

Public Accounts Select Committee Agenda

Thursday, 9 May 2019
7.00 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 Thursday, 9 May 2019.

Janet Senior, Acting Chief Executive
Tuesday, 30 April 2019

Councillor Jim Mallory (Chair)	
Councillor Louise Krupski (Vice-Chair)	
Councillor Tauseef Anwar	
Councillor Juliet Campbell	
Councillor Patrick Codd	
Councillor Alan Hall	
Councillor Mark Ingleby	
Councillor Paul Maslin	
Councillor Joan Millbank	
Councillor James Rathbone	
Councillor Bill Brown (ex-Officio)	
Councillor Sakina Sheikh (ex-Officio)	

Public Accounts Select Committee		
Title	Confirmation of the Chair and Vice-Chair of the Public Accounts Select Committee	
Contributor	Acting Chief Executive (Head of Business and Committee)	Item 1
Class	Part 1 (open)	9 May 2019

1. Summary

- 1.1 Further to the annual general meeting of Council on 3 April 2019 and the subsequent meeting of the Overview and Scrutiny Committee, this report informs the Select Committee of the appointment of a Chair and Vice Chair of the Public Accounts Select Committee.

2. Purpose of the report

- 2.1 To issue directions to the Select Committee regarding the election of its Chair and Vice-Chair.

3. Recommendations

- 3.1 The Select Committee is recommended to:
- (i) Confirm the election of Councillor Jim Mallory as Chair of the Public Accounts Select Committee.
 - (ii) Confirm the election of Councillor Louise Krupski as Vice-Chair.

4. Background

- 4.1 On 3 April 2019, the annual general meeting of the Council considered a report setting out an allocation of seats on committees to political groups on the Council in compliance with the requirements of the Local Government and Housing Act 1989.
- 4.2 The constitutional allocation for both chairs and vice chairs of select committees is:

Labour: 6

5. Financial Implications

- 5.1 There are no financial implications arising from the implementation of the recommendation in this report.

6. Legal Implications

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

Background papers

Council AGM 3 April 2019 - agenda and papers are available on the Council website here: <http://tinyurl.com/council030419> or on request from **Kevin Flaherty**, Head of Business and Committee (020 8314 9327)

Overview and Scrutiny Committee 3 April 2018 agenda and papers are available online here: <http://tinyurl.com/osc030419> or on request.

If you have any questions about this report, please contact **Timothy Andrew** Scrutiny Manager; (timothy.andrew@lewisham.gov.uk)

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 20 March 2019 at 7.00 pm

PRESENT: Councillors Jim Mallory (Chair), Louise Krupski (Vice-Chair), Patrick Codd, Alan Hall, Mark Ingleby, Paul Maslin and Joan Millbank

ALSO PRESENT: Councillor James Rathbone, Councillor Amanda De Ryk (Cabinet Member for Finance, Skills and Jobs (job share)), Timothy Andrew (Scrutiny Manager), David Austin (Head of Corporate Resources), Mala Dadlani (Group Finance Manager, Children and Young People), Chris Damri (SGM Asset Strategy and Technical Support), Lynne Farrow (Group Finance Manager, Customer Services), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Andy Mudd (Head of APSE Solutions) (Association for Public Service Excellence), Freddie Murray (Assistant Director, Regeneration and Place), Katharine Nidd (Strategic Procurement and Commercial Services Manager) (LBL) and Selwyn Thompson (Head of Financial Services)

1. Minutes of the meeting held on 5 February 2019

1.1 Robert Mellors (Group Finance Manager, Community Services) was invited to provide an update on the figures for adult social care spending that were requested at the last meeting (attached to the minutes) - the following key points were noted:

- The figures provided information about the net budget for adult social care – and included details of external funding available in addition to the core budget for social care.
- In the current financial year the core budget was £71.2m (including £1m of funding from the council tax precept)
- Including additional resources from Better Care and Improved Better Care funds, the Community Services directorate had been able to spend a sum in excess of £80m in relation to adult social care.

1.2 Councillor Amanda de Ryk (Cabinet Member for Finance, Skills and Jobs) was invited to comment on the adult social care budget. The following key points were noted:

- There needed to be additional focus on transition from children's to adult social care.
- Some work had taken place on making changes to transport services but further focus needed to be given to this area of expenditure.
- A new director of adult social care had been appointed. It was hoped that they would bring new thinking to some of the challenges of the role.
- Additional work needed to take place on the budgets for Public Health.

1.3 **Resolved:** that the minutes of the meeting held on 5 February be agreed as an accurate record. It was also agreed that the new director of adult social care would be invited to a future meeting of the Committee.

2. Declarations of interest

Councillor Ingleby declared a non-prejudicial interest in relation to item seven as a Director of Lewisham Homes.

3. Responses from Mayor and Cabinet

3.1 There were none. The Committee requested an update on the response to its referral on the financial control review. A response is due at Mayor and Cabinet on 24 April 2019.

