCLG Financial Statistics 2012-2016. HM Government. Year 2016/17.

¹² Zurich Municipal in association with SOLACE. 2016. Worlds apart – the 2016 senior managers’ risk report.

While PWLB is the best source of funds for many councils, councils do routinely make use of other financial mechanisms too.



Case studies

Swindon's crowdfunding with Individual Savings Accounts (ISAs)

Swindon Borough Council launched the UK's first ISA-eligible investment through its wholly-owned company Public Power Solutions (PPS). The bond uses new UK legislation that allows retail investors to hold bonds in an ISA portfolio. It is to support a £5.4 million scheme for a new solar energy farm which will deliver an average 6% return to bond-holders and generate rent, business rates and green tariffs for the council as shareholder. Part of the revenue from generating green electricity will be set aside to fund local community projects. Funding is comprised of £3 million of council money and £2.4 million from the bond issue, with the offer open to the general public including other investors from outside of the borough. ISAs are attractive to investors as they are tax free.

Luton and Cheyne Social Property Impact Fund

In response to social impact investor demand, private fund manager Cheyne launched its £1 billion Social Property Impact Fund to deliver extra affordable homes and care facilities to non-profit organisations. Its seed investor is Big Society Capital. Luton Borough Council and the Fund entered into a 21 year agreement to build and lease 80 new one and two bedroom apartments, close to the town centre with good access to amenities and transport links. Housing allocation is based on a clear measure of prioritised need, with rent set below Local Housing Allowance (LHA) rates. The Fund took all the development, financing and construction risks to provide a turnkey solution to the council. The council pay a Consumer Price Index (CPI) linked lease to the Fund and create an annual operating surplus from its management and maintenance role.

Aberdeen bond to grow local economy

Aberdeen City Council is the first Scottish council to gain a bond issuer credit rating (Moody's, where it is rated Aa2) after launching its new funding model to finance its long-term capital programme from financial markets. The £370 million bond is to support the city's growth and diversification as part of a £1 billion development programme for redeveloping the exhibition and conference centre, new schools, transport improvements and 3,000 new homes to be built over the next 15 years. The council's innovative funding mechanism was supported by the Scottish Government due to the nationally strategic importance of the projects to anchoring the city's status as a competitive global energy hub on the international stage.

Newham joint investment in a solar farm

The London Borough of Newham is one of four councils jointly investing £60 million in a solar energy farm in Wroughton which will deliver a 6% return by generating enough green electricity to power 12,000 homes. HSBC will pay to take power from the site as part of a 15 year agreement. Instigated and coordinated by Warrington Borough Council, the scheme Rockfire Capital is attractive to Newham, Thurrock, Warrington and a fourth silent council partner as it not only aligns to statement of investment principles for ethically-responsible investment in commercially-viable projects, but also because the four investing councils are able to lower the transaction cost by sharing fees paid for due diligence, thus increasing the profit margin.

Innovation in the form of collaboration as well as investment type provides new ways to add value, including public-to-public (P2P) transactions across geographical boundaries.

It is often quoted that ‘necessity is the mother of invention’. Yet despite a wave of local devolution over the past half-decade, UK government is still heavily centralised. Compared to their international counterparts, UK local authorities are much more dependent on central government transfers. Even London only generates 26% of own-source revenues (Figure 8), in significant contrast to Tokyo at the other end of the spectrum which produces 92%. Changes to business rate retention and council tax precepts to incentivise growth and metro mayor models respectively will shift the balance further in favour of local government leaders, but at the same time, due to revenue pressures councils are striving to innovate in new and different ways on income generation.

Councils are being creative not only in terms of new types of investment class but also how they co-produce solutions. Most notable is the rise of P2P investments where two or more local authorities come together as an investor or investee.

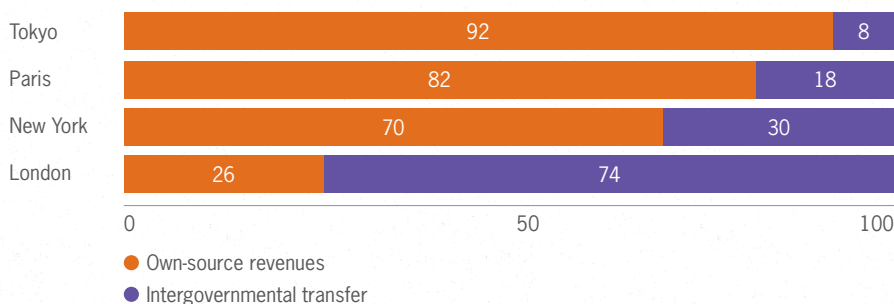
One factor driving this trend is ‘disintermediation’: lowering a transaction cost by reducing the fees of (or need for) professional service firms. For instance, sharing the risk and cost of due diligence. This trend is particularly interesting as it can involve local authorities trading outside of their immediate geographical areas (eg Warrington, Newham and Thurrock). Transacting at the national level is anticipated to rise in the future, especially as new vehicles emerge, such as the UK Municipal Bonds Agency¹³.

This trend may also extend to the global domain too, given it is not uncommon for council treasury strategy to include seeking to borrow or invest on the international stage. Again new vehicles have emerged to advance this option, for instance the Local Pensions Partnership (LPP) has a £5 billion global equity fund.

At the individual authority level, there are several examples of councils seeking to attract or invest overseas money, ranging from London (£2.1 billion HS1 acquisition by Ontario pension fund), Sheffield (£1 billion real estate investment with China’s Sichuan Guodong Construction Group) and Manchester¹⁴ (EIB borrowing and Singapore bank equity). Taking the latter, Manchester City Council has a capital financing requirement of £0.9 billion and its current treasury strategy to both borrow and invest includes scope for international ventures, ranging from a £100 million loan facility with the EIB through to stock holdings in AAA rated countries such as Germany, USA and Singapore.

Just as interestingly, a number of authorities are, again, also aiming to borrow or invest at the global level to generate income that also requires a social return (eg Glasgow).

Figure 8 Public sources of council revenue



¹³ The LGA-sponsored MBA follows overseas examples from France and New Zealand (eg Agence France Locale).

¹⁴ For example, Manchester City Council’s Treasury Strategy 2016-17 (dated 4 March 2016) has a capital financing requirement of £0.9 billion and its current treasury strategy to both borrow and invest includes scope for international ventures, ranging from a £100 million loan facility with the EIB through to stock holdings in AAA rated countries such as Germany, USA and Singapore.

Case studies

Warrington's challenger bank status

Warrington Borough Council has joined the ranks of a new cohort of local authority banks such as Cambridgeshire and Counties Bank and Solent Bank in acting as a provider of financial services to other local SMEs and public bodies. The council has approved plans to invest £30m and take a 33% share in the new Redwood Bank. The deal for the bank is subject to receipt of a license from the Bank of England. It will enable the council to help more businesses than by authorising loans directly, by taking deposits from SMEs and getting a gearing effect, whereby for every £10m investment the bank is forecast to make £50m of loans. Surpluses from the JV will be invested in local public services. This new JV is the latest in a series of financial innovations by the council which harness its role as a facilitator of development through alternative funding. For instance, separate to the Redwood Bank deal, Warrington increased its ongoing lending to housing associations to £300m and 10 providers and is negotiating three further deals. The purpose is two-fold: to promote house building and regeneration; and to earn interest that is reinvested in frontline services. Interest payable is 1.25 per cent above the PWLB's rate at the date of each drawdown. Borrowers to date have included Warrington HA, Plus Dane, Helena, Your Housing and others. The council has carried out a full comprehensive risk assessment on the loan. This includes an independent due diligence exercise on Housing Associations and a detailed risk matrix drawn up in consultation with the council's treasury advisors, leading banking lawyers, bankers, its auditors and members.

Glasgow's participation in the Carbon Disclosure Project (CDP)

Glasgow is one of over 200 cities around the world which participate in the CDP to maintain their attractiveness to institutional investors. For instance, reporting on plans to address heat island effects through cooling measures in major buildings. CDP's cities programme provides a voluntary climate change reporting platform for city governments to disclose their environmental performance to pension funds and fund managers. The programme is open to any city government, regardless of size or geographic location.

Rushcliffe's shift from Teckal company to social franchise model for Streetwise

The Rushcliffe Borough Council currently operates a wholly owned company trading in environmental, grounds maintenance and on-street services that is subject to Teckal exemption. The exemption allows a council to award contracts directly to the company for up to 80% of its trade. With a turnover of £1.5 million the council has achieved efficiency savings of £0.4 million. Going forward, Streetwise's aim is to meet growing demand to deliver services to local public sector peers and so it is revisiting its operating model to allow this new commerce. Social franchising will enable other organisations to trade under the Streetwise banner and benefit from the existing support infrastructure, allowing Streetwise to share risk and lower its operating costs. Being agile in this way will allow it to thrive going forward.



Critical success factors to review and develop your strategy and implementation plan

Use the key elements of a quality framework for design and delivery.

Regardless of a council's objectives for, or experience of, generating income, good management disciplines should be applied so the intended benefits are planned and achieved.

Choose the best opportunities available to you given your unique context.

Prioritisation is required to filter a long list of options to arrive at a short list.

The opportunity matrix (Figure 9) helps a council to appraise all its possible options to arrive at a list of the most appropriate ones. It contrasts the potential contribution strategic priorities (financial and non-financial) with the level of difficulty to implement (risk and effort). The most promising income opportunities will populate the top right hand corner of the matrix.

If a council is able to answer the questions below with confidence, then this is a really good start to refreshing or developing an income strategy, to make these opportunities a reality.



Align commercial aspirations to core mission and outcome-based performance



Secure political buy in for this commercial new or refreshed angle



Understand your baseline position on commercialisation including how it compares to peers at a local and national level



Put a robust appraisal framework in place to prioritise and scrutinise the latest and best business cases for you to commercialise



Get a grip on the profit and loss of your current commercial activities and full cost recovery of non-trading statutory services



Understand how traditional and alternative financial instruments will fund new options



Determine your capacity and culture change requirements to implement this new commercial programme

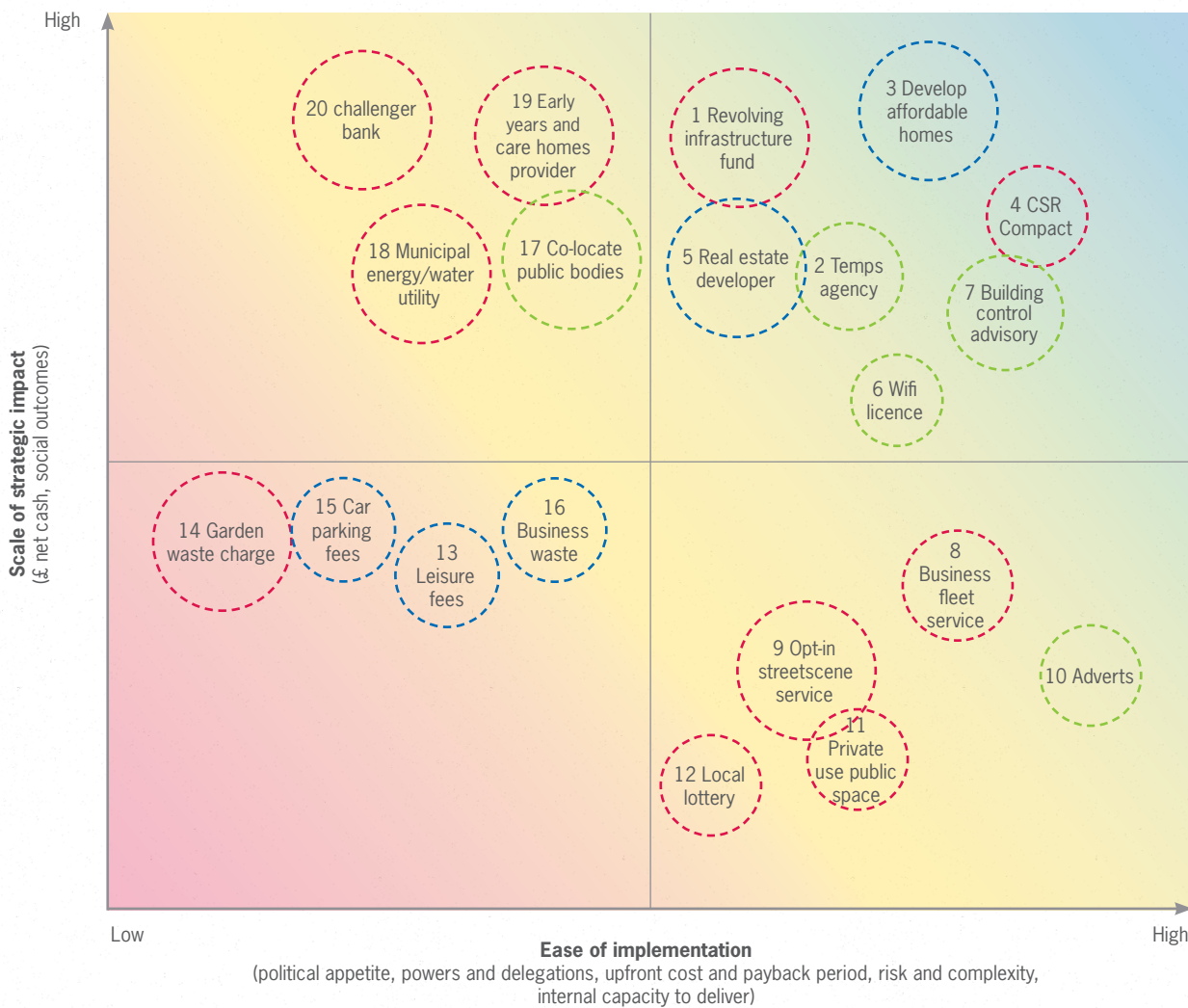


Devise a clear and simple communication plan to bring internal and external stakeholders along with us on this complex journey of change

Questions to help ensure success

- ▲ *Have all your options to maximise use of revenue and assets been explored?*
- ▲ *Do we understand what are strengths are and what we are less good at compared to the market place?*
- ▲ *How does each department and service compare on net income and cost recovery against neighbours and peers?*
- ▲ *Are adequate gateway processes established to identify and select new opportunities, and stretch or stop existing ones?*
- ▲ *Is it clear how generating income delivers both a financial and social return that is aligned to your local political priorities?*
- ▲ *Are you aware of the latest examples on innovative financing to fund your new income generation proposals?*
- ▲ *Are governance processes robust enough to scrutinise business case proposals for new income generation?*
- ▲ *Do you understand the pros and cons of different alternative development models for the establishment of trading companies, including tax, legal and HR aspects?*

Figure 9 Opportunity matrix to appraise potential new income initiatives – illustrative sample



Type 1 – Stretching existing income ● **Type 2 –** Emergent Council ideas ● **Type 3 –** New and additional option ●

Indicative value scale

£1m+ £1m-0.5m £0.5m-0.1m <£0.1m

Forward plan to overcome anticipated barriers to change.

According to a talent survey of 144 HR directors in local government, most believe that commercialisation (70%) and the ability to manage change (60%) are among the top issues that leaders need to work on as their operating environments change. Now and in the immediate future, successful leadership teams need to demonstrate new acumen related to income generation, both in terms of entrepreneurship and collaboration.

Yet councils are continually challenged with investing in the present to accrue benefits further down the line. This is particularly true of committing budget, people and time to develop the leadership culture, technical skills and capacity to commercialise. It is imperative then that a council's income generation strategy and action plan factors in organisational and personnel development needs so a council is best equipped to realign its operating model to any new vision.

While culture and behaviours are just one part of a complex system that makes up a modern council, the right culture is as central to sustainable organisational success as the right strategy. The Organisational Alignment model in Figure 10 describes the two interdependent paths required to move from the organisational vision (higher purpose) to the desired outcomes and results.

An organisation with a great strategy and a poor culture will continue to find ways to work against itself and not meet its potential. An organisation with poor strategy and a great culture, will be a fun place to work in and deliver good, yet not great results; unable to consistently replicate performance. Only when both strategy and culture are aligned beneath an aspirational and ambitious vision, can sustained success be generated.

Consequently, progressive councils are increasingly investing in leadership development with due consideration for both culture and strategy. Specifically with regards to income generation, forward planning for change should include the time and space for officers and members to breakdown silos, to network and transfer knowledge, to

Figure 10 Culture change



share insights about what does and does not work in practice and the latest innovations (eg procurement protocols for investment, new tradeable asset classes), but also to identify new commercial opportunities to co-produce solutions – that is, cross-departmental working (to realise overarching financial and socio-economic goals), joint investments (both as an investor or an investee), shared services and other collaborative ventures (locally, nationally or internationally, as appropriate). Such a platform will help to overcome the chance and binary nature of discovering new viable commercial options. More than this, it can provide a vital route to identify like-minded partners that can form a collective voice to lobby central government (if and when needed) on the policy reforms required to accelerate council income generation even further.

How we can help

These are challenging financial times for local government, but income generation can be the key to doing more with less.

Your ability to take-up new income opportunities is framed by the external and internal factors that are unique to your authority, ranging from in-house

capacity to respond, through to risk appetite.

Grant Thornton has significant experience of working with councils and the wider public sector to review and develop income generation strategies and implementation plans. We deliver our services in a way that meets your needs and situation in the three areas as depicted in the diagram

below. This covers all technical aspects related to visioning, finance, governance, tax, HR and legal aspects.

We can either act as critical friend and provide an independent view, or join forces with you as a delivery partner to transfer knowledge and build your capacity to become self-sustaining.

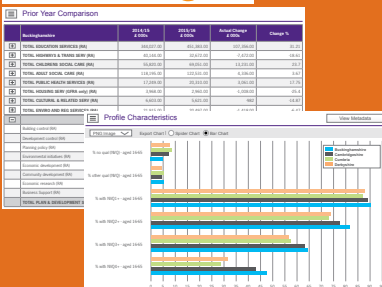
Three step process to supporting your strategic approach to income generation

1

Understanding your current performance

Diagnostics to baseline current fees, charges and assets across departments/services and benchmark performance with comparators (eg application of the Grant Thornton/CIPFACFO Insights tool, depicted below).

CFO Insights



Evaluating the efficiency and effectiveness of your current procedures for income generation to understand good practice, gaps and areas for improvement.

2

Identifying your new opportunities

Workshops to raise stakeholders' awareness of policy context (legal powers, market reforms) and new options for income, and to understand your risk appetite.

A bespoke framework with criteria and a decision-making tree to identify a short list of new income opportunities for you to exploit (eg rate of return, payback period, ease of implementation, risk, social value).

Acting as a critical friend to develop the outline business cases for different delivery models and corporate financing (eg wholly owned trading companies and JVs, loans and equity, etc).

3

Developing your governance and programme management processes

Due diligence to ensure income and efficiency plans are aligned and integrated (synergies, risks).

Guidance on appropriate governance arrangements and programme delivery processes (eg OGC, Agile and Prince 2).

Outline and full business case development (ie financial modelling, tax, HR and legal aspects).

Supporting you with the drafting and finalisation of a revised/new corporate commercial strategy and implementation plan that is the culmination of this three step process.

Glossary of financial terms

	Instrument	Description
Facilitate or regulate	Advertising or place-based Corporate Social Responsibility (CSR)	Releasing the asset value of the council brand and/or prime marketing space, purely for financial purposes or also associated with wider social goals for local private employers.
	Crowdfunding and open-source	The practice of funding a civic project or venture by raising many small amounts of money from a large number of people, typically via the internet.
	Land Value Capture or developer tariffs	Strategic taxes or charges on key sites to recoup capital costs in recognition of how their rental or sales price will rise upon development completion, such as a Community Infrastructure Levy or Section 106 Agreement. May involve selling developer rights as opposed to the land itself.
	Local taxes	Statutory and discretionary taxes (eg Council Tax, Precept, Business Rates)
	Pollution charges	Cost recovery to pay for public services to clean up the impact of emissions and to invest in cleaner alternatives (eg congestion charging for private fossil fuelled cars to fund public electric vehicles) .
	Local Plans and Sustainability Supplementary Planning Documents (SPD)	Provide further guidance on compulsory or voluntary measures included within spatial frameworks. For a Sustainability SPD this utilises local plans to set policy requirements related to the integration of climate change adaptation measures into new developments (eg sustainable drainage systems, measures to reduce water consumption in areas of water stress, green infrastructure, passive cooling strategies).
Public funds	Joint purchasing agreements	Councils coming together to bulk buy green goods/services at reduced cost.
	Pooled financing agreements	Councils coming together to co-invest in infrastructure at a reduced cost or lend to each other at soft rates.
	Local development banks / funds from municipal pensions	Local, regional or national agencies which have facilities to support general development financing, comprising non-reimbursable and reimbursable funds (eg the European Investment Bank has facilities to finance infrastructure projects such as water management, energy or roads).
	Enterprise Zones (EZs) or Accelerated Development Zones	A geographically defined area offering certain incentives (eg tax breaks or grants) to businesses that choose to physically locate within the zone. Often one component of an overall economic growth strategy, aimed at enhancing the competitiveness of manufacturers and service providers, and also intended to realise agglomeration benefits from clustering industries in one area.
	Revolving funds	Internal or soft loan scheme whereby the council spends or loans money at zero or low interest to fund, for example, new homes building or eco-efficiency technologies in municipal buildings, which is then repaid from the respective property sales/rental receipts or utility savings made as a result.

	Instrument	Description
Equity stake	Financial contribution to PPPs or Special Purpose Vehicles (SPVs) delivering infrastructure, delivering services or developing land	Often a dedicated business that provides a range of services such as a Housing Company or Energy Services Company (ESCo) that designs and implements homes development or utility saving/power generation respectively.
	In-kind contribution to PPPs or SPVs delivering infrastructure, delivering services or developing land	Similar to above but with non-financial contributions such as through a gainshare model (whereby the private sector provides the upfront capital for a council's revolving fund) or the redirection of local municipal pension funds.
	Enterprise Zones (EZs) or Accelerated Development Zones	A geographically defined area offering certain incentives (eg tax breaks or grants) to businesses that choose to physically locate within the zone. Often one component of an overall economic growth strategy, aimed at enhancing the competitiveness of manufacturers and service providers, and also intended to realise agglomeration benefits from clustering industries in one area.
Debt finance	Climate derivatives	Carbon trading or credits such as the EU Emissions Trading Systems (EU ETS) and the Clean Development Mechanism (CDM), whereby finance is provided by companies seeking to reduce their emissions liabilities.
	Municipal bonds	A bond is a promise to pay a loan with interest and issued by a council or government to fund capital expenditure projects. Some municipalities market the bond to the market as sustainable to attract new types of investors.
	Social impact investors or micro-creditors	Responsible investors or lenders who offer finance because of wider sustainability returns and/at lower rates. Usually targeted at small or social enterprises during start-up phase or next-phase growth.
	Sukuk	A special form of bond that complies with Islamic law and investment principles which prohibit lenders from charging interest. The certificate constitutes partial ownership in a debt. Capital protection is provided by a binding promise to repurchase certain assets.
	Tax Increment Financing	A special form of bond which exacts current value from future tax receipts arising from a boost to GDP associated with a particular major development (eg housing, public transport)
	Public or private loans	State-subsidised or market rate borrowing (eg PWLB).

Acknowledgements

Workshop delegate and/ or case contributor	Organisation	Workshop delegate and/ or case contributor	Organisation
Richard Sweetnam	Aberdeen City Council	Bob Vince	Interserve plc
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Darren Carter	Cheyne Capital	Sharon Wroot	North East Lincolnshire Council
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Mike Thomas	Grant Thornton	Shirlene Adam	West Somerset District Council
Stephen Brindle	Hyndburn Borough Council	Adrian Kemp	WSP Group

About us

Dynamic organisations know they need to apply both reason and instinct to decision making. At Grant Thornton, this is how we advise our clients every day. We combine award-winning technical expertise with the intuition, insight and confidence gained from our extensive sector experience and a deep understanding of our clients.

Grant Thornton UK LLP is a leading business and financial adviser with client-facing offices in 24 locations nationwide. We understand regional differences and can respond to needs of local authorities. But our clients can also have confidence that our team of local government specialists is part of a firm led by more than 185 partners and employing over 4,500 professionals, providing personalised audit, tax and specialist advisory services to over 40,000 clients.

Grant Thornton has a well-established market in the public sector and has been working with local authorities for over 30 years. We are the largest employer of CIPFA members and students in the UK. Our national team of experienced local government specialists, including those who have held senior positions within the sector, provide the growing range of assurance, tax and advisory services that our clients require.

We are the leading firm in the local government audit market. We are the largest supplier of audit and related services to the Audit Commission, and count 35% of local authorities in England as external audit clients. We also audit local authorities in Wales and Scotland via framework contracts with Audit Scotland and the Wales Audit Office. We have over 180 local government and related body audit clients in the UK and over 75 local authority advisory clients.

This includes London boroughs, county councils, district councils, city councils, unitary councils and metropolitan authorities, as well as fire and police authorities. This depth of experience ensures that our solutions are grounded in reality and draw on best practice. Through proactive, client-focused relationships, our teams deliver solutions in a distinctive and personal way, not pre-packaged products and services.

Our approach draws on a deep knowledge of local government combined with an understanding of wider public sector issues. This comes from working with associated delivery bodies, relevant central government departments and with private-sector organisations working in the sector. We take an active role in influencing and interpreting policy developments affecting local government and in responding to government consultation documents and their agencies.

We regularly produce sector-related thought leadership reports, typically based on national studies, and client briefings on key issues. We also run seminars and events to share our thinking on local government and, more importantly, understand the challenges and issues facing our clients.



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GT.1222



Dear Colleague,

APSE Commercialisation, Income Generation & Trading Advisory Group – (Southern region)

I am writing to inform you that the next meeting of the APSE Commercialisation, Income Generation & Trading Advisory Group will be held in London as follows:

Date:	Thursday 22 nd February 2018	
Time:	10:00	Welcome!
	10:30	Driving revenue and value through Capital Investment
	11:00	Operating a shared Teckal Company – Management and Governance
	11:30	Income and Investments
	12:00	APSE Update
	12:30	Buffet lunch
	13:30	Close

Venue: The Professional Development Centre, LB of Tower Hamlets, 229 Bethnal Green Road, London, E2 6AB.

The advisory group is free for APSE member bodies and open to all elected members, officers interested in Commercialisation, Income Generation and Trading, trade unionists and policy officers.

There are a number of ways to book:

Online: [Click here](#)

Telephone: 01865 749365

Email/Post: Please complete the booking form on page 3 and return to adminsouthern@apse.org.uk, or by post to the below address.

If you have any dietary requirements, please tell us when booking so that the necessary arrangements can be made.

I look forward to welcoming you in London on Thursday 22nd February 2018.

Yours faithfully
Lorna Box
Principal Advisor

Association for Public Service Excellence

Horspath Road Offices
(Oxford Direct Services)

Horspath Road
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Telephone: 01865749365

Email: enquiries@apse.org.uk

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APSE Commercialisation, Income Generation & Trading Advisory Group

Thursday 22nd February 2018
The Professional Development Centre,
LB of Tower Hamlets, 229 Bethnal Green Road, London, E2 6AB

1. Welcome – tea, coffee and registration

2. Driving revenue and value through Capital Investment

- Strategic Acquisition
- Development and Regeneration
- Setting an ambitious investment programme

Speaker: Joseph Holmes, Corporate Director, Winchester City Council

3. Operating a shared Teckal Company – Management and Governance

- What is a Teckal company?
- What prompted the initial shareholders to establish UBICO, a Teckal company now jointly owned by 7 local authorities?
- Processes to facilitate decision-making, governance and scrutiny of the organisation

Speaker: Gareth Edmundson, Managing Director, UBICO

4. Income and Investments

- Bricks- Mortar- Money - a joint APSE/CIPFA research project
 - A 10- step guide to Property Investment
 - Case studies in Property Investment
- Impact of proposed changes to the Prudential Framework on Capital Finance

Speaker: Mo Baines, Head of Communication and Coordination

5. APSE Update

6. Future topics/areas of work for the groups

7. Any other business

8. Dates for the future

Attendance Form

APSE Commercialisation, Income Generation & Trading Advisory Group

Thursday 22nd February 2018
The Professional Development Centre,
LB of Tower Hamlets, 229 Bethnal Green Road, London, E2 6AB

Please return this form by e-mail to adminsouthern@apse.org.uk, or by post to the address on page 1

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- Recipient's contact details have changed, please amend as indicated
- Please add the below name and details to your database to receive future invitations
- Recipient has left the company (if so please complete the details below for the replacement)

Please print details

Title _____ **First Name** _____ **Surname** _____

Job Title _____ **Authority** _____

Department _____

Address _____

Post Code _____

Telephone _____ **Email** _____

Venue information

Thursday 22nd February 2018
The Professional Development Centre,
LB of Tower Hamlets, 229 Bethnal Green Road, London, E2 6AB

Map & Directions

Based between Bethnal Green and Shoreditch High Street stations, the Professional Development Centre has great transport links so it is easy to get to.



By train (underground, overground and rail)

Bethnal Green underground, Bethnal Green overground and Shoreditch High Street overground stations are all within a 10 minute walk. Liverpool Street station is only a 20 minute walk away, alternatively you can take the number 8 bus from outside the station and this drops you off directly outside the building.

By bus

Both the Bus 8 and the Bus 388 stop directly outside the Professional Development Centre, listen out for the Barnet Grove stop.

Cycling

Cyclists can park their bikes at one of our many cycle stands.

By car

Car parking is available to visitors who are registered blue badge holders.

Driving revenue and value through capital investment

APSE Briefing – 22nd February 2018

WHERE IS WINCHESTER?



WINCHESTER



- Geographic area of 256 Square Miles;
- 121,000 residents;
- 45,200 (1/3) of which live in the main town area;
- One of the lowest unemployment levels in the United Kingdom; standing at approximately 0.6%;
- Ranked #1 'Best Places to Live' survey 2016 (The Sunday Times);
- £360 Million regeneration programme
- Home to the prestigious Winchester University and Southampton University School of Art;

WINCHESTER

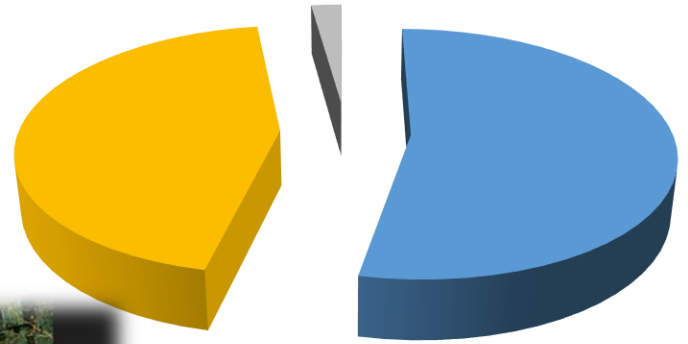
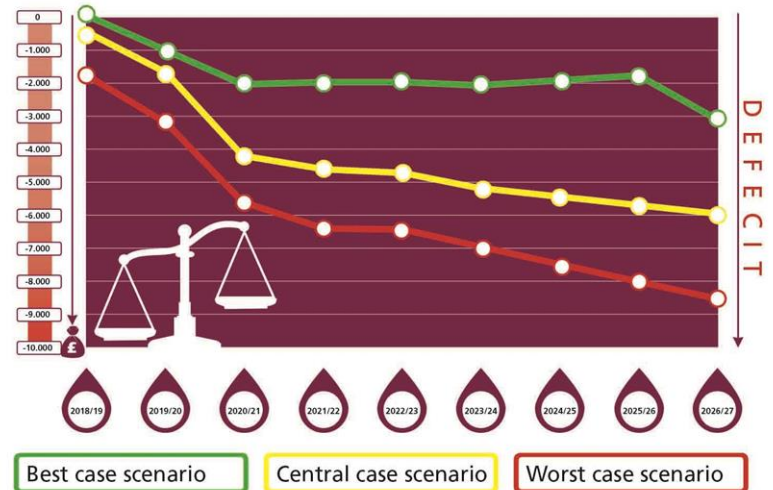


FIGURE 1 -
Sensitivity / Scenario Planning (£m)



WINCHESTER



Aerial view of Station Approach, which the Council is looking to develop into mixed use commercial as part of the aim to make Winchester a premier business destination

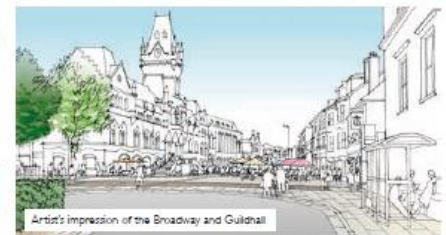


VISION

The vision for the Central Winchester Regeneration area is for the delivery of a mixed-use, pedestrian friendly quarter that is distinctly Winchester and supports a vibrant retail and cultural / heritage offer which is set within an exceptional public realm and incorporates the imaginative re-use of existing buildings of historic interest.



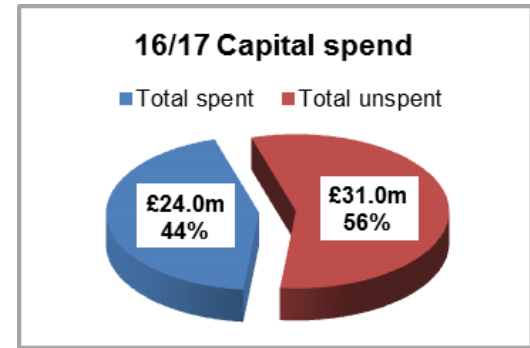
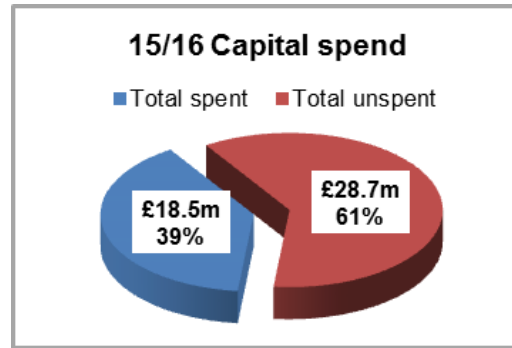
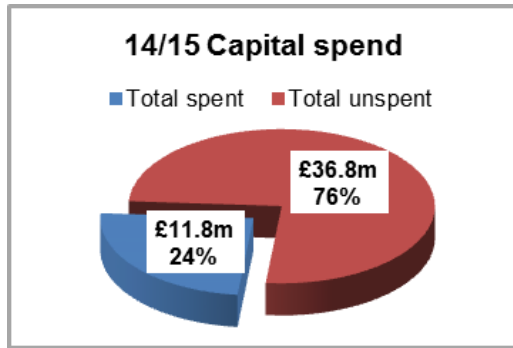
Artist's impression of the view from the Broadway into Riverside Walk



Artist's impression of the Broadway and Guildhall

CAPITAL PROGRAMME

Historic underspends of capital



CAPITAL PROGRAMME

 Why do we have an ongoing underspend?

 Nature of spend – large scale capital projects are prone to delay


 Capital Strategy too short term?

 Too ambitious?

 Optimism bias?

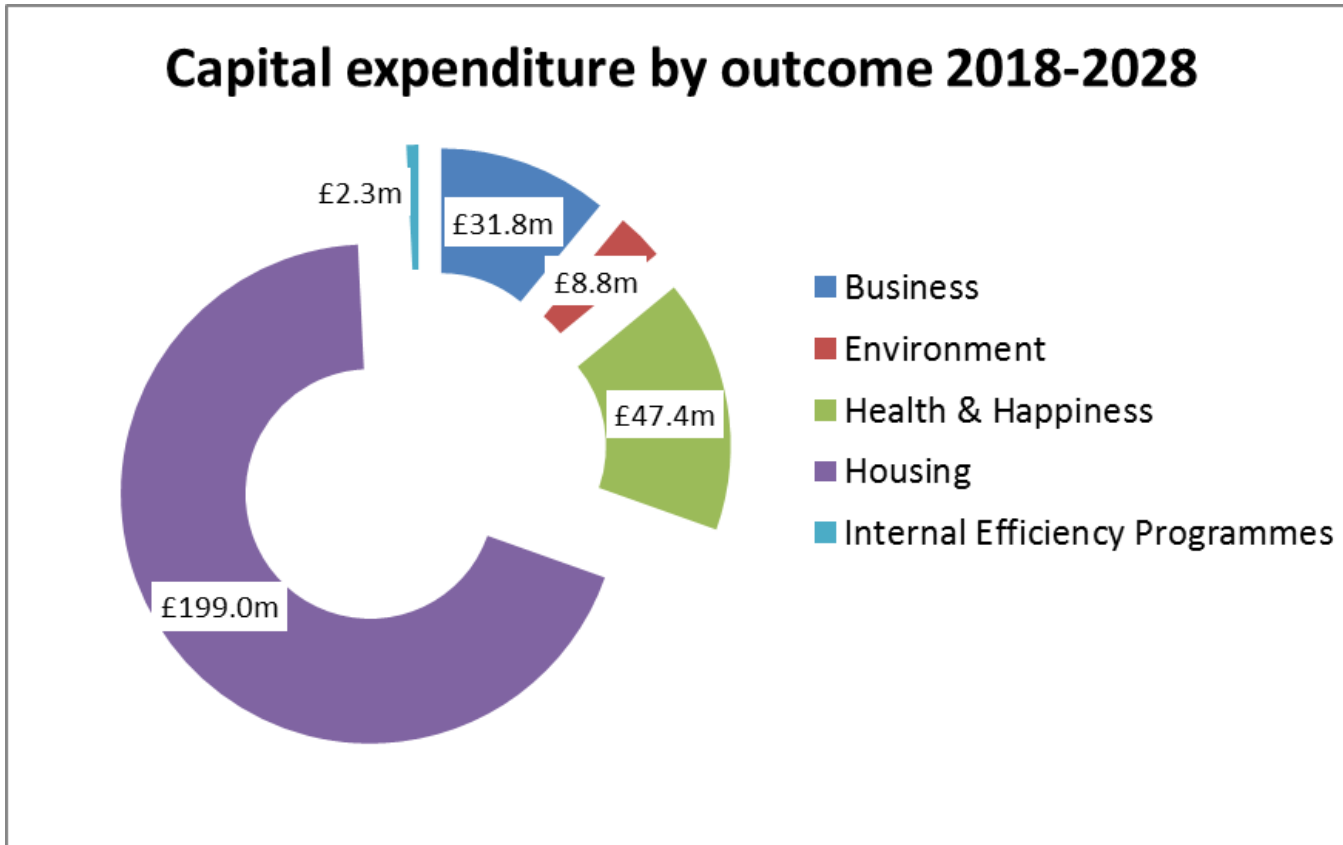
 Does it matter?

 Outcomes aren't achieved when we want to achieve them

 We invest our available cash shorter-term resulting in lower yields

KEY CAPITAL ASSUMPTIONS

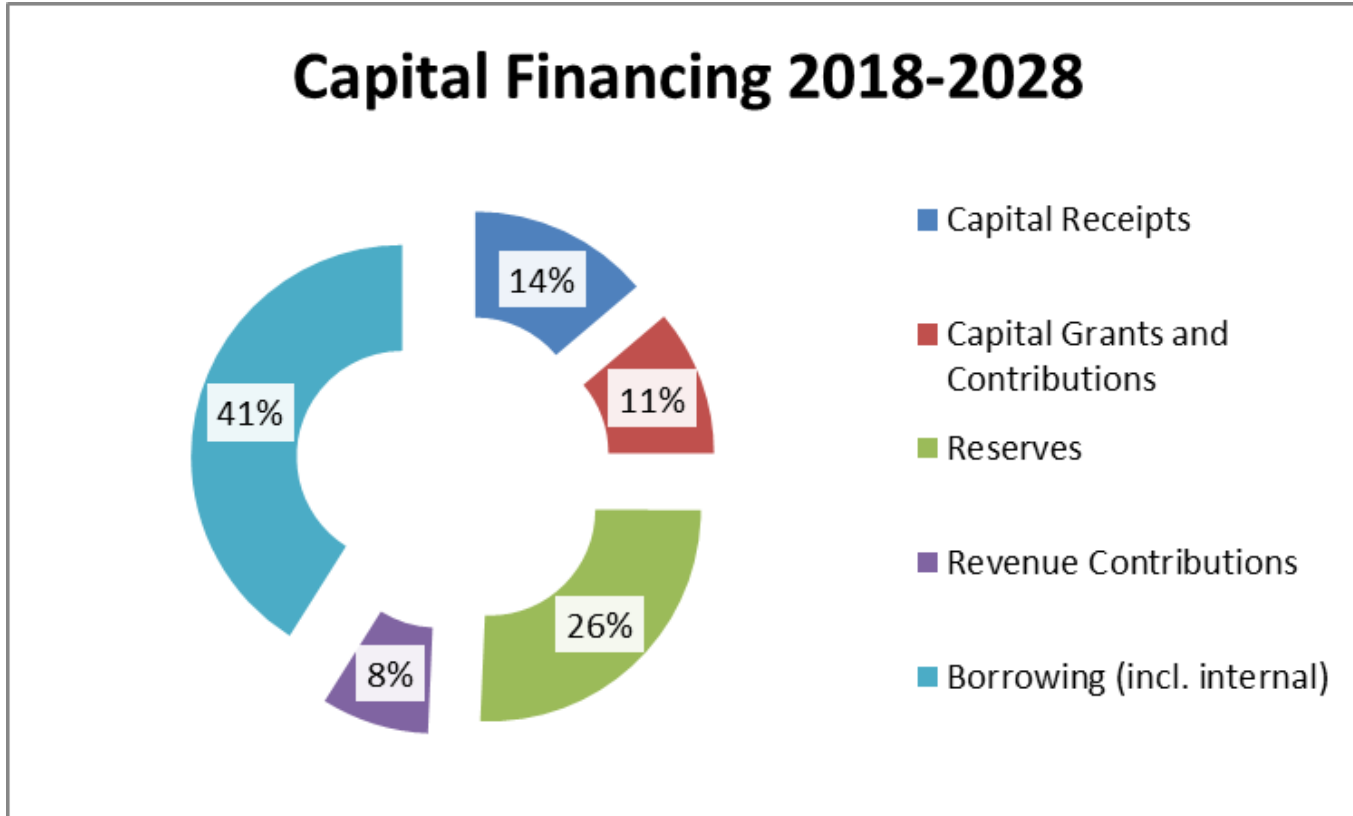
 10 year £289.4m programme:



KEY CAPITAL ASSUMPTIONS



Financed by:










STRATEGIC ASSET PURCHASE SCHEME

- £15m initially with further £15m agreed
- Is not going to provide a solution to financial challenge
- Key is 'double-win' principle
- Governance
 - £4m and over is a Full Council decision
 - Under £4m delegated to a member/officer board with s151 final approval
 - Key criteria for the scheme
- Much political debate

FIRST PURCHASE







CAPITAL SCHEMES

-  New surgery
-  Extra Care Housing scheme
-  HRA / General Fund movement on garages and commercial units
-  Housing company
-  Build 600 new Council homes over the next 3 years
-  Solar investment
-  Smart district

CAPITAL SCHEMES



-  Provide 30-50% deposits in open market property
-  Rental return to the Council
-  Sharing risk and rewards of any changes to property prices
-  Safeguards but risks

QUESTIONS?





Ubico Ltd

Gareth Edmundson – Managing Director

Genesis

Common service delivery strategy devised between Cheltenham Borough Council and Cotswold District Council



Strategic decision driven by:

- ❖ *Commitment to partnership working*
- ❖ *Vision to integrate waste services*
- ❖ *Need to make cashable savings in service delivery*
- ❖ *Issues with contracted provider*
- ❖ *Need to avoid costs of insourcing*
- ❖ *Reduce waste to landfill*
- ❖ *Councils need to control their own waste strategies and service levels*

Business Plan – 2017 Position

Seven shareholding authorities

- ❖ *Cheltenham Borough Council* (04/12)
- ❖ *Cotswold District Council* (08/12)
- ❖ *Tewkesbury Borough Council* (04/15)
- ❖ *Forest of Dean Council* (04/15)
- ❖ *West Oxfordshire District Council* (04/15)
- ❖ *Stroud District Council* (02/16)
- ❖ *Gloucestershire County Council* (08/16)

Around 650 employees

Around 450 vehicles

Turnover > £30m



**COTSWOLD
DISTRICT COUNCIL**



**Forest of Dean
— DISTRICT COUNCIL —**



**WEST OXFORDSHIRE
DISTRICT COUNCIL**



**Gloucestershire
COUNTY COUNCIL**



Ubico Vision & Mission

Vision

To be the provider of choice for reliable, integrated and value for money environment services

Mission

Use our expertise to deliver innovative and excellent services that provide greater value for our shareholders and customers. Make a lasting, positive contribution to our environment and the communities in which we work.



Business Plan – Services Delivered

Fleet Maintenance and Management

Route Optimisation

Grounds Maintenance

Recycling

Street Cleaning

Bulky Waste

Public Toilet Cleaning

Nursery Operations

MOT Testing

Project Management

Trade Waste and Recycling

Fleet Planning & Procurement

Drainage ditch Maintenance

Residual Waste

Household Recycling Centres

Cemetery Maintenance

Bring Banks

Option Appraisal

Bulking

Car Park Cleaning and Gritting

Pest Control

Organic Waste

Clinical Waste

Communications

Street sign cleaning

Building Cleaning and Caretaking



Teckal Exception Recap

- ❖ *The authority controls the vehicle as if it were an internal department*
- ❖ *More than 80% of its activities are with its controlling authority*
- ❖ *There is no direct private share or ownership participation in the company*



Teckal Pros and Cons

Advantages

- ❖ *Share risks and benefits (no lead authority)*
- ❖ *Vehicle for other partners to join*
- ❖ *Platform for integration of waste services and economies of scale*
- ❖ *Savings from efficiencies benefit members*
- ❖ *Avoid additional pension costs of in-house service*
- ❖ *20% 'Headroom' and platform for greater commercial trading*

Disadvantages

- ❖ *Administrative costs of governance*
- ❖ *Set up costs borne by shareholders*
- ❖ *Need to secure finance without private sector involvement*
- ❖ *Financial risk remains with the shareholder*

Governance – Why is Ubico Different?