4. Income generation and commercialisation

4.1 Andy Mudd (Head of APSE Solution, Association for Public Service Excellence) introduced a presentation (included with the minutes). In addition to the information provided in the slides, the following key points were noted:

- The Association for Public Service Excellence (APSE) was a networking organisation, which supported the sharing of best practice.
- Changes in the law meant that there were more commercial services opportunities open to councils. However, there was still a reluctance to embrace the agenda, particularly in London.
- It was important to understand that commercialisation was different from charging fees (which councils already did for a range of services). To be commercial mean that services had to be provided in a market – in which customers had a choice of providers.
- There were very few authorities that were producing income from purely commercial services (as opposed to gaining income from fees, charges and investments).
- One of the drawbacks of councils' increasing moves to commercialisation was that they had inadvertently created markets for private businesses in services that were previously the preserve of councils.
- For example, increases in charges for bereavement services meant that it was now profitable for private companies to offer services previously only provided by councils.
- Councils were tentative about charging for services to make money but ultimately, commercialisation was about making profits to offset costs.
- There was a lot of property investment activity in London (as opposed to trading and commercial services).
- A number of authorities had embarked on projects to develop commercial services, including: Oxford (which had set up a trading arm); Nottingham (which had created an energy company and had a profitable parks department); Birmingham (which was making money from digital advertising); Spelthorne (which had heavily invested in commercial property); Wandsworth (which had created a commercial property portfolio); Hackney (which had invested in housing) and the City of London (which owned approximately £26b of property in central London); Westminster (which made money from parking).
- Lewisham was ahead of many other London authorities in its approach to commercialisation.
- London boroughs had not faced the level of financial pressure being felt by other councils (particularly those in the north).
- Elected members had to create the conditions for officers to change council culture.
- It was important that councils encouraged the development of the right skills amongst officers.
- There was sometimes tension between the focus on providing 'societal good' and focusing on serving customers.
- Council commercial activities could support wider ambitions for public good by providing local employment and developing local markets.

4.2 Andy Mudd responded to questions from the Committee, the following key points were noted:

- Councils did not collect standardised information about the money they made from commercial services.
- London councils had significant opportunities for generating income from parks due to the density of populations as well as the quality and accessibility of green spaces and good weather.
- Public perceptions (and business perceptions) of councils acting in a commercial way had to be anticipated and managed.
- It was important that councils were open and transparent in their operations in order to avoid perceptions of unfairness/public subsidy of commercial activity.
- It was important that councils had a good understanding of the income being generated by their services – which was why trading accounts (that allow the tracking of funds between services) were important.
- Rather than separating commercial services from democratic oversight – it was important that there was strong governance for commercial activities. The most successful commercial activities by councils had strong political leadership and clear operating parameters.
- Other public sector organisations provided lots of opportunities for selling services because they required all of the same services that the Council was already supplying.

4.3 Katherine Nidd (Strategic Procurement and Commercial Services Manager) introduced the report, the following key points were noted:

- The income generation strategy and fees & charges framework (presented in draft to the Committee in December 2018) had been approved by Mayor and Cabinet.
- The focus would now move to developing officers' commercial mind-set as well as changing the Council's culture and enabling Council officers to use the tools developed as part of the income generation strategy.
- The work that was being carried out on fees and charges would feed into the next budget setting report for February (2020).
- Mayor and Cabinet had approved a growth budget for procurement and commercial services. This would enable the hiring of officers to support and develop this area of work.
- Mayor and Cabinet had also agreed the procurement social value policy.
- The Centre for Local Economic Strategy (CLES) had been commissioned to carry out work at the Council on income generation, community wealth building, procurement and other initiatives. Work would also take place with Lewisham's public sector partners (including Phoenix Housing; Lewisham Homes; Lewisham and Greenwich Trust; Lewisham Southwark College and Goldsmiths University)

4.4 Katherine Nidd and David Austin (Head of Corporate Resources) responded to questions from the Committee, the following key points were noted:

- Updates could be provided throughout the year on progress with the fees and charges framework.
- The income generation strategy provided a set of defined terms in order to provide clarity.
- The income generation strategy also related to the cuts programme – which included a number of income generation proposals.
- A new post had been proposed to support fees and charges work.

- One of the areas that the new appointees to the procurement and commercial service team would consider was contract management, which was historically a difficult area to get right.
- Work had started on exploring opportunities for future insourcing.
- There were proposals to reintroduce trading accounts for some services. They had been removed as part of previous rounds of efficiency savings but the deployment of Oracle Cloud provided an opportunity to re-implement them.
- Work was ongoing to develop the Council's approach to fees and charges. This incorporated demand modelling and activity based costing. It would be difficult to provide targets for income from fees and charges at present.
- Current commercial activity fitted within the Council's governance structures and was aligned with its principles.
- It would be three to six months before the income generation approach would become widely recognised by officers and begin to deliver on its ambitions.

4.5 Councillor Amanda de Ryk addressed the Committee, the following key points were noted:

- There was an appetite amongst Council officers for change.
- If officers were asked to take risks and innovate – there also had to be an acceptance that some projects would fail.
- Any commercial activity had to work for the Council culturally as well as financially.
- There were options for the Council to work collaboratively with partner organisations in the public sector and with other councils.
- It might be necessary for the Council to appoint specialists to support this work.
- It was important that the Council moved quickly and learnt lessons from new initiatives as well as failures.