Shareholders' Agreement

- ❖ *Equal shares (irrespective of contract value)*
- ❖ *Each shareholder appoints one non-executive director*
- ❖ *Each shareholder appoints one “Representative”, with “full authority to act on behalf of the ... shareholder” at General Meetings*

Two executive directors (appointed by the Shareholders)

Minimum four board meetings per year

Annual Business Plan – approved by shareholders

Benefits to Shareholders

Retain individual control over service provision

Avoid costly procurement processes

Economies of scale

- ❖ *Purchasing strength*
- ❖ *Access to specialisms*
- ❖ *Service resilience*

Accountability

Flexibility

Share best practice – social franchising

Services delivered at cost

Financing

Shareholders' Agreement

- ❖ *Direct costs paid by relevant shareholders*
- ❖ *Indirect costs apportioned (by contract value)*
- ❖ *Direct savings attributed to relevant shareholders*
- ❖ *Share of profits proportional to contract value or investment*

Fixed Assets

- ❖ *All assets currently owned by shareholders (although this may change)*
- ❖ *Asset charge paid by Ubico as operator*
- ❖ *Depots and offices leased to Ubico*

Learning

- ❖ **Managing services for a wide and diverse client base**
- ❖ **Delivering cashable savings**
- ❖ **Managing growth**
- ❖ **Building resilience**
- ❖ **Building a brand**
- ❖ **Adapting to governance**
- ❖ **Diversity of requirements**
- ❖ **Communication**

Capabilities

- ❖ **Delivering efficient services**
- ❖ **Resilient professional management base**
- ❖ **Project delivery**
- ❖ **Understanding of support services**
- ❖ **Respond to market changes**
- ❖ **Agility**
- ❖ **Strong reputation with TUs**



Questions?





Income and investments and post budget analysis

What was in the box?



It certainly wasn't money for local councils.....

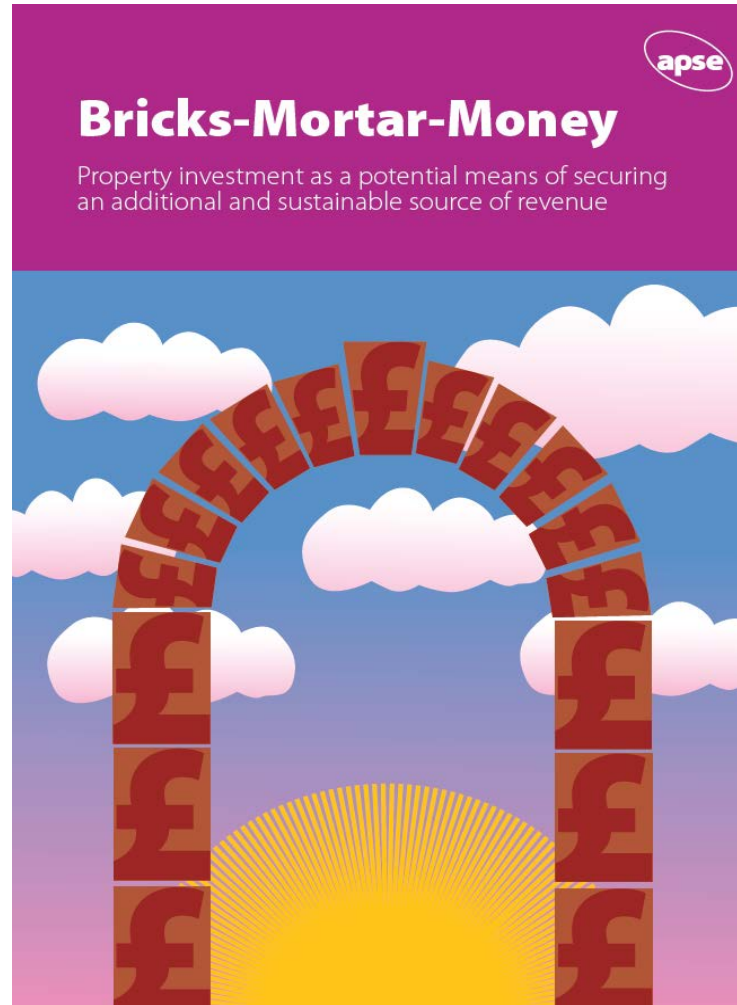


Minor tinkering....



- HRA
- Infrastructure – capital based
- No mention of social care
- Business rate changes – councils ‘will not lose out’

Where are we now on investments ?



Current climate

- Reductions in core funding
- Reliance on income generation
- £2.4bn since 2010 on property investments
- One county on the South of England spent £186m outside of area – or 78% of its investment properties
- Last response from Government on this issue was post the Icelandic Bank crisis

What we found

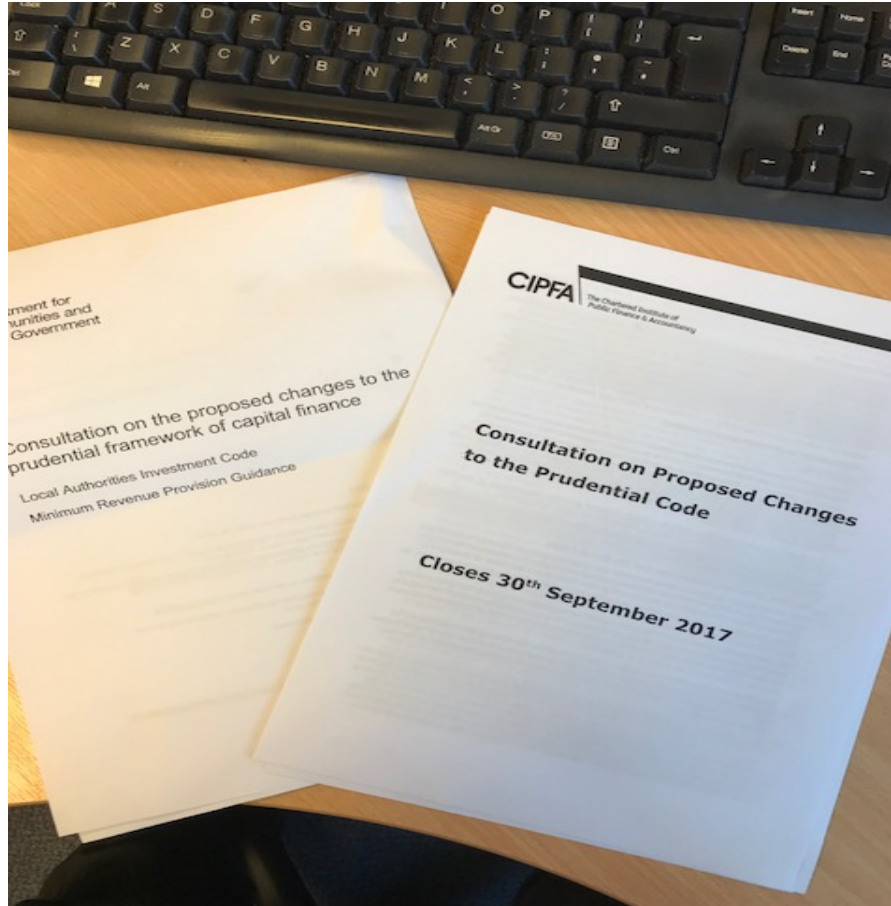
- Type of assets - TNRP (Tenanted non-residential property) eg retail, farms, offices, industrial units
- TNRP non-investment - job creation, sustainable communities, regeneration or development
- Investment properties

Recommendations



- Establish what you have got
- Measure how well you are doing
- Strategy (appetite for risk)
- Geographic boundaries (out of boundary investments)
- Funding (PWLB? Self-funded?)
- Skills and capacity
- Delivery models
- Acquire carefully (risk management)
- Acquisition and management
- Monitor, review, adapt

Spooking the markets....



Changes to the prudential framework on capital finance



- Minimum revenue provision guidance
- Concerns that 'core function is to deliver statutory services' non-core work will soak up resources
- Recognise reliance on commercial activity and investments but could leave councils .. 'exposed to macro-economic trends' creating a 'structural deficit' in funding core services
- 'Borrowing in advance of need' (PWLB out of area investments)
- Non-finance assets should prioritise security and liquidity over yield

Proposed changes

- Minimum Revenue Provision Guidance (MRP) proposed revision to guidance
- Transparency – Investment Strategy to be prepared annually (linked to Capital Strategy)
- Disclosure on proportionality (reliance on commercial income and committed borrowing and impact on ability to deliver services)
- Non-core investment
- Borrowing in advance of need (out of area investments)
- Within area (or commuting distance..) and links to regeneration / local economic activity

A need to be worried?



Facing both ways..





Case study: Southampton

- Borrowing at 2% Return of 6-7%
- £65m investment pot through a development company
Three properties: 2 in and 1 outside of the City
- Investments as of 2016 £100m
- Strategy: to underpin financial security and create an income stream
- Investment business plan: delegation to Head of Property and Assets, Council Leader and capital board

Case study: Mansfield District Council



- Travelodge in Edinburgh, Gym in Manchester, Commercial premises in Doncaster, Commercial Vehicle Garage in Glasgow, Residential property in London
- £26 m pot of which £20 m allocated
- Spread of risk over different sectors and geographic locations
- Reliable rental income and risk analysis paramount
- Matrix of location, tenants, lease, income, sector

Case study: London Borough of Havering (Mercury Land Holdings)



- Powers to on-lend to MLH at commercial rates
- Creates a revenue stream through interest on loans
- Ability to influence the PRS market
- Ability to offer assured tenancies and market rents
- Commercial entity so potential outside of public procurement rules but the council will insist on best value and best practice in its approach

Case study: Canterbury City Council



- Acquisition of Whitefriars shopping centre
- Head lessor with 250 year leasehold
- Asset management sits with Henderson Investments
- Provides a return on both loan interest and rentals
- Councils business case was compelled – and used their knowledge of the strategic value of Whitefriars
- Canterbury's position as a sub-regional retail hub secured with anchor tenants M&S, Primark and Fenwicks

Recommendations



- Establish what you have got
- Measure how well you are doing
- Strategy (appetite for risk)
- Geographic boundaries (out of boundary investments)
- Funding (PWLB? Self-funded?)
- Skills and capacity
- Delivery models
- Acquire carefully (risk management)
- Acquisition and management
- Monitor, review, adapt



LOCAL SERVICES
LOCAL SOLUTIONS



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INVESTOR IN PEOPLE



ISO 14001
REGISTERED FIRM

GB 11409



ISO 9001
REGISTERED FIRM

GB 11132



ISO 27001
REGISTERED FIRM

GB 14074

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Public Accounts Select Committee		
Title	Report on the work of the Audit Panel	
Contributor	Head of Financial Services and Head of Corporate Resources	Item 8
Class	Part 1 (open)	21 March 2018

1. Purpose of the Report

- 1.1. The purpose of this report is to update the members of the Public Accounts Select Committee (PASC) on the work of the Audit Panel at their March, June, September and December 2017 meetings.

2. Executive Summary

- 2.1. The report sets out in some detail the topics covered by the work of the Audit Panel through the financial year 2017/18. From these the highlights to note are:
 - The changes to the independent members serving on the panel with ongoing thanks from the Council members for their continued support;
 - The timely preparation of the financial statements by Council officers for audit and the subsequent unqualified audit opinion issued on these;
 - In addition to monitoring the work of internal audit and the coverage of their risk based work, the Panel noted the Limited annual assurance opinion of the Head of Internal Audit and challenged officers to make the improvements identified; and
 - The Panel also held more detailed discussions through the year on the areas of procurement and contract management, levels and engagement of agency staff, and programme updates for the move to the Oracle Cloud platform.

3. Recommendations

- 3.1. It is recommended that the PASC note the contents of this report.

4. Background

- 4.1. Under the Terms of Reference (ToR) in the Council's Constitution as at December 2017, the Audit Panel is required to report to the Public Accounts Select Committee (PASC) where appropriate.
- 4.2. Audit Panel review and advise the Council on the Internal Audit function, Control Environment, External Audit and the Council's final accounts, Risk and Anti-fraud policies and procedures. The Audit Panel is also required to review the Council's Constitution in respect of audit procedure rules, contract procedure rules, and financial regulations.
- 4.3. PASC are required to scrutinise the effectiveness of the Audit Panel.

- 4.4. The link below takes you to the Council's constitution, which contains the Terms of reference for both Audit Panel and PASC.

<https://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/how-council-is-run/Pages/Our-constitution.aspx>

- 4.5. The Audit Panel consists of six non-executive councillors, one of whom is the Chair (currently Councillor Jonathan Slater), and three independent members (although it can contain up to four independent members).

5. External Audit and the Council's Final Accounts

- 5.1. The final accounts and external audit work follow a regular cycle throughout the year. This covers accounts planning and interim audit work in the late Winter and early Spring, preparation of the draft final accounts in late Spring, final accounts audit work in the late Spring / early Summer, final audit findings, recommendations and opinion in the late Summer / early Autumn, and the Whole of Government Accounts certification and grants certification work in the Autumn / Winter.
- 5.2. The following paragraphs briefly outline the reports and findings reported to each Audit Panel meeting in the year. The Council's appointed external auditors are Grant Thornton.

March 2017

- 5.3. At this meeting an update was provided to the Panel on the final accounts planning and interim external audit work – officers were seeking to improve areas where problems had been identified the previous year. The final accounts timetable would be consistent with the previous year, in readiness for the change in statutory dates to take effect from 2017/18. There was also an update from Grant Thornton on the grant claims certification audit work – there had been improvements in this area since the previous year but constant work was still needed to improve the compilation and overall process.

June 2017

- 5.4. The Panel received and noted the Pre-Audit Statement of Accounts (including the policies and notes). The external audit plan report was also received and noted. It was indicated that the external audit Value for Money (VFM) conclusion would not be finalised until the New Bermondsey Inquiry had been concluded.

September 2017

- 5.5. The Panel received the findings and key matters arising from Grant Thornton's audit work on the Main accounts and the Pension Fund accounts. It was anticipated that both sets of accounts would be given an unqualified audit opinion. The key points highlighted by the external auditors and agreed by officers were:
- on the Main accounts, there had been a marked improvement in the quality of the financial statements for 2016/17 compared to 2015/16, and as a result there were no significant issues to be brought to the attention of Members

- officers had again successfully produced draft financial statements by the target date of 31 May, in preparation for the new statutory deadline of publishing the audited accounts by 31 July in 2017/18. However, it had not been possible for the audit to be fully completed by 31 July in 2016/17, because of unforeseen staffing issues on the audit side, and
- the audit of the Pension Fund accounts had also been successful, with only minor errors found.

As previously anticipated, Grant Thornton reported that they were unable to issue a VFM conclusion at this time, pending the outcome of the New Bermondsey Inquiry. The Panel noted this position and the expected unqualified opinions for the financial statements

December 2017

- 5.6. Unfortunately, this meeting was not quorum. A meeting did take place for information purposes only

6. Internal Audit Service

March 2017

- 6.1. The Head of Corporate Resources (in his capacity as Head of Audit) presented the Internal audit update report which reported on the following:
- 6.2. Progress against the internal audit plan for 16-17
- 6.3. The progress against the plan was not as far forward as they wanted to be. But expected that the plan would be completed in time for the annual assurance report. The schools' audit plan would be all completed during March, with all reports issued to at least the draft report stage.
- 6.4. Progress of implementation of internal audit recommendations
- 6.5. Internal audit presented the Internal Control Board (ICB) with an aged analysis report showing the time taken to implement recommendations from the final report. It showed that 20% of recommendations still open after more than one year.
- 6.6. There were 123 open corporate recommendations open at the end of February. Of these 26 (21%) were passed their due date (overdue). This is an improvement from the last meetings.
- 6.7. Types of control
- 6.8. At the last meeting, the Audit Panel requested that Segregation of Duties (SoD) should become a regular agenda item. Internal audit reviewed 13 finalised reports, there was only one recommendation related to SoD. Internal audit proposed to include other types of controls, as they are equally important. Going forward the following controls will be reported on SoD, Reconciliations, IT, DPA, Procedures, Policies, Compliance / Legislative, Authorisation, Governance and Other. Members were happy that this would be included in future reports.

- 6.9. Draft internal audit plan for 2017/18.
- 6.10. The Head of Corporate resources stated that the draft plan for 2017/18 had been prepared based on meetings with all Directors and Heads of Service with reference to recent audit work, other assurances in some areas (e.g. external inspections), reference to the available risk registers, and anticipated changes in service plans. It had approximately 1,000 days of internal audit across all areas – core financial, IT, services, advisory and schools in approximately 100 pieces of work.
- 6.11. Any other business
- 6.12. In addition to the above, the Head of Corporate Resources, in his Procurement role, presented an update on the procurement activities within the council. Following a review and three failed recruitment drives, the council approached the London Borough of Lambeth for procurement service. A Service Level Agreement was agreed and started in November 2016.

June 2017

- 6.13. The Audit Panel welcomed Carole Murray as a prospective Independent Panel Member who came to observe the meeting before being formerly appointed at Council in September.
- 6.14. Annual Assurance Report
- 6.15. The Head of Corporate Resources presented the annual assurance report. The overall opinion was still 'Limited', but improving for corporate audits. The opinion for schools was 'Satisfactory'. The opinion was qualified. The Head of Corporate resources stated that internal audit service did not complete as many audits as originally planned due to resourcing issues. In addition, changes to the reporting of risk may have led to gaps in the focus of the risk based audit plan
- 6.16. Issues relating to the annual governance were similar to last year, the common areas Budget Pressures, Human Capital, Contract Management, and Financial Control.
- 6.17. The internal audit service improvement programmed aims to recruit the vacant principal auditors and trainee post, and procure an internal audit management system.
- 6.18. Progress against the internal audit plan
- 6.19. The 2016/17 corporate audit plan still had four audits to be finalised and five to be issued as a draft as at 31/05/17. The schools' plan had three audits to finalise with one audit still to be issued as a draft.
- 6.20. Progress against the 2017/18 corporate plan is underway with nine audits underway.

6.21. Progress of implementation of internal audit recommendations

6.22. There were 146 corporate open recommendations as at 31/05/17. Of these, 22 were overdue (15% of the open recommendations). This is the lowest amount of overdue recommendations in the last rolling year.

6.23. There are 17 (12%) recommendations that are taking over 12 months to implement.

6.24. Any other business

6.25. In addition to the above, the audit panel were presented with the internal audit charter for 2017/18. There were no significant changes to the charter from last year. The audit panel approved the charter.

6.26. The audit panel also approved the final internal audit plan 2017/18 plan. There were no significant changes since the March meeting. However, the audit panel are notified of any changes to the plan are reported to the audit pane throughout the year.

6.27. The internal audit service has been attending / supporting the Oraclecloud project and have been advising on the controls to support the end-to-end process.

September 2017

6.28. Progress against the internal audit plan

6.29. The Head of Corporate Resources reported that the 2016/17 audit plans (corporate and schools) are now complete. The 2017/18 audit plan was well underway with 40% of the plan in progress.

6.30. Progress of implementation of internal audit recommendations

6.31. The percentage of overdue recommendations to open recommendations had increase from 15% to 33%. The aged analysis report show that 19% of recommendations are taking over one year to implement from the final report

6.32. Any other business

6.33. The in-house team has had some changes to the in-house team with staff moving on. Recruitment is underway to ensure the service remains effectively resourced.

December 2017

6.34. Unfortunately, this meeting was not quorum. A meeting did take place for information purposes only

7. Counter Fraud Arrangements

7.1. As reported to Public Accounts Select Committee last year the Audit Panel has moved to receiving an annual rather than quarterly report from the Anti-Fraud Fraud and Corruption Team. However for the purpose of this report the workload

of the team has been summarised in quarters as reported to the Internal Control Board. This will next be presented formerly to the Audit Panel in June 2018.

March 2017

During this quarter AFACT implemented powers under the Prevention of Social Housing Fraud Act which allows local authorities to require financial institutions and utility companies to provide information relating to those suspected of committing housing related fraud. This assisted with the investigation of tenancy fraud and fraudulent housing applications.

June 2017

AFACT made their annual report to Audit Panel. This included detail of Lewisham's Anti-Fraud arrangements which were published in the report as required by the Local Government Transparency Code. Panel members raised concerns that action taken against employees who had been guilty of fraud ought to be strict enough to serve as a deterrent. The Panel were advised that disciplinary action was taken in accordance with the Councils disciplinary process.

September 2017

During the summer AFACT, along with the Executive Director for Resources and Regeneration, met with the CIPFA Chief Executive and Counter Fraud lead for an update on progress with their fraud hub. The proof of concept trials for the newly on boarded data sets from other government departments and agencies is progressing. This adds to the quality of matching (eliminating more false positives) and extends the breadth of searches outside of housing and benefits to include more on areas such as direct payments and procurement. The business model aims to charge on the basis of contingent fee for successful matches provided with the next sign up round to be in the new year. The Council are continuing to negotiate the terms of this product but are committed in principal to participating in the scheme providing satisfactory agreement on terms can be reached.

December 2017

A-FACT conducted reported on two successful exercises targeting Blue Badge Fraud Lewisham resulted in 10 penalty charge notice's being issued and 5 Blue Badges seized including two which belonged to deceased people. The most serious of these cases are being prepared for court action which could result in a fine of up to £1,000 and a criminal record. This project was publicised on Lewisham Council's Facebook and Twitter and received positive feedback as well as a number of new referrals.

Lewisham Council had been victim to two attempts to change supplier bank details. One had been detected and the other a refund had been obtained from the Councils bankers. Processes have been tightened as a result and staff reminded of this fraud risk.

8. Financial Regulations and Contract Procedure Rules

- 8.1. The Head of Corporate Resources is responsible for maintaining the Finance Regulations, Scheme of Delegation, and Contract Procedure Rules. These were

reviewed and updated in 2017 and submitted to the Constitution Working Party to be approved and onto full Council in November 2017 where they were adopted.

9. Statement of Internal Control (SIC) / Annual Governance Statement

- 9.1. The statement of internal control now forms part of the wider Annual Governance Statement (AGS) published each year as part of the Council's financial statements.
- 9.2. The draft AGS relating for 2016/17 was reviewed at the June Audit Panel meeting and agreed as final at the September meeting when the accounts were approved.
- 9.3. The AGS – in line with the external audit recommendation of the previous year – continues to be a short and concise summary of the key governance processes of the Council and three or four areas for continuous improvement. These noted the limited annual internal audit assurance opinion.

10. Other Business

- 10.1. Looking forward it is anticipated that the Audit Panel will continue to manage its work on a similar basis for 2017/18 with the ongoing support of independent members on the Audit Panel. It is recognised that 2018/19 will be an important year for the early close and audit of the financial statements and finance, HR and payroll moves to the new OracleCloud platform.

11. Legal Implications

- 11.1. There are no legal implications arising directly from this report.

12. Financial Implications

- 12.1. There are no financial implications arising directly from this report.

13. Equalities Implications

- 13.1. There are no Equalities implications arising directly from this report.

14. Crime and Disorder Implications

- 14.1. There are no crime and disorder implications arising directly from this report.

15. Environmental Implications

- 15.1. There are no legal implications arising directly from this report.

16. Background Papers

- 16.1. There are no background papers. If there are any queries on this report, please contact Selwyn Thompson, Head of Financial Services on 020 8314 6932 or David Austin, Head of Corporate Resources on 020 8314 9114.