4.6 In the Committee's discussions (which included members attending under standing orders), the following key points were also noted:

- Transport for London had significant investment in commercial advertising which limited opportunities for London Councils.
- There were risks from doing nothing (in contrast with the risk of developing more commercial services and projects).
- Lewisham's Mayor and Cabinet needed to support the change in Lewisham's culture.
- Councils were not known for the effectiveness of their contract management. The Public Accounts Select Committee should consider scrutinising the effectiveness of contracted service providers (including the parks service and providers of highways maintenance)
- Members were concerned about the complexity of Council contracts and the level of enforcement that was carried out.
- It was felt that the Council should strongly enforce contracts to save money and improve the quality of service delivery.
- Members would welcome additional information about the opportunities for the Council to operate a 'VAT shelter' for commercially provided services.
- Consideration could be given to isolating commercial activity from democratic oversight – or to ensuring that decision making could be made quickly.

- Officers were asked to review the sequence of programming of service reviews through the fees and charges framework. It was felt that increased trading of building control, environmental services, cleaning should be priorities alongside the creation of a public services staffing agency.
- It was noted that the Committee would receive additional information during the next round of cuts on the work taking place to deliver income generating activities.

4.7 **Resolved:** the Committee endorsed the report and welcomed the contribution from Andy Mudd. It highlighted the importance of member accountability and the necessity of operational clarity for any future commercial service activity.
It was also agreed that the Committee would share its views with Mayor and Cabinet as follows:
In order to allow for the tracking and development of income generating activities the Committee believes that, for the appropriate services, officers should be tasked with considering the reimplementation of trading accounts.

5. Financial forecasts 2018-19

5.1 Selwyn Thompson (Head of Financial Services) introduced the report, the following key points were noted:

- The forecasts presented the Council's financial position to the end of January 2019 – at that point the Council had overspent its budget by £9.9m against a projection of £10.4m.
- The Council had been using Oracle Cloud for ten months. It would be an increasingly effective tool for assisting managers to control their budgets.
- The Community Services directorate was projecting an underspend of £1.9m.
- The Customer Services directorate was overspent by £2.5m.
- The Public Services division in Customer Services had been underspending by £300k but it was now overspending by £300k. This was as a result of changes in council tax administration and a drop in the recovery of housing benefit overpayments.
- The Children and Young People directorate have been overspent by £9.6m for a number of months.
- An improvement board, chaired by the Cabinet Member for School Performance and Children's Services was meeting regularly to oversee the improvement plan for children's social care.
- There was also a CYP finance board – which oversaw spending pressures in the directorate's budget.
- Community Services had underspent on the funding it had been allocated for winter pressures, which contributed to the directorate's overall underspending position.
- The Council continued to provide support for schools with their budgets.
- Council tax collection was slightly down on target.
- Income shortfalls on commercial rents had increased the budget pressure on the regeneration and place division.
- It was anticipated that the expenditure of the capital programme would move closer to target towards the end of the year.

5.2 Selwyn Thompson, Mala Dadlani (Group Finance Manager, Children and Young People) and Lynne Farrow (Group Finance Manager, Customer

Services) and David Austin responded to questions from the Committee, the following key points were noted:

- The figures provided in the report for volumes of activity and expenditure in children's services were averages of placements throughout the year. In reality, the costs fluctuated during the year and were dependent on the types of placements being used.
- Further work was taking place on developing the sufficiency strategy for children's social care placements.
- The issue of placements was complex. This was because the cheapest placement might not be the best for a child. Placing a child in the incorrect placement could lead to problems and increased future costs.
- There was a potential for future pressure in the 'no recourse to public funds' budget.
- No immediate figures were available on the impact of Lewisham becoming a 'sanctuary borough' for refugees.
- Some additional funding had previously been made available by government to support unaccompanied asylum seeking children.
- Budgets in children's social care would be reviewed throughout the year to determine how effective the current programme of transformation work was.
- Income and expenditure in the parking service budget had both increased.
- The Council was charged transaction fees and bank charges by providers for cashless parking.
- The budget for the technology and change division had been adjusted for 2019-20. It was originally intended that the shared service would sell its services to others – however – the London Borough of Southwark had joined the service as a partner (rather than as a customer) which meant that previously projected savings had not been achieved.
- There had also been a significant security breach during the course of the year – which required the shared service to update its systems. This resulted in additional costs and contributed to the ongoing overspend in the division.
- There were also additional costs from the introduction of the general data protection regulations.

5.3 In the Committee's discussions, the following key points were also noted:

- There was challenge to officers regarding the activities being carried out in children's services to manage overspending in light of the apparent lack of change over the course of the past year.
- There was a challenge to the figures provided in the report detailing placements for children in social care. There appeared to be a £275k variance.
- Whilst supportive of the policy, Members expressed concern about the lack of projections for the additional costs of Lewisham becoming a 'sanctuary borough' for refugees. This was particularly the case given the previous pressures on the budget for the 'no recourse to public funds' team at the Council.