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Monthly Management Report

January 2018

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Key

-  On track to achieve our outcomes
-  Slightly behind and requires improvement
-  Not on track but taking corrective action
-  Improving
-  No change
-  Declining
-  Missing actual data
-  Missing target
-  Missing target and actual data

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Foreword

The purpose of the Management Report is to place on record each month, in a consistent format, our performance against priorities. Each month we attempt to give a full account of what is being done, what has been achieved and which areas require additional management attention to secure future achievements. The report gives some coverage to the effectiveness of our partnership working. Reporting on performance is always double-edged. We have high ambitions and targets which are set to stretch management and staff effort. So, there are areas where the need for greater management attention is highlighted.

The report focuses on the Council's performance in line with our corporate priorities, drawing data from performance indicators (PIs), project monitoring information, risk register assessments and financial reports.

Performance:

Performance is being reported for December 2017. There are 13 performance indicators (68% of the total) reported as green or amber against target, and 11 indicators (58%) are showing an upward direction of travel. There are 6 performance indicators (32%) reported as red against target and 8 performance indicators (42%) which have a Red direction of travel. There are no indicators that have missing performance data.

Projects:

Projects are being reported for December 2017. There are no red projects this month.

Risks:

Risks are being reported for December 2017. There are seven red corporate risks - noncompliance with Health and Safety legislation; financial failure and inability to maintain service delivery within a balanced budget; loss of income to the Council; failure of child safeguarding arrangement; serious adult safeguarding concern; failure to maintain strategic asset and strategic programme to develop and implement transformational charge does not deliver. There are fourteen amber risks and one green risk.

Finance:

The financial forecasts as at 31 December 2017 are as follows: There is a forecast overspend of £13.3m against the directorates' net general fund revenue budget. This compares to a final outturn of £7m for 2016/17 which resulted after applying £2.8m of funding for 'risks and other budget pressures' against the directorates' year-end overspend of £9.8m for that year. The Dedicated Schools Grant (DSG) is expected to balance at the year end. It is expected that there will be 13 schools that require to have a licensed deficit. The Housing Revenue Account (HRA) is currently projecting an additional surplus of £3.4m.

Janet Senior,

**Acting Chief Executive,
13 February 2018**

Overall Summary: Performance

Summary of performance indicators in this report.

Priority 2 - Young People's Achievement and Involvement				Priority 2 - Young People's Achievement and Involvement				Across all performance indicators in this report				Across all performance indicators in this report			
Overall Performance				Direction of Travel				Overall Performance				Direction of Travel			
			Total				Total				Total				Total
2	0	0	2	0	0	2	2	6	3	10	19	8	0	11	19

Priority 3 - Clean, Green and Liveable				Priority 3 - Clean, Green and Liveable			
Overall Performance				Direction of Travel			
			Total				Total
0	1	2	3	0	0	3	3

Priority 6 - Decent Homes for All				Priority 6 - Decent Homes for All			
Overall Performance				Direction of Travel			
			Total				Total
0	0	1	1	0	0	1	1

Priority 7 - Protection of Children				Priority 7 - Protection of Children			
Overall Performance				Direction of Travel			
			Total				Total
1	0	2	3	2	0	1	3

Priority 8 - Caring for Adults and Older People				Priority 8 - Caring for Adults and Older People			
Overall Performance				Direction of Travel			
			Total				Total
1	0	2	3	3	0	0	3

Priority 9 - Active, Healthy Citizens				Priority 9 - Active, Healthy Citizens			
Overall Performance				Direction of Travel			
			Total				Total
0	0	1	1	0	0	1	1

Priority 10 - Inspiring Efficiency, Effectiveness and Equity				Priority 10 - Inspiring Efficiency, Effectiveness and Equity			
Overall Performance				Direction of Travel			
			Total				Total
2	2	2	6	3	0	3	6

Performance

This report contains December 2017 performance data, and finds that 13 indicators are reported as green or amber against target which is one more than the last report. In December 2017, 6 indicators are reported as red against target, which is one less than the last report. There are no indicators with missing data in December 2017, which is the same as the last report.

Direction of Travel

A total of 11 indicators are showing an upward trend in December 2017, which is three more than in the last report. There are 8 indicators with a red direction of travel, which down from 11 in the last report.

N.B. direction of travel is the change in performance and is measured against the previous year. Therefore changes to targets from one year to the next will affect this.

Areas for Management Attention

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Areas requiring management attention this month

Performance Indicators - Monthly Indicators

	Against Target Dec 17	DoT Dec 17 v Mar	DoT Dec 17 v Nov 17	Consecutive periods Red	Priority No.	Page No.
NI064 Child protection plans lasting 2 years or more	▲	▼	▲	9	7	p24
LPI265 2C (2) Delayed transfers of care from hospital which are attributable to ASC per 100,000 pop	▲	▼	→	-	8	p27/28
NI181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	▲	▼	▼	3	10	p32

Areas of Good Performance

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Areas of Good Performance

Performance Indicators - Monthly indicators

	Against Target Dec 17	DoT Dec 17 v Mar 17	DoT Dec 17 v Nov 17	Priority No.
NI191 Residual household waste per household (KG)	★	↗	↗	3
NI193 Percentage of municipal waste land filled	★	↗	↘	3
NI062 Stability of placements of looked after children: number of moves	★	↗	↘	7
LPI202 Library visits per 1000 pop	★	↗	↘	9
BV012b Days/shifts lost to sickness (excluding Schools)	★	↗	↗	10
LPI031 NNDR collected	★	↗	↘	10







Performance Indicators - Quaterly Indicators

	Against Target Dec 17	DoT Dec 17 v Mar 17	DoT Dec 17 v Sep 17	Priority No.
LPZ705 Number of homes made decent	★	↗	↗	6

Programmes and Projects

Project Performance - January 2018

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This month				One month ago				Two months ago			
Status			Total	Status			Total	Status			Total
			14				14				14
0	9	5		0	9	5		0	9	5	

Estimated completion dates	
Project	Date
PMSCYP Developing 2 Year Old Childcare Provision	March 2018
PMSCYP Building Schools for the Future	April 2018
PMSCUS New Homes, Better Places	Phase 2 completion - September, 2018
PMSRGN Sydenham Park Footbridge	October 2018
PMSCUS Beckenham Place Park Regeneration and Flood Scheme	June 2019
PMSRGN Milford Towers Decant	2019
PMSCUS Bampton Estate Development	March 2020
PMSRGN Southern Site Housing - Deptf TC Prog	March 2021
PMSCUS Besson Street Development	March 2021
PMSCUS Excalibur Regeneration	Final Phase complete by February 2023
PMSRGN New Bermondsey Regeneration Scheme	2026
PMSRGN Catford Centre Redevelopment	2026
PMSCUS Lewisham Homes Capital Programme	On-going Programme
PMSCYP Pupil Places Programme	On-going Programme

Movements in project status since December 2017

Upgrades:
None

Downgrades:
None

Removals:
None

Additions:
None

Overall Performance: Risk

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Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Impact				

Risk can be defined as uncertainty of outcome due to an event or an action in the future that could adversely affect an organisation's ability to achieve its business objectives and meet its strategies.

Good risk management allows an organisation to have increased confidence in achieving its desired outcomes; effectively constrain threats to acceptable levels; and take informed decisions about exploiting opportunities. Good risk management also allows stakeholders to have increased confidence in the organisation's corporate governance and ability to deliver.

In accordance with the Council's current Risk Management Strategy, risk is monitored by way of risk registers. Risks are scored in terms of likelihood and impact, with a range from 1 to 5 (with 5 being the highest) and the result is plotted on a matrix (as shown) to produce the RAG rating. A target is also set and the risk registers contain action plans to manage the risks to target and these are subject to regular review by Directorate Management Teams. The risk registers are reported to the Executive Management Team and the Internal Control Board on a quarterly basis and quarterly updates are provided in this report. The previous quarter's data will be routinely carried forward until the next quarterly update is made, unless there are matters of significance that need to specifically be brought to management's attention.

The Corporate Risk register has been refreshed to ensure that all risks are more clearly defined and accurately reflect the underlying risks. All of the action plans within the registers now have clear deadlines for completion and these are being made more specific for 2017/18. There are 22 risks in total on the Corporate Risk register (7 Red, 14 Amber, and 1 Green).

There are no changes to the status of any risks in the corporate risk register this quarter.

A new risk regarding 'High Levels of Poor Air Quality' has been added to the Corporate Risk Register for December 2017'. It is rated as an amber risk.

Alignment of directorate to corporate risks is regularly analysed and reported to the Internal Control Board. Analysis of the alignment of risks identified in business plans to the directorate registers will be strengthened following completion of the 2017/18 business planning process.

The Risk Management Strategy will be reported to the Audit Panel in December 2017. The Partnership Risk Register has been refreshed this quarter and reported to Executive Management Team and Internal Control Board.

Overall Performance: Risk

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Red (Corporate Register)		
Corporate priority	Risk name	Current status
10	1B.1. Non-compliance with Health & Safety Legislation	▲
10	1B.3. Loss of a strategic asset or premises through failure to maintain it in a safe and effective condition	▲
7	2A.2. Failure of child safeguarding arrangement	▲
10	2A.3. Strategic programme to develop and implement transformational change does not deliver	▲
8	2A.5. Serious Adult Safeguarding Concerns	▲
10	5A.1. Financial Failure and inability to maintain service delivery within a balanced budget	▲
10	5A.3. Loss of income to the Council	▲

Overall Performance: Risk




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Corporate Risk					
	Current Status	Current status against target	Source Date	Direction of Travel	Priority
1A.1. Information Governance failure.	●	●	Dec 17	→	10
1A.2 Governance failings in the implementation of service changes	●	▲	Dec 17	→	10
1B.1. Non-compliance with Health & Safety Legislation	▲	▲	Dec 17	→	10
1B.2. Failure to anticipate and respond appropriately to legislative change.	●	▲	Dec 17	→	10
1B.3. Loss of a strategic asset or premises through failure to maintain it in a safe and effective condition	▲	▲	Dec 17	→	10
1.B.4 High levels of poor air quality	●	▲	Dec 17	?	3
2A.1. Adequacy of Internal Control.	●	●	Dec 17	→	10
2A.2. Failure of child safeguarding arrangement	▲	★	Dec 17	→	7
2A.3. Strategic programme to develop and implement transformational change does not deliver	▲	●	Dec 17	→	10
2A.4. Elections not conducted efficiently or effectively.	★	★	Dec 17	→	10
2A.5. Serious Adult Safeguarding Concerns	▲	★	Dec 17	→	8
2B.1. ICT infrastructure is not fit for purpose and/or does not meet business needs	●	●	Dec 17	→	10
3A.1. Loss of constructive employee relations	●	●	Dec 17	→	10
3A.2. Failure to maintain sufficient management capacity & capability to deliver business as usual and implement transformational changes.	●	●	Dec 17	→	10
3B.1. Multi-agency governance failure leads to ineffective partnership working	●	▲	Dec 17	→	10
3B.2. Failure to agree with partners integrated delivery models for local health and care services.	●	▲	Dec 17	→	9
4A.1. Failure to manage strategic suppliers and related procurement programmes.	●	▲	Dec 17	→	10
4B.1. Failure to manage performance leads to service failure.	●	▲	Dec 17	→	10
5A.1. Financial Failure and inability to maintain service delivery within a balanced budget	▲	▲	Dec 17	→	10
5A.2. Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams.	●	●	Dec 17	→	10
5A.3. Loss of income to the Council	▲	▲	Dec 17	→	10
5B.1. Failure to effectively manage the impacts of an emergency affecting the public, business, environment and/or organisation.	●	★	Dec 17	→	10

Overall Performance: Finance

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Performance

	Nov 2017	%	Dec 2017	%
	2	20	4	40
	2	20	0	20
	6	60	6	60
Totals	10	100	10	100

The Financial results for 2017/18 is as follows: There is a forecast overspend of £13.3m against the directorates' net general fund revenue budget. This compares to a final outturn of £7m for 2016/17 which resulted after applying £2.8m of funding for 'risks and other budget pressures' against the directorates' year-end overspend of £9.8m for that year. The Dedicated Schools Grant (DSG) is expected to balance at the end of the year end. It is expected that there will be 13 schools that require to have a licensed deficit. The Housing Revenue Account (HRA) is currently projecting an additional surplus of £3.4m

Finance by Priorities ('000s)

	2017/18 Budget	Latest projected year end variance as at Dec 17	% variance
01. NI Community Leadership and Empowerment	4,997	0.00	0.00
02. NI Young People's Achievement and Involvement	11,100	2,600.00	23.42
03. NI Clean, Green and Liveable	18,500	2,700.00	14.59
04. NI Safety, Security and Visible Presence	9,400	-200.00	-2.13
05. NI Strengthening the Local Economy	2,500	-200.00	-8.00
06. NI Decent Homes for All	5,600	200.00	3.57
07. NI Protection of Children	37,600	5,800.00	15.43
08. NI Caring for Adults and Older People	69,800	1,600.00	2.29
09. NI Active, Healthy Citizens	2,803	-200.00	-7.14
10. NI Inspiring Efficiency, Effectiveness, and Equity	70,446	1,000.00	1.42
Corporate priorities	232,746	13,300.00	5.71

Lewisham marks Holocaust Memorial Day 2018

The borough of Lewisham marked Holocaust Memorial Day 2018 with a special commemorative event on Sunday 28 January. Faith groups and children from across Lewisham came together to remember the victims of the Holocaust and other genocides at a special event held at the Rivoli Ballroom in Crofton Park on Sunday 28 January. The theme of this year's commemoration was "the power of words". Young people from local schools put on a production reflecting the theme, which included dance, drama, poetry and speeches. Former MP Lord Alfred Dubs, who was a child refugee from Czechoslovakia and travelled on the Kindertransport to the UK, joined Sir Steve Bullock, Mayor of Lewisham and local faith leaders to mark the event. Councillor Pauline Morrison, Chair of the Holocaust Memorial Committee, said: 'Every year, the Holocaust Memorial Day reminds us of the importance of respecting each other, regardless of beliefs and background. I am proud of what Lewisham Council is doing to create an inclusive and welcoming community for present and future generations.'

Refugee children in Lewisham get over £363,000 in funding

We successfully applied for £363,220 from the Government to support unaccompanied refugee children in the borough. We will use the money to: increase the number of foster carers supporting refugee children; fund training for our foster carers; support refugee children leaving care. Councillor Kevin Bonavia, Cabinet Member for Resources, said, 'We will use this new funding to support vulnerable refugee children in Lewisham. Many have travelled alone for thousands of miles from war zones to reach safety here in Lewisham. This extra money will help provide secure and loving homes for refugee children to grow up in.'

2. Young People's Achievement and Involvement

Raising educational attainment and improving facilities for young people through partnership working

Priority 2 - Monthly Performance									
	Unit	YTD Dec 17	Target Dec 17	Against Target Dec 17	DoT Last year	Against Target Nov 17	Against Target Oct 17	Against Target	16/17
LPZ940 % EHCPs issued under 20 weeks excluding exceptions to the rule	Percentage	74.20	100.00	▲	↗	▲	▲	▲	▲
LPZ941 % EHCPs issued under 20 weeks including exceptions to the rule	Percentage	73.20	100.00	▲	↗	▲	▲	▲	▲

Priority 2 - Projects				
	Directorate	Budget	Est. completion date	Current Status
PMSCYP Developing 2 Year Old Childcare Provision	CYP	£2.562m	March 2018	●
PMSCYP Pupil Places Programme	CYP	Budget 2016 - 2019: £36 M	On-going Programme	●
PMSCYP Building Schools for the Future	CYP	£230m	April 2018	★

Net Expenditure Priority 02 ('000s)					
	2017/18 Budget	Projected year-end variance as at Dec 17	Variance	% Variance	Comments
02. NI Young People's Achievement and Involvement	11,100	2,600	▲	23.42	<p>Finance Overspend Schools' transport within partnership and targeted services overspend of £1.4m. The education psychologist's budget has seen an increase spending pressure due to the demand for EHCP, where the numbers issued has doubled this year. In addition the short break's budget is expected to overspend by £500k. Lastly, £0.7m, relates to unachieved previous years savings.</p>

3. Clean, Green & Liveable

Improving environmental management, the cleanliness and care of roads and pavements, and promoting a sustainable environment

Priority 3 - Monthly Performance									
	Unit	YTD Dec 17	Target Dec 17	Against Target Dec 17	DoT Last year	Against Target Nov 17	Against Target Oct 17	16/17	
NI191 Residual household waste per household (KG)	Kg/Household	54.93	58.75	★	↗	★	★	★	★
NI192 Percentage of household waste sent for reuse, recycling and composting	Percentage	19.27	20.00	●	↗	▲	▲	▲	▲
NI193 Percentage of municipal waste land filled	Percentage	0.40	2.00	★	↗	★	★	★	★

3. Clean, Green & Liveable



Improving environmental management, the cleanliness and care of roads and pavements, and promoting a sustainable environment

Priority 3 Projects				
	Directorate	Budget	Est. completion date	Current Status
PMSRGN Sydenham Park Footbridge	Resources & Regeneration	£775k	October 2018	●
PMSCUS Beckenham Place Park Regeneration and Flood Scheme	Customer Services	£8.87M	June 2019	★

Priority 3 - Finance Net Expenditure ('000s)					
	2017/18 Budget	Projected year-end variance as at Dec 17	Variance	% variance	Comments
03. NI Clean, Green and Liveable	18,500	2,700	▲	14.59	<p>Finance Overspend</p> <p>The Environment Division has a year-end overspend of £2.7m. £1.4m overspends are predicted for refuse services and £0.3m for strategic waste management.</p> <p>The Passengers services are predicting an overspend of £0.5m for 2017/18. A saving of £1m was originally agreed to passenger services budgets by M&C over a 2 year period 2016/17 of £0.5m and 2017/18 of £0.5m.</p> <p>The Green scene budgets are projecting an overspend of £0.3m largely as a result of projected overspends on arboreal services.</p> <p>An overspend on grounds maintenance costs for parks and unbudgeted legal fees totalling £0.1m is also forecast.</p> <p>The Bereavement services are predicting £0.1m overspend arising from higher than expected expenditure on equipment.</p>

3. Clean, Green & Liveable

Improving environmental management, the cleanliness and care of roads and pavements, and promoting a sustainable environment

Risk						
	Current Status	Current Status against target	Direction of Travel	What are we planning to do?	When is it going to be completed	
1.B.4 High levels of poor air quality			Dec 17	?	<p>Risk - What are we planning to do?</p> <ul style="list-style-type: none"> • Support internal work streams to improve air quality • Encourage non Environmental Health (EH) services to raise awareness and work with Air Quality Strategy • Agree Council-wide strategy 	<p>Risk - When is it going to be completed?</p> <ol style="list-style-type: none"> 1. ongoing 2. ongoing 3. July 2018

4. Safety, Security and Visible Presence

Improving Partnership working with the police and others and using the Council's powers to combat anti-social behaviour

4.1 Performance

✓ Improving - where smaller is better

✗ Declining - where smaller is better

The Inner London Average excludes Lewisham and the City of London, leaving eleven boroughs remaining.
The Outer London Average is comprised of twenty boroughs.

Violence with injury (MET figures)								
	Unit	Dec 17	Nov 17	Oct 17	Sep 17	Change since last month	Dec 16	Change since same period last year
Lewisham	Number	469.00	440.00	486.00	458.00	✗	476.00	✓
Inner London	Number	472.91	474.21	492.66	457.45	✓	437.00	✗
Outer London	Number	375.10	382.75	407.70	376.50	✓	360.00	✗

Robbery (MET figures)								
	Unit	Dec 17	Nov 17	Oct 17	Sep 17	Change since last month	Dec 16	Change since same period last year
Lewisham	Number	71.00	91.00	71.00	95.00	✓	76.00	✓
Inner London	Number	119.55	102.70	134.82	123.55	✗	102.00	✗
Outer London	Number	71.90	94.97	74.35	65.35	✓	54.00	✗

Sexual Offences (MET figures)								
	Unit	Dec 17	Nov 17	Oct 17	Sep 17	Change since last month	Dec 16	Change since same period last year
Lewisham	Number	44.00	59.00	50.00	54.00	✓	61.00	✓
Inner London	Number	56.27	57.30	63.00	64.45	✓	53.00	✗
Outer London	Number	38.70	54.40	49.70	43.40	✓	39.00	✓

4. Safety, Security and Visible Presence

Improving Partnership working with the police and others and using the Council's powers to combat anti-social behaviour

4.1 Performance

✓ Improving - where smaller is better

✗ Declining - where smaller is better

The Inner London Average excludes Lewisham and the City of London, leaving eleven boroughs remaining.
The Outer London Average is comprised of twenty boroughs.

Domestic Violence (MOPAC figures)						
Unit	Year ended Sep 17	Year ended Jun 17	Change since last quarter	Year ended Sep 16	Change since same period last year	
Lewisham	Number	6,083.00	6,210.00	✓	6,404.00	✓
Overall London	Number	4,518.56	4,575.06	✓	4,721.00	✓

Serious Youth Crime (MOPAC figures)						
Unit	Year ended Dec 17	Year ended Oct 17	Change since last month reported	Year ended Dec 16	Change since same period last year	
Lewisham	Number	301.00	311.00	✓	257.00	✗
Inner London	Number	268.09	263.55	✗	221.00	✗
Outer London	Number	245.05	238.80	✗	212.00	✗

Knife Crime, offenders aged under 25 years (MOPAC figures)						
Unit	Year ended Dec 17	Year ended Oct 17	Change since last month reported	Year ended Dec 16	Change since same period last year	
Lewisham	Number	81.00	77.00	✓	75.00	✗
Inner London	Number	81.36	82.45	✗	70.00	✗
Outer London	Number	57.75	56.00	✗	50.00	✗

Gun Crime, offenders aged under 25 years (MOPAC figures)						
Unit	Year ended Dec 17	Year ended Oct 17	Change since last month reported	Year ended Dec 16	Change since same period last year	
Lewisham	Number	8.00	7.00	✗	12.00	✓
Inner London	Number	10.45	5.65	✗	11.00	✓
Outer London	Number	10.80	9.90	✗	9.00	✗

5. Strengthening the Local Economy

Gaining resources to regenerate key localities, strengthen employment skills and promote public transport

Priority 5 - Monthly Contextual Performance							
	Unit	YTD Dec 17	YTD Nov 17	YTD Oct 17	YTD Sep 17	YTD Aug 17	16/17
LPI472 Job Seekers Allowance claimant rate	Percentage	2.50	2.50	2.50	2.50	2.50	2.50
LPI474 The no.of JSA claimants aged 18-24yrs	Number	755	770	795	775	780	800
LPI475 Average house price(Lewisham)	£	417,640	426,058	420,084	426,284	419,684	410,525

Priority 5 - Quarterly Contextual Performance							
	Unit	YTD Dec 17	YTD Sep 17	YTD Jun 17	YTD Mar 17	YTD Dec 16	16/17
LPI423 Local employment rate	Percentage	?	79.90	78.70	77.40	74.80	77.40

Priority 5 Projects				
	Directorate	Budget	Est. completion date	Current Status
PMSRGN Catford Centre Redevelopment	Resources & Regeneration	£350m	2026	●
PMSRGN New Bermondsey Regeneration Scheme	Resources & Regeneration	£500m	2026	●

6. Decent Homes for All

Investment in social and affordable housing to achieve the Decent Homes standard, tackle homelessness and supply key worker housing

Priority 6 - Monthly Indicators (contextual)					
	Dec 17	Nov 17	Oct 17	Sep 17	Aug 17
NI156 Number of households living in Temporary Accommodation	1,980	1,981	1,984	1,970	1,959
LPI794 Number of families in non self contained nightly paid accommodation for more than 6 weeks	0	35	28	0	34

Priority 6 - Quarterly Indicator							
	YTD Dec 17	Target Dec 17	Against target Dec 17	DoT Last year	Against Target Sep 17	Against Target Jun 16/17	
LPZ705 Number of homes made decent	631.00	459.00	★	↗	★	★	354.00

6. Decent Homes for All

Investment in social and affordable housing to achieve the Decent Homes standard, tackle homelessness and supply key worker housing

Priority 6 Projects				
	Directorate	Budget	Est. completion date	Current Status
PMSCUS Bampton Estate Development	Customer Services	£300k	March 2020	●
PMSCUS Excalibur Regeneration	Customer Services	£7.242m	Final Phase complete by February 2023	●
PMSRGN Milford Towers Decant	Resources & Regeneration	£6m	2019	●
PMSRGN Southern Site Housing - Deptf TC Prog	Resources & Regeneration	£1m	March 2021	●
PMSCUS Besson Street Development	Customer Services	£1.02M	March 2021	★
PMSCUS Lewisham Homes Capital Programme	Customer Services	£49m	On-going Programme	★
PMSCUS New Homes, Better Places	Customer Services	£1.5m	Phase 2 completion - September, 2018	★

Priority 6 - Finance Net Expenditure (?000s)					
	2017/18 Budget	Projected year-end variance as at Dec 17	Variance	% variance	Comments
06. NI Decent Homes for All	5,600	200	▲	3.57	Finance Overspend . The strategic housing service is projecting an overspend of £0.2m. There is a £0.2m overspend projected on the staffing budget for the no recourse to public funds team.

7. Protection of Children

Better safe-guarding and joined-up services for children at risk

Priority 7 - Monthly Performance									
	Unit	YTD Dec 17	Target Dec 17	Against Target	DoT Last Dec 17	Against Target Nov 17	Against Target Oct 17		16/17
NI062 Stability of placements of looked after children: number of moves	Percentage	9.90	10.00	★	↗	★	★		★
NI063 Stability of placements of looked after children: length of placement	Percentage	78.00	77.00	★	↘	★	★		★
NI064 Child protection plans lasting 2 years or more	Percentage	6.90	4.00	▲	↘	▲	▲		★

Priority 7 - Contextual Performance									
	Unit	England 14/15	Statistical Neighbours 14/15	Dec 17	Nov 17	Oct 17	Sep 17	Aug 17	16/17
LPI302 No. of LAC 'as at'	Number	386.00	445.00	475.00	473.00	479.00	478.00	465.00	459.00
LPI309a Number of Referrals per month	Number	294.00	252.00	227.00	?	308.00	226.00	223.00	289.00

Priority 7 - Finance Net Expenditure ('000s)					
	2017/18 Budget	Projected year end variance as at Dec 17	Variance	% variance	Comments
07. NI Protection of Children	37,600	5,800	▲	15.43	Finance Overspend The Children's Social Care has overspent by £5.8m which are in the following areas: the placement budget for looked after children has overspent of approx. £2.3m; Additional pressure on the section 17 unrelated to no recourse to public funds of £0.7m. The no recourse to public funds is expected to underspend by £0.2m. Salaries and wages which show a forecast overspend of £1.5m; a total investment of £0.6m has been made in the 'new front door' service which will bring costs down in the future; the underachieved savings across the directorate amount to £1.6m of which £0.7m relates to previous years' savings.

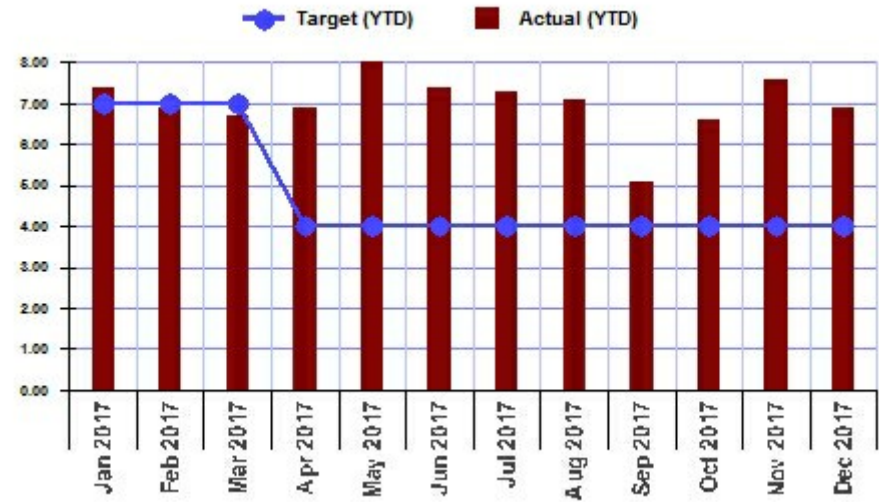
7. Protection of Children

Better safe-guarding and joined-up services for children at risk

Risk							
		Current Status	Current Status against target		Direction of Travel	What are we planning to do?	When is it going to be completed
2A.2. Failure of child safeguarding arrangement	Corporate	▲	★	Dec 17	→	<p>Risk - What are we planning to do?</p> <ul style="list-style-type: none"> • Implement improvement plans for Children's Social Care (CSC) and Lewisham Safeguarding Adults Board (LSCB) and quality assurance strategy. • Data information and performance management regularly reviewed at Children's Social Care Service Management Team in light of OFSTED Action Plan • Implement Early Help Strategy • Case Study Approach at Children and Young People (CYP) DMT • Comprehensive workforce strategy is being launched, focussing on sufficiency, skills and performance of the workforce. • Actions for OFSTED implementation plan. • Ensure 3 year Disclosure Barring Service (DBS) renewals are taking place 	<p>Risk - When is it going to be completed?</p> <ul style="list-style-type: none"> • Apr 18 • Monthly reporting to SMT & DMT • DMT review March 18 • DMT review March 18 • Ongoing monthly basis • Monthly report to SMT & DMT • Reviewed half-termly

NI064- Child protection plans lasting 2 years or more

NI064 Child protection plans lasting 2 years or more			
Percentage			
	Actual (YTD)	Target (YTD)	Performance (YTD)
Dec 2016	7.50	7.00	▲
Jan 2017	7.40	7.00	▲
Feb 2017	6.90	7.00	★
Mar 2017	6.70	7.00	★
Apr 2017	6.90	4.00	▲
May 2017	8.00	4.00	▲
Jun 2017	7.40	4.00	▲
Jul 2017	7.30	4.00	▲
Aug 2017	7.10	4.00	▲
Sep 2017	5.10	4.00	▲
Oct 2017	6.60	4.00	▲
Nov 2017	7.60	4.00	▲
Dec 2017	6.90	4.00	▲



NI064 - comment

Responsible Officer	Performance Comments	Action Plan Comments
Director of Children's Social Care	<p>Performance</p> <p>This indicator measures the proportion of children coming off a Child Protection Plan (CPP) in the last 12 months that were on a plan for two years or more. A rise in the percentage can demonstrate proactive work to move children to more appropriate pathways (step-down to Child In Need (CIN) plan, or proceedings for care) and can sometimes be relatively large sibling groups stepping-down to CIN plan. The target of 4% for 2017-18 was set in recognition of the improvement plans that had been put in place within Children's Social Care to reduce the number of children on a CPP more than 2 years and align Lewisham's performance with the national average. As at 31 December 2017 the number of Lewisham children subject to a CPP more than 2 years was 0 (zero), so rolling 12 months performance is now most likely to improve and move closer to target.</p>	<p>Performance Action Plan</p> <p>The number of children currently on a plan for over two years has reduced. We are stepping children down appropriately either to CIN Plans or moving them through to a higher threshold (proceedings for care).</p>

8. Caring for Adults and Older People

Working with Health Services to support older people and adults in need of care

Priority 8 - Monthly Indicators								
	Unit	YTD Dec 17	Target Dec 17	Against Target Dec 17	DoT Last year	Against Target Nov 17	Against Target Oct 17	16/17
LPI254 1C (2) % people using social care who receive direct payments	Percentage	32.92	32.00	★	🔴	★	★	★
LPI264 2C (1) Delayed transfers of care from hospital per 100,000 population (NHS only)	Number per 100,000	4.28	4.40	★	🔴	★	★	★
LPI265 2C (2) Delayed transfers of care from hospital which are attributable to ASC per 100,000 pop	Number per 100,000	4.28	0.80	▲	🔴	▲	▲	▲

Priority 8 - Monthly Contextual Performance

	Unit	Dec 17	Nov 17	Oct 17	Sep 17	Aug 17	16/17
LPI250 ASC total service users	Number	3,096.00	3,068.00	3,098.00	3,094.00	3,106.00	3,137

Priority 8 - Finance Net Expenditure ('000s)

	2017/18 Budget	Projected year-end variance as at Dec 17	Variance	% variance	Comments
08. NI Caring for Adults and Older People	69,800	1,600	▲	2.29	<p>Finance Overspend</p> <p>The Adult Services Division has overspent by £1.7m. The main variance relate to placement budgets where existing pressures are compounded by the cost of new transition cases of £0.9m and by the difficulty in achieving the £4.5m savings required for 2017/18. This has been offset by an underspend in strategy and performance on £.1m .</p>

8. Caring for Adults and Older People

Developing opportunities for the active participation and engagement of people in the life of the community

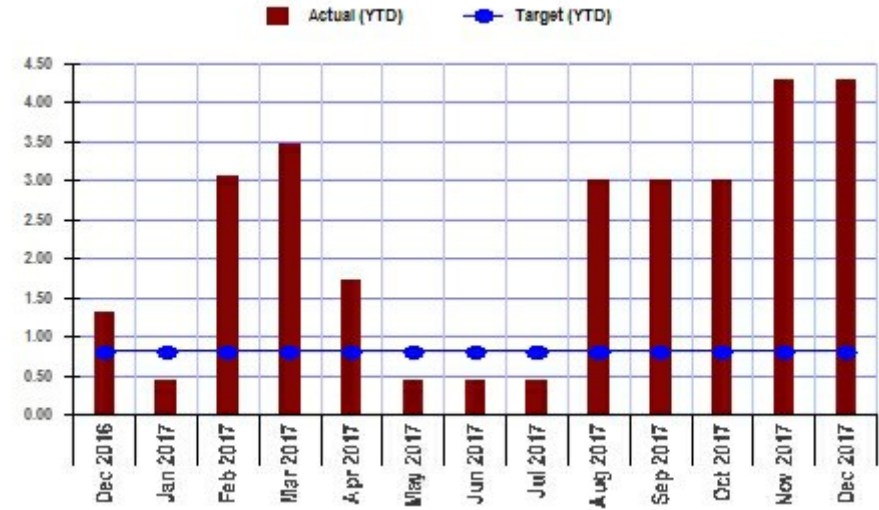
Risk							
		Current Status	Current Status against target	Direction of Travel	What are we planning to do?	When is it going to be completed	
2A.5. Serious Adult Safeguarding Concerns	Corporate	▲	★	Dec 17	➔	<p>Risk - What are we planning to do?</p> <ul style="list-style-type: none"> Actions from SAR to be presented to Safer Stronger Partnership Board Robust Safeguarding processes in place in operational provider services and partner organisations that are reviewed at the LSAB. Association for the Directors of Adult Social Services (ADASS) guidelines being used. Domestic Homicide Task and Finish Group in place to monitor all actions from Domestic Homicide Reviews (DHRs). Reviews at Safeguarding Boards and Safer Lewisham Partnership. 	<p>Risk - When is it going to be completed?</p> <ul style="list-style-type: none"> Quarterly reviews Monthly reviews Monthly reviews Reviewed quarterly and annually

LPI265 2C (2) Delayed transfers of care from hospital which are attributable to ASC per 100,000 pop

LPI265 2C (2) Delayed transfers of care from hospital which are attributable to ASC per 100,000 pop

Number per 100,000

Actual (YTD)		Target (YTD)		Performance (YTD)	
Dec 2016	1.31	0.80		▲	
Jan 2017	0.44	0.80		★	
Feb 2017	3.05	0.80		▲	
Mar 2017	3.48	0.80		▲	
Apr 2017	1.71	0.80		▲	
May 2017	0.43	0.80		★	
Jun 2017	0.43	0.80		★	
Jul 2017	0.43	0.80		★	
Aug 2017	3.00	0.80		▲	
Sep 2017	3.00	0.80		▲	
Oct 2017	3.00	0.80		▲	
Nov 2017	4.28	0.80		▲	
Dec 2017	4.28	0.80		▲	



Responsible Officer	Performance Comments	Action Plan Comments
Director of Adult's Social Care	<p>Performance</p> <p>Social Care Delayed Transfers Of Care (DTCOC) has been rising since October 2017, this is down to two issues. Firstly, Adult Social Care both on a weekly and monthly basis has agreed sign off procedures in place to agree and sign off Social Care DTCOC with the Lewisham and Greenwich Trust (LGT), Kings, the Princess Royal University Hospital and St Thomas's. The difficulty arises when other Trusts around the country submit their monthly SITREP returns to NHS England (NHSE), allocating days to Lewisham without gaining first agreement that the borough accepts a DTCOC. This process is clearly outlined as an integral part of the sign off process in the NHS England "Monthly Delayed Transfer of Care Situation Reports, Definitions and Guidance". The Association of Directors of Adult Social Services (ADASS) London is currently working with NHSE to create a database of contacts both for Trusts and Social Care so that closer working and agreement of DTCOC can take place. In that context, we are working with partner NHS Trusts to refine the sign off process. Our second issue is people awaiting placement availability in Residential and Nursing Homes. The Health and Social Care system is seeing a continual growth in the acuity and age of its population, especially for people who have a dementia diagnosis. Whilst there is a robust Continuing Health Care (CHC) pathway in place and we have reduced the days in which full assessments are completed, we continue to see a high demand for dementia placements. The availability of these type of placements is very limited within the borough and often equally sparse for out of borough placements, as other local authorities are trying to purchase the same type of beds. There are no new residential/nursing providers opening new homes locally, and therefore we will continue to see delay relating to these types of placements. Care home providers are increasingly refusing to take complex people as their staffing levels cannot cope with the high number of placements for the very complex people we are trying to place. We are regularly aware that providers assess two or more people for the same vacancy and take the ones with the lowest level of need. We are now regularly being asked to provide one-to-one support on top of the placement fees, this can increase a placement cost from £750 per week on average to over £2,000 per week. The other issue in regards to residential and nursing placements is the family choice element. We often have families who will only agree placements in certain areas which are difficult to source. Our brokerage team try to offer a step down alternative, but again this is generally declined as families do not want their loved one having more than one move.</p>	<p>Performance Action Plan</p> <p>We are taking these actions:</p> <ol style="list-style-type: none"> 1. We have made representation to all of these Trusts asking for copies of their SITREPS and details of the Lewisham residents they are attributing the delays down to. This is ongoing work and we have asked ADASS to help mediate to resolve these issues; 2. Introducing Enhanced Checklists which speeds up the CHC process and allows sourcing of placements before someone is deemed medically fit for discharge; 3. Piloting a Night Owl Service to support people overnight with care for up to 10 days. This will allow us to try to return some people home with support before a long term placement is decided; 4. Working with LGT on their Choices policy along with Greenwich and Bexley local authorities; 5. Neighbourhood Dementia project, again to try to support more people at home therefore reducing the need to source placements.

9. Active, Healthy Citizens

Leisure, sporting, learning and creative activities for everyone

Priority 9 - Monthly Performance									
	Unit	YTD Dec 17	Target Dec 17	Against Target Dec 17	DoT Last year	Against Target Nov 17	Against Target Oct 17	Against Target	16/17
⊕ LPI202 Library visits per 1000 pop	Number per 1000	467.45	421.00	★	↗	★	★	★	●

9. Active, Healthy Citizens

Developing opportunities for the active participation and engagement of people in the life of the community

Risk							
		Current Status	Current Status against target		Direction of Travel	What are we planning to do?	When is it going to be completed
3B.2. Failure to agree with partners integrated delivery models for local health and care services.	Corporate	●	▲	Dec 17	→	Risk - What are we planning to do? <ul style="list-style-type: none"> • Continue to develop the Lewisham Health & Care partnership alliance • Continue to develop strategic commissioning function • Work with providers to develop operational model for community based care at neighbourhood level • Review impact of implementation of South East London Collaborative Commissioning arrangements • Review of changes to Police/Probation/Fire. 	Risk - When is it going to be completed? <ul style="list-style-type: none"> • Monthly by Lewisham Health & Care Partnership Alliance (LH&CP) board • Monthly by LH&CP board • Apr 18 • Quarterly via Safer Lewisham Partnership (SLP) with exceptions to EMT • Quarterly via SLP with exceptions to EMT

10. Inspiring Efficiency, Effectiveness and Equity

Ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community

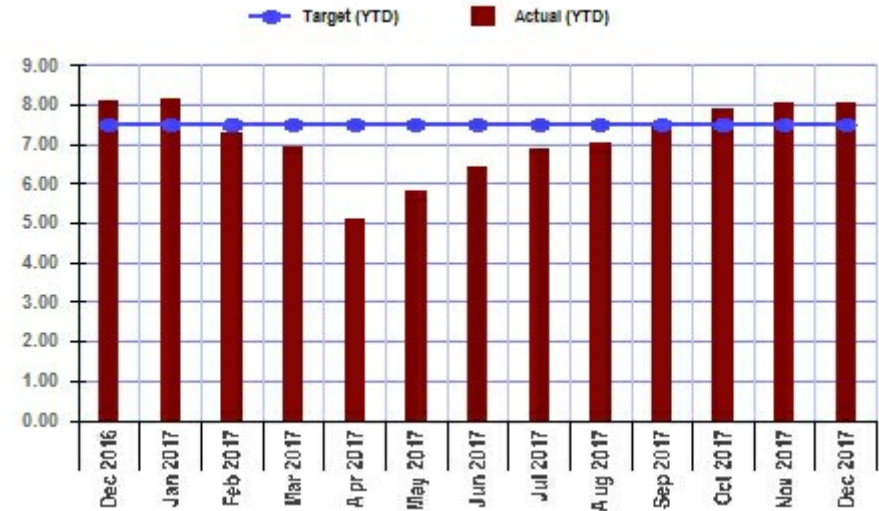
Priority 10 - Monthly Performance									
▲	Unit	YTD Dec 17	Target Dec 17	Against Target Dec 17	DoT	Last year	Against Target Nov 17	Against Target Oct 17	16/17
BV008 Invoices paid within 30 days	Percentage	82.99	100.00	▲		↗	▲	▲	▲
BV012b Days/shifts lost to sickness (excluding Schools)	Number	7.01	7.50	★		↗	●	★	●
LPI031 NNDR collected	Percentage	105.32	99.00	★		↗	★	★	●
LPI032 Council Tax collected	Percentage	93.27	96.00	●		↘	●	●	●
LPI755 % of customers with appointments arriving on time seen within 10min of their appointed time	Percentage	91.67	95.00	●		↘	●	●	★
NI181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	Days	8.04	7.50	▲		↘	▲	▲	★

Priority 10 - Quarterly (contextual)						
	Unit	YTD Dec 17	YTD Sep 17	YTD Jun 17	YTD Mar 17	Mar 17
LPI556 Number of reported RIDDOR incidents on non-school sites	Number	5.00	4.00	4.00	8.00	na

Priority 10 - Finance Net Expenditure (?000s)				
	2017/18 Budget	Projected year-end variance as at Dec 17	Variance % variance	Comments
10. NI Inspiring Efficiency, Effectiveness, and Equity	70,446	1,000	▲	1.42
<p>Finance Overspend An overspend of £1.m is predicted. This is made up as follows: £0.5m is overspend by the Public Services division. The Technology and Change Division is forecasting an overspend of £1.2m. A reduction in the team's budget combined with a new pressure from software licenses is resulting in this overspend. The Regeneration and Place division is forecasting an overspend of £0.2m The overspends above have been netted off against the following £0.9m underspend: Corporate Policy and Governance (£400k), Strategy (£300k) and Planning (£200k).</p>				

NI181- Time taken to process Housing Benefit / Council Tax Benefit new claims and change events

NI181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events			
Days			
	Actual (YTD)	Target (YTD)	Performance (YTD)
Dec 2016	8.08	7.50	▲
Jan 2017	8.15	7.50	▲
Feb 2017	7.28	7.50	★
Mar 2017	6.93	7.50	★
Apr 2017	5.10	7.50	★
May 2017	5.81	7.50	★
Jun 2017	6.43	7.50	★
Jul 2017	6.88	7.50	★
Aug 2017	7.01	7.50	★
Sep 2017	7.45	7.50	★
Oct 2017	7.89	7.50	▲
Nov 2017	8.04	7.50	▲
Dec 2017	8.04	7.50	▲



NI181 - comment

Responsible Officer	Performance Comments	Action Plan Comments
Head of Public Services	<p>Performance</p> <p>Although there was improvement in the number of days taken to process Housing Benefit/ Council Tax Benefit from November to December (9.53 days in November compared with 8.13 in December) the service is slightly off target for year to date.</p>	<p>Performance Action Plan</p> <p>Specific areas are now being targeted and new processes introduced to improve performance. We are also looking at some areas where we can automate activities to ensure the service achieves target. We are unlikely to see the impact of improvement until February / March 18.</p>

10. Inspiring Efficiency, Effectiveness and Equity

Ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community

Risk							
		Current Status	Current Status against target	Direction of Travel	What are we planning to do?	When is it going to be completed	
1A.1. Information Governance failure.	Corporate	●	●	Dec 17	→	<p>Risk - What are we planning to do?</p> <ul style="list-style-type: none"> • Continue audits/close gaps identified. • Subject Access Request (SAR) improvement plan to include rigorous monitoring • Freedom of Information (FOI), Data Protection Act (DPA), compliance with General data Protection Regulations (GDPR) audits currently ongoing. • Change the way data breaches are managed following recent Information Governance (IG) Board. • Align information technology (IT) policies with Brent with Information Governance policies to follow. • Implement SAR improvement plan to include rigorous monitoring of compliance. 	<p>Risk - When is it going to be completed? Next review Feb 2018</p>
1A.2 Governance failings in the implementation of service changes	Corporate	●	▲	Dec 17	→	<p>Risk - What are we planning to do? Reschedule early savings process for 18/19 budget</p>	<p>Risk - When is it going to be completed? CEO review process from Jan 18.</p>

10. Inspiring Efficiency, Effectiveness and Equity

Ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community

Risk						
		Current Status	Current Status against target	Direction of Travel	What are we planning to do?	When is it going to be completed
1B.1. Non-compliance with Health & Safety Legislation	Corporate	▲	▲	Dec 17	➔	<p>Risk - What are we planning to do? All Directorate Management Teams (DMTs) to have Health & Safety (H&S) discussion and raise awareness of H&S requirements</p> <p>Risk - When is it going to be completed? Mar 18</p>
1B.2. Failure to anticipate and respond appropriately to legislative change.	Corporate	●	▲	Dec 17	➔	<p>Risk - What are we planning to do?</p> <ol style="list-style-type: none"> 1. Reports to Council on changes necessary to reflect legislation 2. Significant work ongoing to assess the impact of Dilnott Care Act and Better Care Fund for further integration of social care work with health. 3. Responding to Government consultations and lobbying in various areas of political change (e.g. business rates, schools funding, improved better care fund, London devolution) <p>Risk - When is it going to be completed?</p> <ul style="list-style-type: none"> • Quarterly for Constitution Working Party (CWP) • Quarterly for Health & Welfare Board (H&WB) • As dictated by Government agenda
1B.3. Loss of a strategic asset or premises through failure to maintain it in a safe and effective condition	Corporate	▲	▲	Dec 17	➔	<p>Risk - What are we planning to do? Review building management H&S governance arrangements post Grenfell - largely done and reported to members. Now focussing on compliance with works identified and commercial leases to ensure risk monitored.</p> <p>Risk - When is it going to be completed? Apr 18</p>