5.4 **Resolved:** that figures would be provided in future reports regarding the 'no recourse to public funds' budget. Additional information would also be provided on the fees paid to suppliers for cashless parking services.

6. Audit Panel update

6.1 David Austin introduced the report, the following key points were noted:

- The Panel had met during the year, as intended.
- It had covered all of the work in its programme as well as a number of other issues.

6.2 Councillor Alan Hall (Chair of the Audit Panel) addressed the Committee, the following key points were noted:

- The Panel had met throughout the year, as intended. It also convened an additional informal meeting because reports that it was due to consider had not been made available to it in a timely fashion.
- The annual audit letter had been received from the Council's external auditors. It included a qualification regarding the accounts for the transformation and change division.
- The auditors had also commented on the departure of the former chief executive. It was noted that the Council needed to reflect on its processes and consider the Council's governance in a strategic way.
- The Panel recommended that the Public Accounts Select Committee should consider an update on the operation and governance of the Catford Regeneration Partnership Limited (CRPL).
- As the masterplan for Catford progressed, it was acknowledged that the Partnership's governance structure would need to change.
- He noted his ongoing concern that there was little meaningful change at the Council.
- He asked that his thanks to the independent members (Stephen Warren, Carol Murray and Ian Pleace) of the Audit Panel be put on record.
- He also thanked the City of London Corporation for its support and advice.

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

- The business plan for the CRPL would be presented to Mayor and Cabinet next week. It set out all of the company's activity, ambitions and objectives for the year, as approved by Council. The report was produced annually.
- Officers would provide a report about the governance and operation of the CRPL.
- CRPL, as structured at present (in line with its articles of association) could not carry out the Catford regeneration programme.

6.4 In Committee discussions (which included members attending under standing orders) the following key points were noted:

- A view was expressed that the work of the Audit Panel in the previous year could have been more closely focused on its principal responsibilities - as opposed to questioning its own terms of reference and the broader issues under its remit.
- The Chair of the Audit Panel shared personal acknowledgements that he had received regarding the work of the Panel - as well as instances of apparent failures that had been raised through the work of the Panel.

6.5 **Resolved:** That the report be noted. It was also agreed that officers would provide a report about the governance and operation of the CRPL.

7. Asset management update

7.1 Freddie Murray (Assistant Director, Regeneration and Place) introduced the report, the following key points were noted:

- Work was taking place across the corporate estate to make the best use of the Council's assets.
- The insourcing of the Council's facilities management contract was underway.
- Previously facilities management services were being delivered by Kier. There was a backlog of work to deal with. Further work would take place in future to procure specialist services.
- Work was progressing with the 'One Public Estate' programme, funded by central government.

7.2 Freddie Murray responded to questions from the Committee, the following key points were noted:

- A pilot for condition survey work across the corporate estate was currently being carried out.
- It was planned that there be surveys for the fabric of buildings as well as for building mechanical and electrical services. Surveys were carried out on approximately five year cycle.
- Some work had been carried out to consider the development potential of garages owned by the Council and assess their quality.
- There were very few Council assets being sold (in line with Council policy). However – the assumption was that any money made from sales would return to the capital fund.
- There were regular meetings between officers in property services and those in community services to ensure there was a coordinated approach to the use of Council buildings by community groups.

7.3 In the Committee's discussions (including members attending under standing orders) the following key points were noted:

- Developing an understanding of the commercial potential of buildings being used by the community and voluntary sector should be cautiously welcomed.
- Members noted the community gain from the work of community and voluntary sector organisations.
- Officers should revisit previous work that was carried out in this area.

7.4 **Resolved:** the Committee endorsed the report.

8. Select Committee work programme

8.1 The Committee discussed the work programme and agreed it would focus on key priorities in the coming year. Particular issues of interest (to be agreed at the first meeting of the new municipal year) could include: transport; contract management; income generation and commercialisation; adult social care - including transition from children's to adult social care.

9. Referrals to Mayor and Cabinet

9.1 **Resolved:** that the Committee's comments under item four be referred to Mayor and Cabinet.

The meeting ended at 10.00 pm

Chair: -----

Date: -----

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Public Accounts Select Committee		
Title	Declaration of interests	
Contributor	Chief Executive	Item 3
Class	Part 1 (open)	2019-20

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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Public Accounts Select Committee		
Title	Responses to referrals	
Contributor	Scrutiny Manager	Item 4
Class	Part 1 (open)	09 May 2019

1. Purpose

To advise the Committee of responses to its referrals.

2. Recommendations

2.1 The Committee is recommended to receive the response to its referral.

3. Responses to referrals

3.1 At its meeting on 24 April 2019 Mayor and Cabinet considered a response to the Committee's referral on the financial control review. It was agreed that the response be sent to the Committee for consideration.

3.2 The response follows this covering report.

4. Financial implications

4.1 There are no financial implications arising from the implementation of the recommendation in this report.

5. Legal implications

5.1 The Constitution provides for Select Committees to refer reports to the Mayor and Cabinet, who are obliged to consider the report and the proposed response from the relevant Executive Director; and report back to the Committee within two months (not including recess).

Background documents

Agenda and minutes of the meeting of Mayor and Cabinet on 24 April 2019:
<https://tinyurl.com/mandc240419>

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MAYOR & CABINET			
Report Title	Response to comments of the Public Accounts Select Committee on the Financial Control Review		
Key Decision	No	Item No.	
Ward	All		
Contributors	Acting Chief Finance Officer		
Class	Part 1	Date:	24 April 2019

1. Purpose

- 1.1. To provide Mayor & Cabinet (M&C) with a response to the comments of the Public Accounts Select Committee (PASC) in respect of the External Finance Review conducted in 2018.

2. Executive Summary

- 2.1. The report provides an update on the actions completed, in progress, and planned in response to the specific recommendations made in the Finance Review.
- 2.2. Progress to date has been positive and work continues as the Council continues to juggle the financial challenges of delivering the ambitions of the Corporate Strategy within the constraints of limited and declining resources.

3. Recommendations

- 3.1. M&C are asked to note this report and forward the response to the PASC.

4. Policy Context

- 4.1. The Council has set out its corporate priorities in “Corporate Strategy 2018-2022”. They are:
 - Open Lewisham: Lewisham is a welcoming place of safety for all where we celebrate the diversity that strengthens us.
 - Tackling the housing crisis: Everyone has a decent home that is secure and affordable.
 - Giving children and young people the best start in life: Every child has access to an outstanding and inspiring education and is given the support they need to keep them safe, well and able to achieve their full potential.
 - Building an inclusive local economy: Everyone can access high quality job opportunities, with decent pay and security in our thriving and inclusive local economy.

- Delivering and defending: health, social care and support: Ensuring everyone received the health, mental health, social care and support services they need.
- Making Lewisham greener: Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.
- Building safer communities: Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

4.2. To ensure effective financial control continues to be a characteristic of the Council, the actions in this report will assist officers and members as they work on delivering the corporate priorities.

5. Background

5.1. On Thursday 20 December, the PASC considered an officer report on the External Finance Review which had concluded in October 2018. PASC comments were received by M&C on the 6 February 2019 and officers were asked to provide a response to M&C on the 24 April 2019. The remainder of this report is that response.

5.2. PASC resolved to advise Mayor and Cabinet of the following:

- The Committee welcomes the financial control review. It recommends that Mayor and Cabinet should give it careful consideration before seeking detailed responses on each of the issues raised, including: the finances of children and young people's services; adult social care; the housing revenue account; health services; income generation; IT and the general culture of monitoring at the Council.
- The Committee also requests that the response return to the Committee with additional clarification around expenditure and accounting between the housing revenue account and the general fund.

6. Action Plan Update and Response to PASC

6.1. The update in respect of the first comment from PASC is covered in Appendix A presented with this report. This takes the original action plan as reported and adds commentary on progress with each. Overall progress to date has been positive and the work continues in line with the timeframes identified.

6.2. In addition to the above, PASC requested clarification around expenditure and accounting between the HRA (HRA) and General Fund. This was in the context of the specific finding raised at 14 e) of the external report which stated:

- There do not appear to be pressures on the Housing Revenue Account (HRA) to find economies, with additional investment potentially benefitting the General Fund.

6.3. The original officer response did not agree this recommendation due to the HRA ring-fence accounting rules and concern the implication of agreeing the finding could be taken as finding economies in the HRA to support the General Fund.

6.4. There are clear accounting rules on the ring-fenced nature of the HRA. The keeping of the HRA is governed by Schedule 4 of the Local Government and Housing Act 1989. Schedule 4 principally lists the credits to the account (Part I) and the debits (Part II).

Expenditure and income relating to property listed in Section 74 (1) of the 1989 Act must be accounted for in the HRA.

- 6.5. Councils must follow “proper practices” as defined in Section 21 of the Local Government Act 2003, including Regulations and Guidance made thereunder. Regulation 31 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 stipulates that the accounting practices set out in the Code of Practice on Local Authority Accounting in the United Kingdom published by the Chartered Institute of Public Finance and Accountancy are “proper practices”.
- 6.6. Notwithstanding the above, the officer response in November identified a number of areas where Council services work in collaboration to the benefit of both the General Fund and the HRA. This is particularly relevant in the context of the affordable housing supply challenge across London, recognised by the Lewisham Corporate Strategy priority: Tackling the housing crisis. These areas of work are added to here and include:
 - Lewisham Homes are working as the development agent with the regeneration and planning teams to bring forward the building of more social housing under this administration’s target to see 1,000 additional social homes in the Borough.
 - The HRA reserves are identified for maintaining and improving existing stock (having just completed over £125m of Decent Homes work) and to support the development (see the £37m GLA bid recently agreed) of new homes. These homes will provide stable and secure accommodation to families, thereby hopefully making them less likely to need other support services and ensuring they are able to play their full economic and social part in the community and life of the Borough.
 - The Council has also made loans to Lewisham Homes to secure more temporary accommodation (over 115 properties to date) which are used to home individual and family asylum seekers and those at risk of homelessness. Presenting Lewisham in this open manner helps respect and strengthen the diversity and depth of the communities in the borough and reduce the call on the General Fund for expensive nightly paid accommodation.
 - Also, as acknowledged in their 2017/18 annual report, Lewisham Homes have taken on and continue to work with the Council to operate a range of services that benefit both their residents, the Council and wider communities. For example; caretaking for independent living, managing hostels and temporary accommodation, grounds maintenance, bulky waste collection, and the operation of community centres.
- 6.7. The Council, in cooperation with Lewisham Homes as its wholly owned Arms Length Management Organisation (ALMO) and within the permitted accounting rules, will continue to work together to identify efficiencies and improve services to the benefit of residents and the community.