10. Inspiring Efficiency, Effectiveness and Equity

Ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community

Risk							
		Current Status	Current Status against target	Direction of Travel	What are we planning to do?		When is it going to be completed
2A.1. Adequacy of Internal Control.	Corporate	●	●	Dec 17	➔	Risk - What are we planning to do? Complete non-system actions for core financial internal audit recommendations ahead of implementation of new Oracle	Risk - When is it going to be completed? Feb 18
2A.3. Strategic programme to develop and implement transformational change does not deliver	Corporate	▲	●	Dec 17	➔	Risk - What are we planning to do? Finalise monitoring and benefits realisation tracking arrangements to account for invest to save and align with savings work. Developing 18/19 transformation plan and associated investment requirements for 18/19 budget.	Risk - When is it going to be completed? Feb 18
2A.4. Elections not conducted efficiently or effectively.	Corporate	★	★	Dec 17	➔	Risk - What are we planning to do? Monitor resourcing for May 18 local elections	Risk - When is it going to be completed? May 18
2B.1. ICT infrastructure is not fit for purpose and/or does not meet business needs	Corporate	●	●	Dec 17	➔	Risk - What are we planning to do? <ul style="list-style-type: none"> Ongoing monitoring of the IT support arrangements through the shared management board. Review of shared governance arrangements with Brent and Southwark in Feb 18. 	Risk - When is it going to be completed? Feb 18

10. Inspiring Efficiency, Effectiveness and Equity

Ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community

Risk							
		Current Status	Current Status against target		Direction of Travel	What are we planning to do?	When is it going to be completed
3A.1. Loss of constructive employee relations	Corporate	●	●	Dec 17	→	Risk - What are we planning to do? <ul style="list-style-type: none"> Continue to work with Trade Union (TU) colleagues to develop improved working relationships Introduce a programme of employee communications to help inform that changes will be taking place Change Champion Network launched on 22nd Jan Base line employee staff survey launched in January Change leadership training for managers being commissioned. 	Risk - When is it going to be completed? <ul style="list-style-type: none"> Mar 18 Jun 18
3A.2. Failure to maintain sufficient management capacity & capability to deliver business as usual and implement transformational changes.	Corporate	●	●	Dec 17	→	Risk - What are we planning to do? Managing transition See also risk re financial savings & gap for management & corporate overheads.	Risk - When is it going to be completed? Throughout 18
3B.1. Multi-agency governance failure leads to ineffective partnership working	Corporate	●	▲	Dec 17	→	Risk - What are we planning to do? Adult Integrated Care Programme to improve services and provide better value for money	Risk - When is it going to be completed? 4 year programme to 2019/20

10. Inspiring Efficiency, Effectiveness and Equity

Ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community

Risk							
		Current Status	Current Status against target	Direction of Travel	What are we planning to do?	When is it going to be completed	
4A.1. Failure to manage strategic suppliers and related procurement programmes.	Corporate	●	▲	Dec 17	➔	Risk - What are we planning to do? <ul style="list-style-type: none"> Refresh contract register arrangements Meet requirements of transparency code 	Risk - When is it going to be completed? <ul style="list-style-type: none"> Jan 18 Apr 18
4B.1. Failure to manage performance leads to service failure.	Corporate	●	▲	Dec 17	➔	Risk - What are we planning to do? <ul style="list-style-type: none"> Following creation of a single corporate policy and performance team, revisit service data and performance priorities and update performance reports and quality assurance practices Focus on LAS, CCS and CONTROCC systems interfaces with ORACLE to improve data accuracy 	Risk - When is it going to be completed? <ul style="list-style-type: none"> Mar 18 Next milestone end date Apr 18

10. Inspiring Efficiency, Effectiveness and Equity

Ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community

Risk							
		Current Status	Current Status against target	Direction of Travel	What are we planning to do?		When is it going to be completed
5A.1. Financial Failure and inability to maintain service delivery within a balanced budget	Corporate	▲	▲	Dec 17	➔	Risk - What are we planning to do? Lewisham Future Programme to bring forward further savings proposals with the draft budget for 18/19	Risk - When is it going to be completed? from Jan 18 in line with CEO reviews
5A.2. Lack of provision for unforeseen expenditure or loss of income in respect of Council's liabilities or funding streams.	Corporate	●	●	Dec 17	➔	Risk - What are we planning to do? Prepare for 100% Business Rates devolution - respond to consultations	Risk - When is it going to be completed? As per Government timetable
5A.3. Loss of income to the Council	Corporate	▲	▲	Dec 17	➔	Risk - What are we planning to do? <ul style="list-style-type: none"> Independent review of accounts payable and receivable and wider financial control environment to maximise efficiency and efficacy of processes and procedures for using the Council's systems (part of Oracle work) Intensive project to update financial assessments for all ASC clients. 	Risk - When is it going to be completed? <ul style="list-style-type: none"> Dec 17 Apr 18
5B.1. Failure to effectively manage the impacts of an emergency affecting the public, business, environment and/or organisation.	Corporate	●	★	Dec 17	➔	Risk - What are we planning to do? <ul style="list-style-type: none"> Prepare for large scale exercise Grenfell & terrorism learning - strengthening response and speed. Engaging community ongoing. 	Risk - When is it going to be completed? <ul style="list-style-type: none"> Feb 18 Apr 18

Appendix A - Performance Scoring Methodology

Together we will make Lewisham the best place in London to live, work and learn

Performance

Performance can be measured using two methods. Firstly, current performance is appraised against past performance to assess “direction of travel” – is it improving or worsening? Secondly, performance can be measured against a norm, standard or target.

Areas for management attention are determined by considering performance against the following 2 elements - Against target and Direction of Travel (DoT) against the previous years outturn (in this case March 2017). If both of these elements are red we consider that the indicator should be flagged as an area for management attention.

The Council has aims and objectives as an organisation responsible for securing local public services. But it also has wider aims to work in partnership with other organisations (in the public, private and community sectors) to improve Lewisham as a place to live. It is therefore essential that our PIs not only measure our organisational and service performance against the Council's corporate priorities but also evaluate our efforts to achieve improvements through partnership working. These wider aims are described in Lewisham's Sustainable Community Strategy. A summary on performance can be found in the 'Overall Summary: Performance' at front of the Executive Summary report.

Data Quality Policy

The Council has a Data Quality Policy which is adhered to and sets out the corporate data quality objectives. Directorates also have a statement of data quality and a data quality action plan.

Appendix B - Projects, Risk & Finance Scoring Methodology

Together we will make Lewisham the best place in London to live, work and learn

Projects

Project status is recorded using a red / amber / green traffic light reporting system.

Red: Projects considered to be at significant risk of late delivery, of overspending or of not achieving their primary objectives. Project likely to be facing issues or uncertainties e.g. funding concerns, lack of clarity over scope / costs, other significant risks not yet under effective control. Sheer scale of a project, its complexity and overall risk level can also attract a red rating.

Amber: Projects considered to be at moderate risk of late delivery, of overspending or of not achieving some objectives. Issues may have been escalated outside the project team, but likely that these can be resolved e.g. resources will be identified to deal with moderate changes to costs or scope.

Green: Project considered to be on time, on budget, with current risks being managed effectively within the project structure.

Risk

Risks are scored in terms of likelihood and impact, with a range from 1 to 5 (with 5 being the highest) and the result is plotted on a matrix (as shown on the Overall Performance: Risk page) to produce the RAG rating. A target is also set and the risk registers contain action plans to manage the risks to target and these are subject to regular review by Directorate Management Teams. The risk registers are reported to Heads of Service and Internal Control Board on a quarterly basis and quarterly updates are provided in this report.

Finance

Financial monitoring is recorded using a red/amber/green traffic light reporting system.

Net expenditure on the priority is forecast to vary from budget by either:-

Red - more than £0.5m or 2.5% overspent or more than £10m or 50% underspent

Amber - more than £0.1m and less than £0.5m or by more than 1% and less than 2.5% overspent or more than £5m and less than £10m or by more than 25% and less than 50% underspent

Green - up to £0.1m or up to 1% overspent or up to £5m or up to 25% underspent

The Executive Management Team will take into account:-

- (i)The performance of the housing part of the Capital Programme in assessing the traffic light for Decent Homes;
- (ii)The overall financial position on revenue and capital in assessing the traffic light for 'Inspiring Efficiency, Effectiveness & Equity'.

The methodologies for Projects, Risk and Finance outlined above will be reviewed annually at the end of the financial year as part of the review of this report and the target setting process for performance indicators. The text above will be subject to change at this point.

Public Accounts Select Committee		
Title	Select Committee work programme	
Contributor	Scrutiny Manager	Item 10
Class	Part 1 (open)	21 March 2018

1. Purpose

- 1.1. To provide Members of the Select Committee with an overview of the work programme.

2. Summary

- 2.1. At the beginning of the municipal year each select committee is required to draw up a work programme for submission to the Overview and Scrutiny Business Panel. The Panel considers the suggested work programmes and coordinates activities between select committees in order to maximise the use of scrutiny resources and avoid duplication.
- 2.2. The meeting on 21 March is the last scheduled meeting of the Safer Stronger Communities Select Committee in the 2017-18 municipal year, as well as the last meeting of the 2014-18 Council administration. An end of administration report has been prepared (attached to this report). It provides a brief overview of the Committee's work in the 2014-18 administration and as such, it provides the background for the development of the 2018-19 Committee work programme.

3. Recommendations

- 3.1. The Select Committee is asked to:
 - note the completed work programme attached at **appendix B**;
 - consider the contents of the end of administration report;
 - put forward ideas and suggestions for Members of the Committee to consider for the development of their work programme in 2018-19 - and into the next administration.

4. Planning for the next administration

- 4.1. A work programme report will be put forward at the first Public Accounts Select Committee of 2018-19. The report will take account of the committee's previous work, and will draw on a range of sources for ideas and suggestions.
- 4.2. The Committee has already indicated that there are matters it feels should be considered for further scrutiny, these include:
 - budget pressures in children's and adults' social care;
 - communicating the Council's budget position;

- 4.3. As with the development of all new work programmes, suggestions will also be incorporated by drawing on:
- matters 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;
 - any issues suggested by members of the public;
 - standard reviews of policy implementation or performance, which are based on a regular schedule;
 - suggestions from officers;
 - decisions due to be made by Mayor and Cabinet.

5. The Lewisham Future Programme

- 5.1. As a result of government austerity, it is anticipated that from 2010-2020 the Council will have delivered savings totalling nearly £200m. As set out in the end of administration report, the Committee has considered a number of reports about the Council's finances and financial management over the years of the 2014-18 administration. It has also been closely involved in the scrutiny of each year of the Lewisham Future Programme.
- 5.2. All select committees have a role to play in ensuring that the Council is making effective use of its resources, but over and above this the Public Accounts Select Committee has a role in ensuring the highest levels of proper financial management. In the new administration, the Committee will need to allocate sufficient time to ensure that it is scrutinising the Lewisham Future Programme proposals.
- 5.3. As reported at previous meetings of the Committee, there are currently a number of unachieved savings proposals – combined with overspends in a number of Council budgets. In the 2016-17 financial year, the Council was required to use reserves to balance its budget and it is anticipated that this will also be the case for 2017-18, placing additional pressure on reserves and reducing the funding that is available for service transformation and the implementation of new working practices across the Council.

6. Financial Implications

- 6.1. There are no financial implications arising from the implementation of the recommendations in this report. However, there will be implications arising from the work carried out by the Committee and these will need to be considered at the appropriate time.

7. Legal Implications

- 7.1. 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.

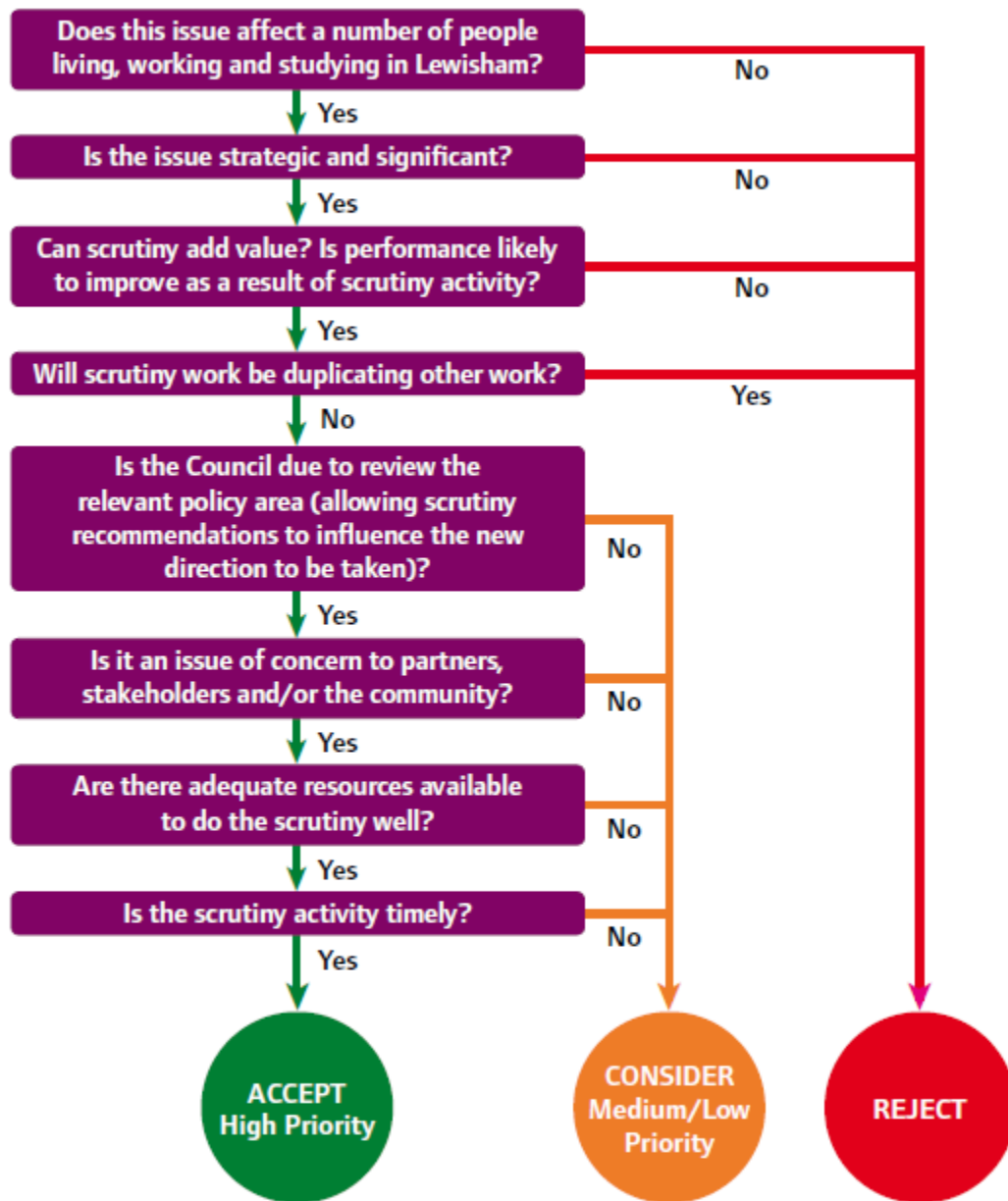
8. Equalities Implications

- 8.1. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.2. In summary, 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.
- 8.3. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above.
- 8.4. There are no direct equalities implications arising from the implementation of the recommendations in this report. However, there may be equalities implications arising from items on the work programme and all activities undertaken by the Committee will need to give these due consideration.

Background Documents

Lewisham Council's Constitution

Scrutiny work programme – prioritisation process



Overview and Scrutiny

Public Accounts Select Committee end of administration report

Spring 2018

Membership of the Public Accounts Select Committee 2014-18:

2014-15

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

2015-16

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

2016-17

Councillor Jamie Milne (Chair)
Councillor Chris Barnham (Vice-Chair)
Councillor Abdeslam Amrani
Councillor Brenda Dacres
Councillor Amanda De Ryk
Cllr Ami Ibitson/Cllr Sue Hordijkenko
Councillor Mark Ingleby
Councillor Roy Kennedy
Councillor Jim Mallory
Councillor Crada Onuegbu

2017-18

Councillor Maja Hilton (Chair)
Councillor Chris Barnham (Vice-Chair)
Councillor Paul Bell
Councillor Brenda Dacres
Councillor Amanda De Ryk
Councillor Carl Handley
Councillor Simon Hooks
Councillor Mark Ingleby
Councillor Roy Kennedy
Councillor Sophie McGeevor

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Chairs' Introductions



Councillor Jamie Milne
Chair of the Public Accounts Select Committee (2014-2017)



Councillor Maja Hilton
Chair of the Public Accounts Select Committee (2017-2018)

DRAFT

1. Introduction

- 1.1. Lewisham has 54 councillors, representing 18 wards. Lewisham also has an executive mayor, who is elected by the whole borough.
- 1.2. Nine of Lewisham's councillors are chosen by the Mayor to form his Cabinet.
- 1.3. 45 non-executive councillors are all members of the Overview and Scrutiny Committee. The Committee usually met four times in each year of this administration to consider cross cutting issues of strategic importance. Members of the Overview and Scrutiny Committee also form six select committees, which take on the responsibilities of the Overview and Scrutiny Committee for specific areas of work. In this administration, there have been six standing select committees, each has usually met eight times a year:
 - Children and Young People Select Committee
 - Healthier Communities Select Committee
 - Housing Select Committee
 - Public Accounts Select Committee
 - Safer Stronger Communities Select Committee
 - Sustainable Development Select Committee
- 1.4. This report provides a short summary of the activities and achievements of the Public Accounts Select Committee in the 2014-18 administration.
- 1.5. The Public Accounts Select Committee has a responsibility for reviewing and developing policy in relation to the Council's use of its resources, as well as holding decision makers to account and monitoring the Council's financial performance. Each of the sections below sets out how the Committee has fulfilled its responsibilities over the past four years.
- 1.6. Over the course of the administration, the Committee has asked hundreds of questions of Council officers, guests and decision makers. It also has a formal option to send its views to the Council's executive Mayor and Cabinet through the use of referrals – to which the Executive is obliged to provide a written response. A summary of these referrals is included as an appendix to this report.



2. Overview

Meetings

2.1. In this administration:

- The Committee met six times in 2014-15;
- It met eight times in 15-16, 16-17 and 17-18;
- In all there were 30 Committee meetings in 2014-18. The average meeting lasted just over two hours;
- The Committee has considered more than 180 reports totalling almost 4500 pages. The average length of an agenda was 160 pages;
- The Committee made 10 referrals to Mayor and Cabinet.

Terms of reference

2.2. The Public Accounts Select Committee has these specific terms of reference:

To exercise all the functions and roles of the overview and scrutiny committee in relation to the following matters:

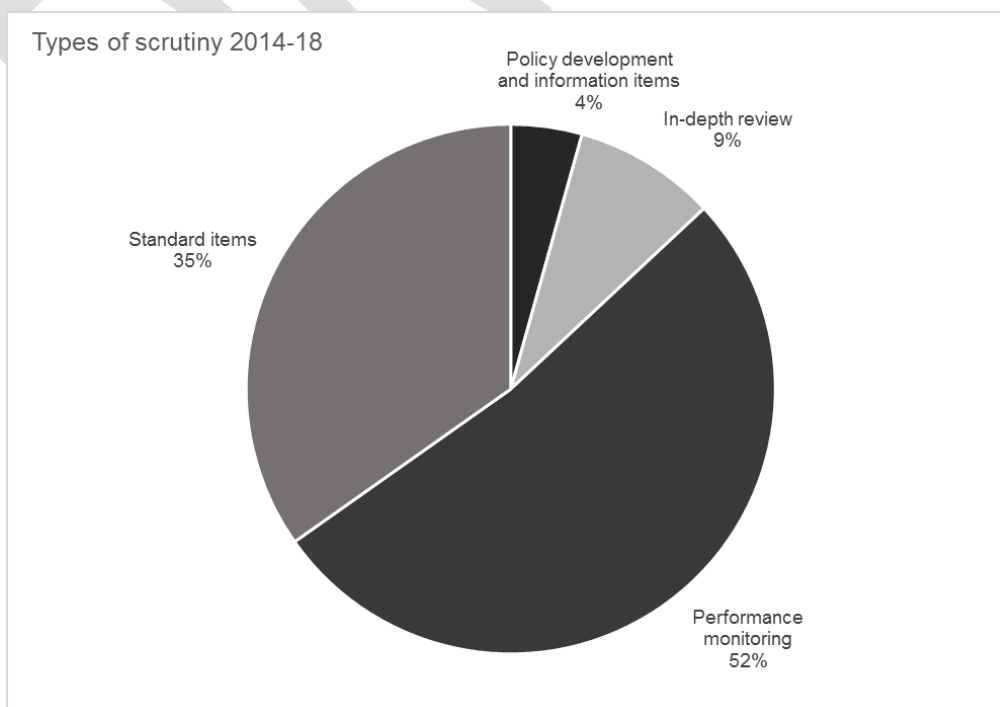
- To make reports and recommendations to the Council or the Executive which promote the better custodianship of the Council's finances and to make recommendations for best financial practice across the authority.
- To investigate the possibilities for improving the Council's financial management practice 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.

Leadership

2.3. Councillor Jamie Milne (Evelyn ward) was the Chair of the Select Committee for the first three years of the administration (2014-17). Councillor Maja Hilton (Forest Hill ward) was Chair for the final year of the administration (2017-18). There have been two Vice Chairs: Councillor Mark Ingleby (2014-16) and Councillor Chris Barnham (2016-2018).