7. Legal Implications

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

8. Financial Implications

- 8.1. Although the findings of the original report identify areas for improvement in the Council's financial processes, there are no financial implications arising directly from this report. The actions taken will change the processes with the resulting reports and decisions being brought forward including all relevant and necessary financial information to support them.

9. Equalities Implications

- 9.1. 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.
- 9.2. 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.
- 9.3. No equalities implications have been identified arising directly from this report.

10. Crime & Disorder Implications

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

11. Environmental Implications

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

12. Appendices

- 12.1. Appendix A – External Finance Review updated action plan, April 2019.

13. Background Papers

- 13.1. Are available on the Council's website as follows
- Report to PASC of 20 November 2018
 - Report to M&C of 6 February 2019
- 13.2. If there are any queries on this report please contact David Austin, Acting Chief Finance Officer on 020 8314 9114 or at david.austin@lewisham.gov.uk

APPENDIX A: ACTION PLAN in response to Financial Control Review – November 2018 / updated April 2019

Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
	Medium Term Financial Plan				
10 a)	The budget book for 2018/19 was not produced until June, three months after the start of the financial year.	Agreed Publish the budget book within two weeks of the start of the financial year (mid-April) following the budget being set by Council in late February and the Cash Limits being loaded for budget holders in March.	15/04/2019	Head of Corporate Resources	On track The budget book is being finalised and will be published on the Council's website in April. Furthermore it will include detail down to the divisional level, previously only to the service level, to support greater understanding of the Council's budgets.
10 b)	The Medium Term Financial Strategy (MTFS) report included a lot of Treasury and Capital detail which was a distraction.	Agreed This was a once off as a consequence of the new prudential code requirements for 2019/20 and it is accepted would have been better as a separate report. This will not be repeated.	30/06/2019	Head of Corporate Resources	On track The new capital strategy was reported as part of the Council's Budget in February 2019 and incorporated there. It will not form part of the MTFS in 2019.
10 c)	The Medium Term Financial Strategy (MTFS) summary of the overall financial position was not presented early in the report.	Agreed The financial summary will be presented in the Executive Summary for the next MTFS report.	30/06/2019	Head of Corporate Resources	On track This is a presentational point and will be addressed as part of the MTFS being brought forward in June 2019.
10 d)	The Medium Term Financial Strategy (MTFS) had no approved savings for future years and was only looking two years ahead, rather than a rolling three year view.	Agreed The 2018 MTFS fell between a new administration in May and the Comprehensive Spending Review (CSR) for June 2019 which impacted the flow of savings proposals.	30/06/2019	Head of Corporate Resources	On track The Council's funding position continues to be challenging, made more so by the lack of detail on the government's plans and timetable for the Comprehensive Spending Review, Fair Funding Review and Business Rates Retention changes.

APPENDIX A: ACTION PLAN in response to Financial Control Review – November 2018 / updated April 2019

Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
		Going forward a rolling three year approach will be presented, as in previous years, recognising that the plans for the first year will be firmer and more detailed than those for later years.			The Council is expecting numbers for 2019/20 at the earliest in December 2019 to set the budget in February 2020. Any forecasts for 2020/21 and future years in the MTFS will therefore need to be cautious and heavily caveated.
10 e)	The Medium Term Financial Strategy (MTFS) does not show how the Council intends to apply balances and reserves to balance the budget and the impact for the amounts remaining are not clearly identified.	Agreed This reflects a similar comment for the first time from the external auditors in 2018/19. More information on the use of reserves is being incorporated into financial reporting, including the MTFS and Cuts reports going forward, rather than just the Budget.	30/06/2019	Head of Corporate Resources	Ongoing Members and Officers have engaged regularly and extensively in various forum over the past six months discussing the actions required to set the Budget and the implications of overspending, cuts and use of reserves. In addition to the work of the Cabinet, PASC and M&C, officers are setting up quarterly sessions in 2019/20 for all Members to continue this dialogue.
10 f)	The Medium Term Financial Strategy (MTFS) should be produced by early June to give more time to assess and approve savings options which should be completed by Christmas each year.	Agreed The 2018 MTFS followed the elections in May so the annual business was a little later than usual. However, the savings proposals are on track and going to M&C in November, meeting the Christmas deadline suggested. Going forward the MTFS will be prepared for June.	30/06/2019	Head of Corporate Resources	On track Subject to the comments noted for above 10d) and the possible impacts of purdah on Committee business through April and May, this is the plan with the report published in the first week of June for consideration at PASC on the 16 June and at M&C on the 26 June.
	Budget Process and Content				

APPENDIX A: ACTION PLAN in response to Financial Control Review – November 2018 / updated April 2019

Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
11	Greater use of Officer and joint Officer / Member Star Chamber meetings is vital to ensure thorough review of proposals to assess the likelihood of achievement.	Agreed The Star Chamber process was re-introduced in 2018 and will continue, starting earlier, for the 2019 round.	30/07/2019	Head of Corporate Resources	On track The EMT are holding a half-day session on the 17 April to start the officer process to identifying further cuts. This will be followed by Star Chambers with Cabinet, building on the work begun in 2018.
12	Savings proposals need to be specific rather than general (e.g. not allowing for inflation) to avoid budgets becoming misaligned.	Agreed This is a sound principle and one that the savings approach of the Council follows. Any generalised savings will be a minority of the total being sought and carefully monitored. No such savings are proposed for 2019/20.	21/11/2018	Head of Corporate Resources	Completed The cuts for the 2019/20 budget were received by M&C in November 2018. All of the cuts were specific. This agreed £9m of cuts for 2019/20, £9m of cuts for 2020/21, and deferred £2m of cuts subject to further working being undertaken to potentially be reconsidered for 2020/21. As reported in the February Budget report this leaves a gap of £12m for 2020/21.
13 (i)	A realistic budget needs to be set initially for Children's services which will enable an approved budget to be managed, with savings if necessary, in the medium term. The short term impact on reserves will need to be recognised.	Agreed Action has been taken in October 2018 to inject a further £6m into the Children's services budget for placements and a review of the staffing structures and costs is underway. This will facilitate an amended and realistic budget to be set for 2019/20, along with the full impact on the Council's reserves set out.	01/03/2019	Head of Corporate Resources	Completed This was done as part of the budget setting for 2019/20 and set out in the Budget report. The service, through a combination of growth in their base budget and use of once off reserves, has been set a budget for 2019/20 at the same level of spend in 2018/19. This builds on the evaluation of staffing and placement costs being tracked by the CYP Improvement Board. The use of once off monies to support this service pending the impact of improvement plans will be kept under review.
13 (ii)	Service information (financial and non-financial, so budget, staffing	Agreed			

APPENDIX A: ACTION PLAN in response to Financial Control Review – November 2018 / updated April 2019

Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
	and activity) available both within the Directorates and Corporately is weak and inconsistent, in particular in CYP. Review meetings need to be in place to assess progress with a group of officers and members providing oversight.	<p>1) This is the subject of the Executive Management team's focus on the need for change – culture, systems and processes – and deep dive budget reviews going forward.</p> <p>2) An improvement plan and Board to conduct regular reviews. The Board is chaired by the lead Cabinet Member for CYP.</p> <p>3) In addition, monthly Children finance meetings are held by the Chief Executive.</p>	<p>Quarterly</p> <p>Two weekly</p> <p>Monthly</p>	<p>Chief Executive</p> <p>Exec. Dir. for CYP / Cabinet Member</p> <p>Chief Executive</p>	<p>Ongoing EMT have adopted a new performance report of 60 indicators for 2019/20 to support the new Corporate Strategy. They will also be leading on the budget challenges starting on the 17 April, followed by Star Chamber sessions.</p> <p>Ongoing The CYP Improvement Board, Chaired by the lead Cabinet Members continues to meet, focused on agreed service improvement actions including budgets.</p> <p>Ongoing The lead Cabinet members for Finance and CYP meeting with the Chief Executive to review the CYP budget position.</p>
14 a)	The Council is seeking to maximise income but does not always reflect the full cost of services as central overheads are not recharged to service areas.	Agreed Once the Oracle Cloud system is settled in, Finance with the support of the Commercial and Procurement team will review the corporate approach to overheads and memorandum trading accounts.	31/03/2018	Head of Financial Services	Delayed to September 2019 This remains the intention, as discussed at PASC in March 2019. However, the Oracle team are currently focused on the successful implementation of the payroll and HR modules for Council and Schools staff in the period April to June 2019. The finance work on introducing trading accounts is therefore delayed to September.
14 b)	A more transparent and regular update on reserves is needed, at least until the Council's budget is balanced.	Agreed See response to 10 e) above			As above at 10 e)