Deciding on the work programme

- 2.4. At the beginning of each year of the administration, the Committee considered a range of topics for its upcoming work programme. This was comprised of:
- items the Committee was required to consider by virtue of its terms of reference;
 - issues of importance to residents;
 - the capacity for adding items to each meeting;
 - suggestions already put forward by Members;
 - issues arising from previous scrutiny;
 - follow up to Committee referrals and reviews.
- 2.5. The Committee prioritised its work programme using:
- criteria for selecting and prioritising topics developed from best practice;
 - the context for setting the work programme and advice from officers.
- 2.6. At the end of each meeting the Committee reviewed the programme for upcoming meetings and decided on how the topics it had identified should be scrutinised. The Committee agreed at each meeting which items only required an information report to be provided and which others required performance monitoring data or analysis to be presented. Typically, the majority of items took the form of standard single meeting items, where members:
- (a) agreed what information and analysis they wished to receive in order to achieve their desired outcomes;
 - (b) received a report presenting that information and analysis;
 - (c) asked questions of the presenting officer or guest;
 - (d) agreed, following discussion of the report, whether the Committee would make recommendations or receive further information or analysis before summarising its views.
- 2.7. The chart below provides a breakdown of the different types of scrutiny the Committee has carried out in this administration. It is based on the number of agenda items that have been allocated to each of the different categories:



Guests at Committee meetings

2.8. In line with the Committee's focus on the Council's budget and resources the most frequent guests at Committee meetings have been the Mayor of Lewisham and, most regularly, the Cabinet Member for Resources. Other guests and experts have attended to contribute to in depth reviews and on performance monitoring:

Date	Name	Role	Item attended in relation to
09-Jul-14	Cllr Kevin Bonavia	Cabinet Member for Resources	
05-Nov-14	Cllr Kevin Bonavia	Cabinet Member for Resources	Lewisham Future Programme
05-Nov-14	Sir Steve Bullock	Mayor of Lewisham	Lewisham Future Programme
05-Nov-14	Cllr Paul Maslin	Cabinet Member for Children and Young People	Lewisham Future Programme
05-Nov-14	Cllr Rachel Onikosi	Cabinet Member for the Public Realm	Lewisham Future Programme
05-Nov-14	Cllr Chris Best	Cabinet Member for Health Wellbeing and Older People	Lewisham Future Programme
05-Feb-15	Sir Steve Bullock	Mayor of Lewisham	Lewisham Future Programme
05-Feb-15	Cllr Kevin Bonavia	Cabinet Member for Resources	Lewisham Future Programme
10-Mar-15	Steve Iles	Head of Streets, Croydon Council	Contract monitoring - street lighting
27-May-15	Cllr Kevin Bonavia	Cabinet Member for Resources	
12-Jul-15	Tim Smith	Finance and Commercial Director, IP&E Ltd	Income Generation Review
13-Jul-15	Martin Key	Operations Manager, IP&E Ltd/Shropshire County Council	Income Generation Review
14-Jul-15	Aktar Chowdary	Operational Director Planning & Regeneration, Brent Council	Income Generation Review
29-Sep-15	Cllr Kevin Bonavia	Cabinet Member for Resources	
29-Sep-15	Sir Steve Bullock	Mayor of Lewisham	Lewisham Futures Savings proposal
28-Oct-15	Cllr Kevin Bonavia	Cabinet Member for Resources	
27-Jan-16	Sir Steve Bullock	Mayor of Lewisham	2016/17 Budget
01-Jun-16	Cllr Kevin Bonavia	Cabinet Member for Resources	
01-Jun-16	Cllr Joe Dromey	Cabinet Member for Policy and Performance	
22-Sep-16	Sir Steve Bullock	Mayor of Lewisham	Lewisham Future Programme
22-Sep-16	Cllr Kevin Bonavia	Cabinet Member for Resources	Lewisham Future Programme
30-Nov-16	Cllr Kevin Bonavia	Cabinet Member for Resources	Income generation
25-Jan-17	Sir Steve Bullock	Mayor of Lewisham	Budget 2017-18
25-Jan-17	Cllr Kevin Bonavia	Cabinet Member for Resources	Budget 2017-18/ICT strategy update
19-Apr-17	Cllr Kevin Bonavia	Cabinet Member for Resources	Management report
13-Jul-17	Cllr Kevin Bonavia	Cabinet Member for Resources	
27-Sep-17	Cllr Joe Dromey	Cabinet Member for Policy and Performance	Communicating the Council's budget
28-Sep-17	Cllr Chris Best	Cabinet Member for Health Wellbeing and Older People	Adult social care budgets
16-Nov-17	Cllr Kevin Bonavia	Cabinet Member for Resources	Lewisham Future Programme

3. Pre-decision scrutiny

3.1. One of the Committee's important functions is to lead on the development of emerging Council policy and to make recommendations to Mayor and Cabinet with Committee views, recommendations, concerns and endorsements. The Committee's principal focus in the past four years has been on the management of the Council's funding and resources. It has devoted a considerable amount of time to pre-decision scrutiny- some notable examples include:

Lewisham Future Programme savings proposals

3.2. The Committee led on the scrutiny of Lewisham Future Programme savings proposals in this administration. In each of the four years officers have developed a report of savings proposals from across the Council's budget to take to scrutiny committees before decisions have been made by the executive. The programme below sets out the scrutiny process for 2014:

Lewisham Future Programme Proposals						
October/November 2014						
Scrutiny navigation sheet						
Overview & Scrutiny:	Monday 29 September 7.30pm					
Housing:	Wednesday 1 October 7.30pm					
Children & Young People:	Thursday 02 October 6.30pm					
Healthier Communities:	Tuesday 21 October 7.00pm					
Sustainable Development:	Thursday 30 October 7.00pm					
Safer Stronger Communities:	Monday 3 November 7.00pm					
Public Accounts:	Wednesday 5 November 7.00pm					
(Mayor and Cabinet)	Wednesday 12 November					
Savings required	2015/16	2016/17	2017/18	Total		
£m	39	26	20	85		
Review of Savings proposals	Children & Young People	Healthier	Housing	Public Accounts	Safer Stronger	Sustainable
Select Ctte.	2 Oct	21 Oct	1 Oct	5 Nov	3 Nov	30 Oct
M&C	12 Nov	12 Nov	12 Nov	12 Nov	12 Nov	12 Nov
Select Ctte.	15 Dec	2 Dec	17 Dec	10 Dec	3 Dec	9 Dec
M&C	14 Jan	3 Dec	14 Jan	14 Jan	14 Jan	14 Jan
Select Ctte.	4 Feb	14 Jan	28 Jan	5 Feb + Budget	22 Jan	20 Jan
M&C	11 Feb	11 Feb	11 Feb	11 Feb + Budget	11 Feb	11 Feb

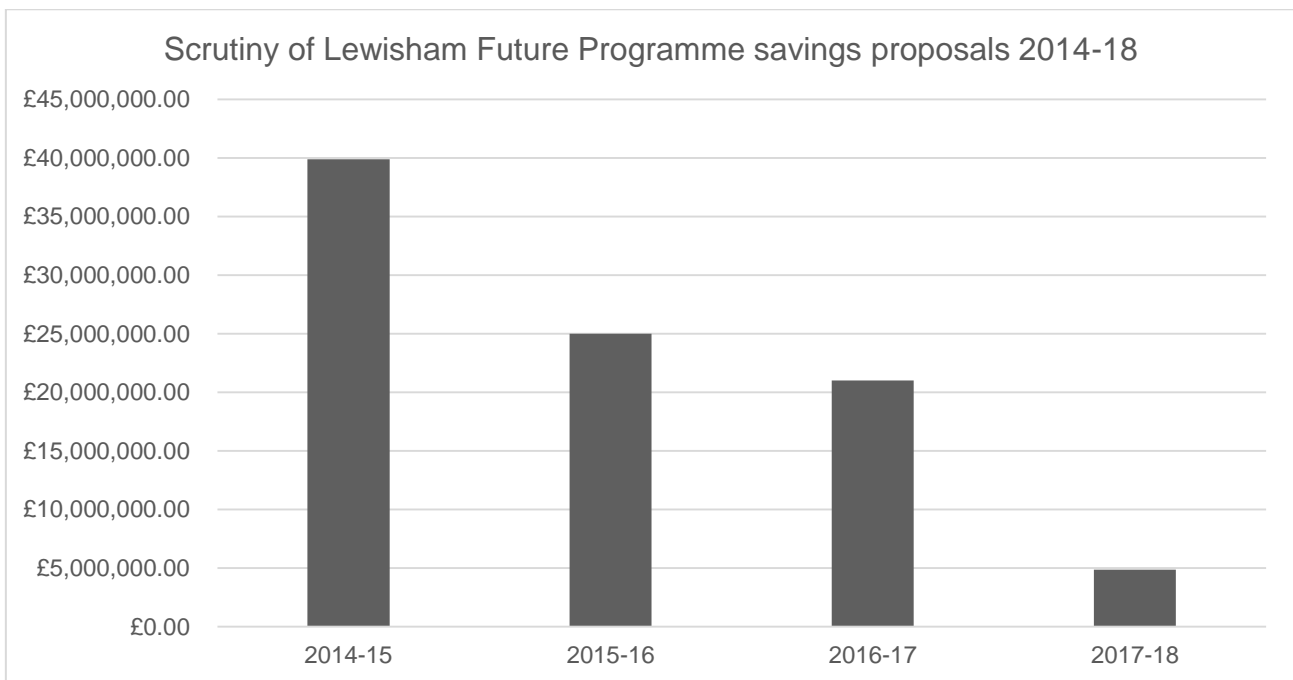
3.3. Each year the programme followed a similar process, with select committees meeting in sequence in order to make comments to the Public Accounts Select Committee for review before submission of the Lewisham Future Programme report to Mayor and Cabinet for decision.

3.4. The Lewisham Future Programme has been guided by senior officers of the Council on the Lewisham Future Programme Board, who have identified key areas of Council spending from which savings are identified, these are:

- Smarter and deeper integration of social care and health
- Supporting people
- Efficiency review
- Asset rationalisation

- Management and corporate overheads
- School effectiveness
- Drugs and alcohol
- Culture and community services
- Strategic housing
- Environmental services
- Public services
- Planning and economic development
- Early intervention and safeguarding.

3.5. The Public Accounts Select Committee has used its role of oversight of the Council's finances in order to provide a strategic vision of the savings proposals over the four years of the administration. The chart below sets out the total savings proposals put forward by officers as part of the Lewisham Future programme approach over the past four years. In total, the Committee has overseen the scrutiny of nearly £100m of proposals since 2014.



3.6. In each of the four years of the administration the Committee has invited the relevant Cabinet Member as well as senior officers to answer questions about the formulation of the savings proposals as well as the likely overall implications for the Council's delivery of services.

3.7. The Committee has overseen the scrutiny of a number of difficult savings proposals over the course of the administration, including a proposals to charge for the administration of blue badges for accessible parking. The Committee ensured that thorough analysis of the proposals was carried out before a decision was taken to Mayor and Cabinet¹. Scrutiny was also required to consider: reductions in

¹ See minutes of the meeting of Mayor and Cabinet on 11 February 2015, online at: <https://tinyurl.com/y9elg4f8>

discretionary funding for local assemblies; proposals to mutualise the borough's youth services and significant savings required from the Public Health budget.

- 3.8. Also - in the first two years of the administration the Committee supported scrutiny carried out by the Sustainable Development Select Committee as Members reviewed proposals to reduce the level of street sweeping and cleansing in the borough. Both Committees felt that the proposals would undermine confidence in the Council and lead to unintended consequences.
- 3.9. In the most recent Lewisham Future Programme update to the Public Accounts Select Committee, it was reported that there was a significant gap in the level of savings that had been delivered across Council directorates for 2017/18. As set out in the chart below, the level of unachieved savings is particularly acute in the Customer Services and Children and Young People's directorates:

Directorate	Savings Agreed for 2017/18	Forecast Delivery	Variance	
	£m	£m	£m	%
Children & Young People	3.9	3.0	0.9	23%
Community Services	9.1	8.1	1.0	11%
Customer Services	4.1	2.7	1.4	34%
Resources & Regeneration	2.5	2.4	0.1	4%
Corporate	2.6	2.6	0.0	0%
Total	22.2	18.8	3.4	15%

- 3.10. The Council's medium term financial strategy in July 2017 projected that £22m of savings would need to be found in 2018/19 in order to put the Council on a sustainable financial footing. The Lewisham Future Programme proposals for 2018/19 amount to less than £5m so the Council will need to draw on its reserves to balance the budget. The Committee has recognised that the use of reserves on an ongoing basis is not sustainable. At the end of 2017 it requested additional analysis of Council's available reserves and questioned the Head of Corporate Resources and the Executive Director for Resources and Regeneration about the management processes in place to oversee the use of the Council's resources.
- 3.11. The Committee recognised that, given the level of unachieved savings, adding a further set of savings proposals to the Lewisham Future Programme might well be unmanageable. Nonetheless, the Committee will be required to regularly revisit the savings programme in the next administration. Fortunately, it has established a thorough approach to scrutinising proposals being put forward by officers, which is founded in its understanding of the Council's financial position, strategy and approach to budgeting.

The Budget

- 3.12. Each year before the budget is agreed by the executive and presented to full Council, the Mayor has attended Public Accounts Select Committee to give an account of the budget decision making process.

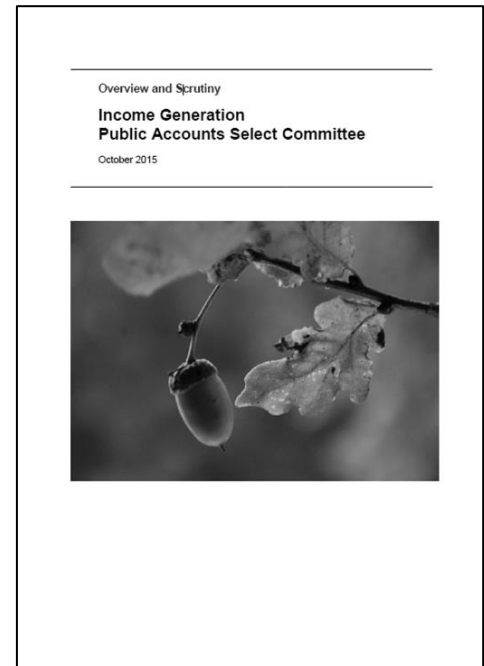
- 3.13. In 2017/18 the Committee carried out a focused piece of scrutiny in order to consider the strategy for communicating the Council's budget position to residents. Members were concerned about the year on year reductions in funding for services and the potential medium to long term impact on the capacity of the Council to meet residents' expectations.
- 3.14. The Committee heard that a number of key messages were promoted by the Council to communicate the challenging situation that government austerity, demographic change and demand for services had placed on all Councils. These messages² were:
- What would you do if your salary was cut by nearly two thirds as your household bills increased? That is the difficult position we find ourselves in following the government's decision to cut 63% of its funding for Lewisham Council (2010 - 2020).
 - The Government's 63% funding cut for Lewisham Council (2010 - 2020) meant we were forced to increase council tax by 1.99% in 2017/18 to fund vital services and 3% for social care. The increase was equivalent to 114p a week for a Band D property.
 - Between 2010/11 to 2017/18 we have found savings of £160million. We have to find a further £32million of savings to bridge a funding gap for 2018/19 and 2019/20 caused by 63% government cuts and rising pressures on our services (population growth, ageing population, household growth and impact of government policy).
 - We will continue to urge the Government to provide fairer funding for local government to support vital local services in Lewisham, particularly in adult and children's social care.
 - Despite the Government's decision to cut 63% of its funding for Lewisham Council, we remain committed to making Lewisham the best place in London to live, work and learn.
- 3.15. The Committee remained concerned that these key messages were not reaching all Lewisham households. It highlighted the first-hand experience Members had of the impact of budget savings on the delivery of services in Lewisham – and the continued impact savings were likely to have in the foreseeable future. As a result of this scrutiny, the Committee put forward a recommendation to Mayor and Cabinet that officers be tasked with developing a forceful communications campaign that focused on the use of hoardings and billboards in innovative, large and visually captivating ways in order to reach Lewisham residents with messages about the budget. This recommendation was agreed by Mayor and Cabinet.
- 3.16. The Cabinet Member for Resources has regularly attended Committee meetings to answer questions or provide additional information about the use of the Council's financial resources. In addition, Lewisham's Mayor, Sir Steve Bullock, has attended the Committee on a number of occasions to answer questions about the Council's financial performance and to set out his priorities and vision. In particular, the Mayor has been invited a number of meetings to discuss the Council's progress with the

² See 'Communicating the Council's budget position' Public Accounts Select Committee 27 September 2017, available online at: <https://tinyurl.com/yazlcy9w>

implementation of the Lewisham Future Programme. Each year, the Mayor has also been invited to present his annual budget for scrutiny in advance its approval by the Mayor and his cabinet in before submission to full Council.

Income generation and commercialisation

- 3.17. From the outset of the 2014-18 administration, the Committee was aware of the significant financial pressures facing local government. The Committee noted that London, in particular, had been hit hard by government austerity in combination with increasing demographic pressures, the high cost of accommodation and the disproportionate impact of welfare cuts. The Committee was recognised that councils had already made substantial savings through efficiencies but that extent of the austerity imposed by central government meant that local government had to consider different options for the delivery of services.
- 3.18. Through the 'income generation review' the Committee considered examples of good practice and evidence from a number of councils and it researched methods of income generation regionally and nationally, with the aim of finding strategies and techniques that could be successfully replicated or adapted to use in a Lewisham context to help protect local services.
- 3.19. The review focused on commercialisation strategies and information was gathered from approaches used at other local authorities. The Committee emphasised the importance of developing an entrepreneurial and commercial culture at the Council that would enable officers to develop ideas into potential sources of income. The Committee's recommendations on commercialisation emphasised the extent to which it felt this was an area of real significance.
- 3.20. The Committee has received regular updates on the Council's approach to income generation and commercialisation. At the end of the 2017-18 year it heard that a new procurement team had been established at the Council, which would also provide expertise on commercialisation and contract management. Further support and analysis of potential strategies and techniques for income generation has also been sought from external sources.



4. Holding decision makers to account

- 4.1. The Committee has an important role in overseeing the processes and systems for the management of the Council's finances. In meeting the requirements of this role it challenges decision makers on the decisions they have taken. It also scrutinises the development of policy and include scrutiny of the Council's delivery of services in a particular area. Some examples from this administration include:

No recourse to public funds

- 4.2. The Committee noted that local authorities across the country were experiencing ongoing and increasing demand for support from people who had no recourse to public funds (NRPF). It saw that the problem was particularly acute in London and was an issue of significant concern to Lewisham Council. Supporting people with NRPF is expensive and the Public Accounts Select Committee was therefore keen to review the proactive work being undertaken by a new pilot team to drive down costs. In particular, it wanted to ensure that the new systems being put in place were both robust and fair.
- 4.3. The Committee heard that numbers of people with no recourse to public funds being supported in Lewisham had increased sharply in the years to 2015. It was conscious that there was no statutory policy guidance covering how councils should respond to people with NRPF and that Council staff did not generally have the necessary expertise to deal with NRPF cases effectively. It was concerned that the law governing this area of work was complex and interpretation of the law regularly changed as a result of developments in case law. The Council was also exposed to potential legal challenges, which could be costly. This was a pressing piece of work because the support put in place for people with NRPF was frequently often long-term in nature, due to the length of time it took the Home Office to resolve cases.
- 4.4. It was clear to Members of the Committee that a strong strategic response to the issue was required and that the NRPF pilot had demonstrated that a clear, consistent and firm approach could bring down the costs of dealing with NRPF clients considerably and in a way which was both equitable and unlikely to result in successful legal challenge. It was for this reason that the Committee recommended mainstreaming the pilot and making sure that high cost and long-term 'legacy' cases in particular, were thoroughly reviewed with a view to bringing down costs and, where appropriate, withdrawing support. In addition, the possibility of developing a shared service with other London local authorities should be explored to reduce management and administrative costs and combine and strengthen expertise.

Overview and Scrutiny

No Recourse to Public Funds Review

Public Accounts Select Committee

February 2015

Membership of the Public Accounts Select Committee in 2014/15:

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

The Council's Information and Communications Technology Strategy

4.5. In this administration there have been a number of issues that required the Committee to review initial proposals as well as results of consultation (where appropriate) before a change was implemented- and then to review the implementation of a scheme once it a decision had been taken.

Digital programme

The digital programme is a key element of the Council's plans to deliver savings as overseen by the Lewisham Futures Programme Board. Currently there are over 20 live projects across four main work streams:

- adults': mobile working, implementing digital front door, automating back office payments, end-to-end service redesign;
- children's: mobile working, implementing Multi Agency Safeguarding Hub (MASH), automating back office payments, end-to-end service redesign;
- customers services: putting environmental services online, automating Revs and Bens, simplifying the complaints procedures; and
- Digital Council: paperless Council meetings, digital courtroom, agile working / re-stack, ERP implementation.

As previously identified in our IT strategy work the improvements we're are making to our IT infrastructure and our IT support arrangements have been key drivers for the digital programme.

4.6. The Committee was concerned about the effectiveness of the Council's information and

Digital programme



communications technology (ICT) strategy. Councillors had experienced first-hand the poor performance of Lewisham's computer systems and technology. They had also heard from officers that their work was being hampered by antiquated systems and processes. For that reason, the Committee was interested in the plans to share ICT services with the London Borough of Brent.

4.7. In joining the shared service the Council hoped that it would benefit from sharing expertise as well as key systems and disaster recovery processes. The shared service also provided opportunities for developing new systems and new ways of working that would save money.

4.8. The Shared Service has resulted in the implementation of new technology (including iPads and iPhones which enable mobile working and reduce the reliance on office space for mobile workers.

4.9. The Public Accounts Select Committee became one of the first Council committees to embrace paperless working. The average Public Accounts Select Committee agenda is 160 pages and at each meeting the Committee required a printed run of 50 agendas. This meant that each meeting would use 4000 sheets of paper (printed double sided) – or approximately 32000 sheets a year. The move to paperless working means that this paper (and the associated printing costs) are now being saved. Multiplied across the Council's committees and working groups as well as informal meetings the move to paperless working is expected to result in a significant saving.

4.10. As a forerunner for the move to digital services, the Committee has also been keenly aware of the delivery of ICT services to their fellow councillors. It has on a number of occasions asked the Cabinet Member for Resources to give an account of the systems and processes used to manage councillors ICT equipment and services. As a result of the Committee's intervention there has been an increase in the uptake of training opportunities and direct support for councillors with their ICT provision.

4.11. The move to provide increasing levels of Council services online has resulted in some challenges. Members recognise the imperative to achieve savings but the Committee has expressed concern that some residents have been unable to contact the Council as a result of unfamiliarity with IT or lack of access to online services. In its scrutiny of the Council's complaints and casework system the Committee has regularly reiterated the importance of ensuring equity and accessibility in the Council's contact with residents. Members have expressed their intent to further scrutinise the operation of the Council customer service systems in the next administration.

5. Performance monitoring

- 5.1. Scrutiny regularly uses performance information and data to examine the effectiveness of services. The Public Accounts Select Committee has specific responsibility to review the Council's overall performance – it fulfils this responsibility through the scrutiny of the management report. As noted above the Committee has devoted the majority of its agenda items over the past four years to performance monitoring.
- 5.2. The Committee also receives regular financial monitoring reports from the Executive Director of Regeneration and Resources. This has most often been presented by the Head of Financial Services along with the relevant group finance managers for the four Council directorates.
- 5.3. Along with its regular review of the management report and financial updates the committee receives periodic updates on other performance issues this includes an annual complaints report, which provides an assessment of each directorates performance in relation to complaints received from residents.

The management report

- 5.4. The Council's executive management team uses the management report to review the overall delivery of services in line with the Council's corporate priorities. These are:
 - Community Leadership
 - Young people's achievement and involvement
 - Clean, green and liveable
 - Safety, security and a visible presence
 - Strengthening the local economy
 - Decent homes for all
 - Protection of children
 - Caring for adults and older people
 - Active, healthy citizens
 - Inspiring efficiency, effectiveness and equity
- 5.5. The management report draws on data from:
 - performance indicators
 - project monitoring information
 - risk register assessments
 - financial reports.
- 5.6. The management report allows the Committee to examine areas of persistent underperformance. Alongside information about current performance, the report provides a history of the performance of the relevant indicator.

Overall Summary: Performance

Summary of performance indicators in this report.

Priority 2 - Young People's Achievement and Involvement				Priority 2 - Young People's Achievement and Involvement				Across all performance indicators in this report				Across all performance indicators in this report			
Overall Performance				Direction of Travel				Overall Performance				Direction of Travel			
▲	●	★	Total	▲	→	↘	Total	▲	●	★	Total	▲	→	↘	Total
2	0	0	2	1	0	1	2	6	3	10	19	10	1	8	19
Priority 3 - Clean, Green and Liveable				Priority 3 - Clean, Green and Liveable											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↘	Total								
1	1	1	3	2	0	1	3								
Priority 6 - Decent Homes for All				Priority 6 - Decent Homes for All											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↘	Total								
0	0	1	1	0	0	1	1								
Priority 7 - Protection of Children				Priority 7 - Protection of Children											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↘	Total								
1	0	2	3	2	1	0	3								
Priority 8 - Caring for Adults and Older People				Priority 8 - Caring for Adults and Older People											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↘	Total								
0	0	3	3	2	0	1	3								
Priority 9 - Active, Healthy Citizens				Priority 9 - Active, Healthy Citizens											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↘	Total								
1	0	0	1	1	0	0	1								
Priority 10 - Inspiring Efficiency, Effectiveness and Equity				Priority 10 - Inspiring Efficiency, Effectiveness and Equity											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↘	Total								
1	2	3	6	2	0	4	6								

Performance

This report contains July 2017 performance data, and finds that 13 indicators are reported as green or amber against target which is 2 more than the previous report. In July 2017, 6 indicators are reported as red against target, which is 2 less than the previous report. There are no indicators with missing data in July 2017, which is 4 less than the previous report.

Direction of Travel

A total of 8 indicators are showing an upward trend in July 2017, which is 1 more than the previous report. There are 10 indicators with a red direction of travel, which is 2 less than the last report. 1 indicator has remained the same.

N.B. direction of travel is the change in performance and is measured against the previous year. Therefore changes to targets from one year to the next will affect this.

- 5.7. The performance measures in the management report not only provide a picture of Council performance at a specific point in time but they also allow for the tracking of performance across time. The report provides analysis of the direction of travel of its performance measures as well as figures for the number of consecutive periods that a performance measure has been off target.
- 5.8. Sections of the report provide summaries of areas for management attention as well as areas good performance. From scrutinising the management report the Committee recognised that the Council's performance on completion of education, health and care plans was below target. It requested that the relevant managers attend the meeting to give account for the performance of their service.

Financial forecasts

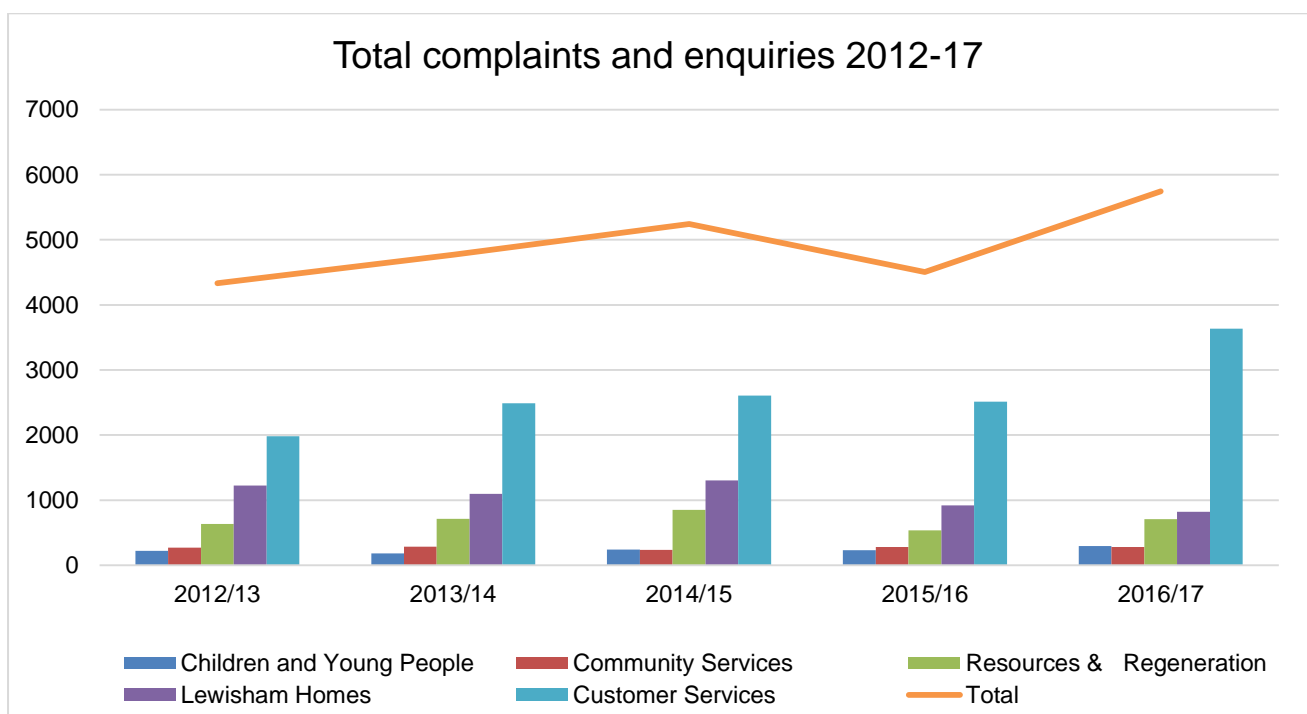
- 5.9. The financial forecast report provides the Committee with the opportunity to review the financial performance of each of the Council's four directorates between annual budget reports. Over the course of this administration, the Committee has considered 12 of these reports and questioned officers on areas of detail within each of the respective directorates.
- 5.10. Recent reports indicate that there are significant financial pressures facing a number of services. Particular amongst these are the pressures in children's and adults' social care. The Committee's response to the pressures in these services is explained in more detail below – however – it should be noted that the regular financial monitoring of services through the financial forecasts highlighted this issue to the Committee for further scrutiny.

5.11. The financial forecast also enables the Committee to consider the potential impact of future cost savings on the delivery of services. As set out in the previous sections of this report – the Committee has an important role in considering the implications of Lewisham Future Programme savings proposals. With the regular information gathered through the financial forecasts the Committee can develop a fuller picture of the performance of Council services in advance of its scrutiny of savings proposals and other significant management decisions.

(Insert comment on budget overspend forecast for 2017/18)

Annual complaints and casework report

5.12. In each year of this administration the Committee has requested performance data on complaints and casework. The annual complaints report provided the Committee with the opportunity to review performance over time and to identify areas of concern as well as opportunities for improvement. The chart below provides an overview of the complaints and enquiries data over the administration (including the latter years of the last administration):



5.13. Councillors on the Committee are in a privileged position to compare the data available from the Council’s official sources with their individual experiences of living and working within the communities they serve. Recent representations from the Committee have highlighted the impact of the increased use of digital customer services. Whilst recognising and critiquing the trends in the data Committee members have also been able to provide first hand experiences of using the Council’s automated switchboard and their attempts on behalf of residents to contact specific officers or teams within the Council.

- 5.14. The Committee has recognised the increased pressure on Council services that has occurred as a result of sustained reductions in funding from central government. The Committee has also noted that the number of staff able to deal with complaints and case work has been reduced in-line with the Council's year on year reductions in the number of Council staff available to deliver services and to provide back office support.
- 5.15. The Committee's role has been to act as a critical friend – challenging poor performance in instances it has concerns and complementing Council officers when they have demonstrated ability to continue with the provision of quality services in difficult circumstances.

6. Responding to emerging issues

Cost pressures in Children's and adults' social care

- 6.1. In advance of their consideration of the final year of Lewisham Future Programme savings proposals (in this administration), the Committee decided to scrutinise two significant areas of service delivery that were experiencing intense cost pressures. It noted overspends in children's and adults' social care in the financial results for 2016-17 and the financial forecasts it reviewed for the first quarter of 2017-18. The Committee asked for additional performance data for the two services including:

**PUBLIC ACCOUNTS
SELECT COMMITTEE**

REVIEW OF ASC BUDGETS

27TH SEPTEMBER, 2017

- the relationship between activity numbers and costs;
- trends to date and for future demand;
- benchmarking with other London boroughs.

- 6.2. The Committee wanted to better understand the reasons for the ongoing cost pressures in these services as well as the statutory boundaries for delivery and potential options for delivering services differently. It also wanted to understand whether there were other examples of authorities doing things differently and with impact.
- 6.3. Members of the Children and Young People Select Committee were also invited to attend the meeting to ensure that the scrutiny was as comprehensive as possible. Directors of Children's and Adults' social care were invited to attend the meeting alongside the Executive Directors for Children and Young People, Community Services and Resources and Regeneration in order to give account for decisions they were taking in relation to the cost pressures in these services.
- 6.4. The Committee recognised the balance that needed to be sought between providing quality services for Lewisham's most vulnerable residents whilst ensuring that that delivery of those services was carried out with the best stewardship of Council funds. The Committee wanted to better understand the factors that were driving costs in the most critical areas, as well as the actions taken by comparable local authorities to

control those pressures. Specifically, the Committee queried the levels of assessment activity in children's social care in relation to the activity in other boroughs. It also sought to better understand the costs of residential and nursing care. The Committee heard that the costs of residential care in some other London boroughs (including those neighbouring Lewisham) were less than those in the borough. Accordingly, the Committee recommended that further work should take place to explore options for working with other London boroughs in order to share services and determine whether there were ways of managing or offsetting future costs.

- 6.5. (INSERT) comment on the final quarter of 2017/18 financial results for social care. Given the importance of these services and the Council's expressed intention to protect services for the most vulnerable residents – as well as the intensifying pressures on Council budgets – the Committee will need to revisit these issues in the next administration.

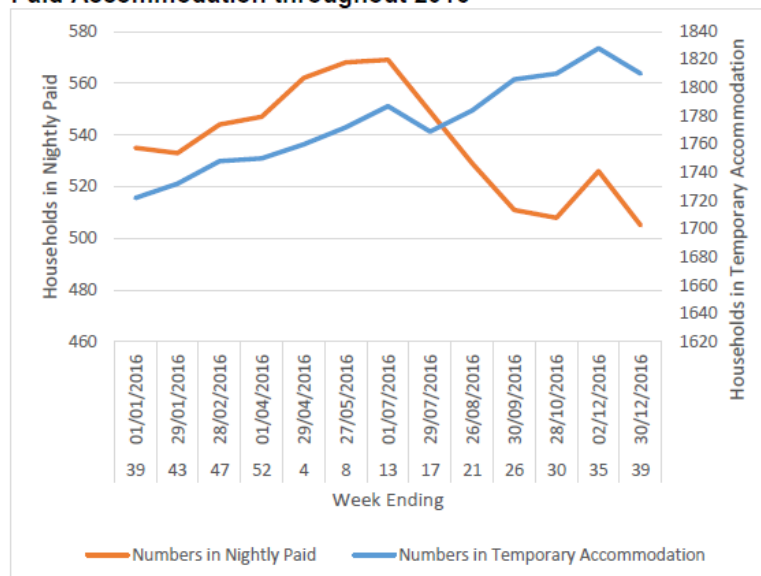
Temporary accommodation pressures

- 6.6. Another example of the Committee fulfilling its performance monitoring role is its questioning of officers about temporary accommodation pressures. As part of the Committee's regular monitoring of Council resources it noted an increasing pressure on the temporary accommodation budget. A particular concern arose in 2015 when a forecasted £2.4m overspend was reported in the Strategic Housing service for 2015/16, solely relating to expenditure on nightly paid temporary accommodation³.
- 6.7. During the Committee's initial questioning of officers, it was noted that the pressure on temporary accommodation was a London-wide issue and that the Council was undertaking a variety of activities to manage housing demand, increase supply and to reduce the costs in this area. The Committee heard that this included participating in a pan-London scheme intended to restrict the ability of landlords to charge excessive rents to boroughs procuring temporary accommodation. Public Accounts Committee recognised that collaboration with other boroughs was needed to tackle this issue.
- 6.8. When developing its 2016/17 work programme the Committee ensured that officers would be required to return before it to give an account of the work they had carried out to secure sustainable housing for households in need of temporary accommodation and to ease the pressure on the strategic housing budget.
- 6.9. At a follow up meeting (in early 2017) the Committee heard that the demand for temporary accommodation had increased by 89% in the period since 2011. At the same time supply (the number of homes available for homeless households and other households in need) had reduced by 40%. This combination of factors presented a significant challenge for the borough's strategic housing services.

³ See the 'Temporary accommodation pressures and pan-London working update' report to Public Accounts Select Committee 25 January 2017, which is available online at: <https://tinyurl.com/yau3yasl>

- 6.10. The Committee was assured that the Council was working in a coordinated way across directorates to rise to the challenge and that work taking place included: managing demand by preventing homelessness; increasing overall housing supply and; developing options for stable and less costly options for temporary accommodation across London.
- 6.11. The Committee also heard about the inter-borough accommodation deal, which had helped to control the costs of temporary accommodation. It was noted that, if the Council had continued to pay for nightly accommodation at the same rate as in September 2015, there would have been an additional £900k cost pressure on the strategic housing budget. The Committee also heard that the Council's efforts had reduced the number of households in temporary accommodation below 500 for the first time in a number of years.
- 6.12. Nonetheless, the Committee recognised that there were emerging pressures, including the homeless reduction bill, reduced access to the private sector leasing scheme and the ongoing impact of welfare reform that might impact on the ability of the Council to manage demand and reduce pressure on the strategic housing budget.
- 6.13. The graph below outlines the ongoing increase in the number of households in temporary accommodation arranged by Lewisham in 2016 and the reduction in the use of nightly paid accommodation over the same period.

Number of Households in Temporary Accommodation & Nightly Paid Accommodation throughout 2016



- 6.14 The Committee commended officers for the proactive and innovative approaches that had been taken to reducing the demand for temporary accommodation and it reiterated its expectation that work would continue to develop solutions in partnership with other London boroughs.

7. Future challenges

7.1. Leaving the EU

7.2. The Committee has heard from officers on a number of occasions that the current policy environment is one of continuing uncertainty. The significance of this is demonstrated by the scale of the uncertainty inherent in the UK's negotiations to leave the European Union (EU). The Committee recognised that as the implications of this change are felt nationally they will reverberate within London and within the London boroughs. In particular, there are potential implications for London's jobs market, which is global in its diversity and scale and is made up of a significant proportion of international workers. The implications for London's financial centre might also impact within Lewisham due to its proximity to the financial centres of the City of London and Canary Wharf.

7.3. The Committee requested an assessment from Council officers of the possible impact on Lewisham of the UK's decision to leave the EU. The report was well received by the Committee, however, it was noted that the prevailing feature of the coming years is a picture of uncertainty and lack of clarity on key issues, including unresolved question about the impact in Lewisham, such as⁴:

- *People* – in London some 20% of the population were born abroad, many in the EU. Where will the numbers and skills come from to supply the workforce needed in the future?
- *Costs* – given the complexity of supply chains and business interconnections with Europe there will almost certainly be unintended consequences from Brexit. This will have implications for the cost of doing business, the access to global investments for pension funds, returns from London registered operations, and other changes to asset valuations (in particular in respect of property prices in London).
- *EU funding for research and economic development*. A number of aspects of medical research, university study, skills training are currently funded by EU programmes. How these are funded in the future has to be resolved and against what priorities. For example; London is recognised as a congested and polluted city but will the UK post Brexit hold it to the same standards. At a more local level will schemes such as the Erasmus one to provide exposure to learning and culture in Europe continue to give young people in Lewisham the same opportunities as they currently have?

Household budgets

7.4. The picture of ongoing uncertainty in the midst of economic, political and legislative change led the Committee to consider the potential impact on Lewisham households. In particular, it was interested to understand how changes in the economy such as the unpredictability of increases in inflation might impact on household incomes. The Committee considered a scoping report for a review early in 2017-18 and it also heard from officers about the work of Lewisham's poverty commission. The Chair of

⁴ See the officer report on leaving the EU at the meeting of Public Accounts Select Committee on 15 March 2017 online here: <https://tinyurl.com/ybfe3qx2>

the Committee also met with the Chair of the poverty commission to explore areas of mutual interest.

- 7.5. Following the review of the available information and updates on the work of the poverty commission, the Committee resolved to receive analysis about household budgets in Lewisham alongside information about the minimum income standard (which was developed by the Joseph Rowntree foundation and the Trust for London in order to assess basic household living costs). The Committee recognised that the ongoing impact of inflation and wage restraint combined with the high costs of living in London (the cost of housing in particular) might be combining to make households with middle incomes feel increasing pressure on their incomes.
- 7.6. The discussion of the issues having an impact on household budgets provided an opportunity for the Committee to consider how it might develop its future work programme. It also enabled it to further understand the effect of future changes in Council policy on different households. The prevailing financial climate means that further budget savings will be required in future years, this analysis forms part of the background to the Committee's understanding of the local economy and it has increased members' knowledge.

The Medium Term Financial Strategy

- 7.7. The Medium Term financial strategy provides a set of projections for the Council's financial position in the coming years. It forms part of the foundation for the annual budget setting and savings programmes. In each year of the administration the Committee has considered an update of the strategy, which sets out:
- the expected resource envelope that the Council's General Fund must operate within in each following year.
 - service and other spending projections (e.g. Housing Revenue Account, Capital Programme, Dedicated Schools Grant, and other funding streams) and the main factors that may affect these.
 - projections of the Council's general fund budget gap, which is the difference between the resource envelope and spending projections.
 - the measures the Council needs to take to address the budget gap through the Lewisham Future Programme.
 - attempts to project funding in future years, and identifies the main factors that might affect this.
- 7.8. As noted above, the strategy⁵ sets out potential scenarios for Council funding in future years. In 2017/18 the Committee heard that the projections for future years were particularly susceptible to uncertainty and change. Accordingly, projections for future years include some sensitivity analysis for optimistic, main and pessimistic projection for each year. Depending on the assumptions made, the main case represents the most likely outcome:

⁵ See the 2018/19 – 2021/22 Medium Term Financial Strategy considered at Public Accounts Select Committee at its meeting on 13 July 2017, which is available online here: <https://tinyurl.com/y7kvze58>

	Optimistic Case				Main Case				Pessimistic Case			
	2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Business Rates												
Baseline	91.72	94.98	96.88	98.82	91.72	94.98	96.88	98.82	91.72	94.98	96.88	98.82
RSG	36.94	27.55	22.04	17.83	36.94	27.55	20.50	16.00	36.94	27.55	19.28	13.50
Ctax	98.64	104.12	107.78	111.58	98.13	103.58	107.22	110.99	96.23	99.63	101.13	104.69
Ctax Collection Fund	0.00	0.00	3.00	3.00	0.00	0.00	2.00	2.00	0.00	0.00	0.00	0.00
Total Resources	227.30	226.65	229.70	231.03	226.79	226.11	226.6	227.81	224.89	222.16	217.29	217.01
Total Revenue												
Expenditure	248.65	237.06	236.69	239.76	248.65	237.06	236.64	237.22	250.32	236.89	234.48	229.75
Budget Gap	21.35	10.41	6.99	8.73	21.86	10.95	10.04	9.41	25.43	14.73	17.19	12.74
Approved Savings	-0.58	-0.10	0.00	0.00	-0.58	-0.10	0.00	0.00	-0.58	-0.10	0.00	0.00
Additional Annual Savings Required	20.77	10.31	6.99	8.73	21.28	10.85	10.04	9.41	24.85	14.63	17.19	12.74
Cumulative Savings Required		31.08	38.07	46.80		32.13	42.17	51.58		39.47	56.66	69.41

- 7.9. Alongside the regular financial updates, monitoring and savings reports that are presented to the Committee, the strategy forms an essential part of the analysis required by Members to understand the overall financial structure and direction of Council services. It enables the Committee to assist in the development of priorities and to identify areas for concern, prioritisation of effort and further scrutiny.
- 7.10. The most recent medium term financial strategy (in summer 2017) identified that, in order to put Lewisham's finances on a sustainable footing, the Council would need to find £33m of ongoing savings in the two years to 2019/22 - £22m in 2018/19 and £11m in 2019/20. It reported that this was on top of action to monitor the persistent overspend in directorate budgets (as set out in the sections on the Lewisham Future Programme and financial monitoring in previous sections of this report).
- 7.11. The Committee questioned the assumptions that had been used to determine the projections – and it highlighted the regularly changing nature of national politics and the role that this might have on government austerity and the potential delivery of savings proposals.
- 7.12. Even in the optimistic case set out by officers in the most recent medium term financial strategy, a significant level of savings will be required in the years to 2022. Committee members (and all councillors) will need to assure themselves that they have a good understanding of the Council's changing financial position and, as uncertainties resolve and government policy changes, the Committee will be required to demonstrate leadership and diligence as it challenges decision makers and fulfils its responsibilities.

Appendix:

Appendix A – scrutiny committee terms of reference

Appendix B – committee referrals and responses from Mayor and Cabinet 2014-18

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 Public Accounts Select Committee has these specific terms of reference:

(a) To exercise all the functions and roles of the overview and scrutiny committee in relation to the following matters:

- 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.

Public Accounts Select Committee Work Programme 2017/18

Programme of work

Work Item	Type of review	Priority	Strategic priority	Delivery deadline	19-Apr	28-Jun	13-Jul	27-Sep	16-Nov	20-Dec	06-Feb	21-Mar
Lewisham Future Programme	Performance monitoring	High	CP10	Ongoing					Savings			
Election of Chair and Vice-Chair	Constitutional requirement	High	CP10	Apr								
Select committee work programme 2017/18	Constitutional requirement	High	CP10	Ongoing								
Income generation and commercialisation	Performance monitoring	High	CP10	Mar								
Management report	Performance monitoring	Medium	CP10	Ongoing								
School budgets (Jointly with CYP select committee)	Performance monitoring	High	CP 2	Jun								
IT Strategy update	Standard item	High	CP10	Jul								
Final outturn 2016/17	Performance monitoring	Medium	CP10	Jun								
Medium term financial strategy	Standard item	Medium	CP10	Jul								
Financial forecasts 2017/18	Performance monitoring	High	CP10	Ongoing								
Mid-year treasury management review	Performance monitoring	Medium	CP10	Nov								
Cost pressures in adult and children's social care	Performance monitoring	High	CP10	Sep								
Communicating the Council's budget position	Policy development	High	CP10	Sep								
Household budgets review	Rapid review	High	CP10	Feb		Scope						
Private finance initiatives	Standard item	Medium	CP10	Dec								
Annual complaints report	Performance monitoring	Low	CP10	Dec								
Asset management update	Performance monitoring	Medium	CP10	Mar								
Annual budget 2018/19	Standard item	High	CP10	Feb								
Audit panel update	Constitutional Requirement	Low	CP10	Mar								

	Item completed
	Item on-going
	Item outstanding
	Proposed timeframe
	Item added

Meetings					
1)	Wed	19 Apr	5)	Thu	16 Nov
2)	Wed	28 Jun	6)	Wed	20 Dec
3)	Thu	13 Jul	7)	Tue	6 Feb
4)	Wed	27 Sep	8)	Wed	21 Mar

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