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Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
14 c)	Staff number budgets (Establishment) are not currently in place, putting the financial forecasting at risk.	Agreed The Oracle Cloud HR and Payroll implementation, due in 2018/19, will address this recommendation.	31/05/2019	Head of Financial Services	On track The implementation of payroll and HR in Oracle is well advanced, as reported to the Audit Panel in March 2019. The timetable for the payrolls for Council and Schools staff are set to go live in May.
14 e)	There do not appear to be pressures on the Housing Revenue Account (HRA) to find economies, with additional investment potentially benefitting the General Fund.	Not Agreed The HRA is being managed to support the development of more social housing, a priority for this administration. The reserves are identified and committed for development (see the GLA bid recently agreed). The Council has also made loans to Lewisham Homes to secure more temporary accommodation and reduce General Fund risk.			This is discussed more fully in the main response to M&C. The HRA and General Fund are subject to specific accounting rules with which the Council must comply and are audited against. One of the areas of strategic focus for the Council, set out in the Corporate Strategy, is to tackle the challenges of housing supply in the Borough. This focus, in particular the new build programme that is being developed, will represent significant investment from both the HRA and General Fund going forward.
14 f)	The Capital Programme should be amended to invest more in projects that generate income for the Council.	Agreed As noted at 14 e) this is being done in conjunction with the treasury strategy. The cuts for 2019/20 include a number of such proposals (e.g. investment property, more temporary accommodation, trade waste, bereavement services), and Private Rented Sector (PRS) developments	Done	See 2019/20 cuts proposals.	Completed The Council is already making good progress in this regard as reported in previous cuts rounds and regular reports to PASC. This work is continuing with scrutiny from PASC, currently focused on a review of Environmental Services being undertaken with the Association of Public Sector Excellence (APSE).

APPENDIX A: ACTION PLAN in response to Financial Control Review – November 2018 / updated April 2019

Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
		and the regeneration of Catford are in progress.			
14 g)	The Council's IT capability is well below what is needed, inhibiting performance, financial accuracy and the ability to manage effectively.	Agreed A full review of the Council's IT infrastructure, governance, and operational arrangements has been conducted over the summer. Investments in security, resilience and functionality of the corporate systems (e.g. network, website, casework, Share Point) are underway. An Acting Asst. Dir. has been appointed and recruitment for a permanent lead is being advertised. Work on the children and adult instances of Liquid Logic, to include the financial interface (Controcc) has been commissioned and started with the early help module in Children's (see 13 ii above). The corporate digital transformation board is in place to monitor progress, chaired by the acting Chief Executive.	Monthly	Chief Executive and Exec. Dir. CUS.	Ongoing Members appointed a new Director for IT and Digital Strategy on the 1 March. An action plan in response to the 'except for' governance of the transformation work value for money opinion qualification has been prepared and reported to the Audit Panel. EMT have now taken the overall lead on change and their work programme for 2019/20 includes six weekly sessions to focus on this, supported by a portfolio programme office now being established. At the more operational level, through the work of the Shared Service with Brent and Southwark, the performance of the Council's corporate systems show they are more stable, secure, responsive, and available now. The most recent developments include the successful deployment of the new CRM and website. The focus is now on the recognised improvements needed to the key line of business systems, in particular those for social care.
	Monitoring				
15	A clearer explanation of 1) what action is being taken to recover overspends, and 2) why savings options are not being achieved	Agreed The financial monitoring reports is being improved and strengthened to answer these	31/03/2019	Head of Financial Services	On track The monitoring report was improved in the second half of 2018/19, in particular for CYP and cuts monitoring, to ensure trends were

APPENDIX A: ACTION PLAN in response to Financial Control Review – November 2018 / updated April 2019

Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
	and by when they will be achieved is needed.	challenges. It will include more detail on progress with savings and a fuller account of the forecasts with reference to the underlying financial commitments (on staff and spend) compared to budget, compared to activity/caseload trends, to help underpin the detailed management assumptions and actions required.			identified and actions tracked. This includes more detail on cost drivers aligning activity to spend. A review of the monitoring report is in progress to do the same for the main cost drivers in each Directorate to enhance monitoring in 2019/20 and introduce trend forecasting. This will be effective from the first report in May 2019.
16 (i)	Separate review meetings, particularly on the larger more volatile budgets should be considered	Agreed This has been recognised – see action for 13 (ii) 1) above.			See above.
16 (ii)	The £100 DEP/CEP process should be lifted as no longer particularly effective	Agreed This is agreed with the focus to be on a Corporate Permission to Recruitment process to replace it, pending the establishment controls in Oracle Cloud.	31/11/2018	Head of Corporate Resources	Completed DEP/CEP lifted for non-staffing spend in December 2018
17	The reduced quality and quantity of financial advice and assistance available to the organisation may have gone too far.	Agreed Finance review, as part of operating model and business process update to align with Oracle Cloud capabilities, to be conducted to support service reorganisation in 2019/20.	31/03/2018	Head of Corporate Resources	In progress but delayed to September 2019 This remains the intention. However, the Oracle team are currently focused on the successful implementation of the payroll and HR modules for Council and Schools staff in the period April to June 2019. The work on changing finance operating practices and processes will follow with the main changes later in 2019/20.

APPENDIX A: ACTION PLAN in response to Financial Control Review – November 2018 / updated April 2019

Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
	Internal Audit				
18	Evidence of lack of compliance and accountability from the failure of managers to implement agreed recommendations to agreed timescales.	Agreed This is the cultural element that aligns with the IT transformation work noted at 14 g) above. The change agenda is being reset by the acting Chief Exec., noting that cultural change will take two to three years to embed.	Agenda by 31/03/2019 for a three year plan	Chief Executive / Head of HR & OD	In progress Staff survey concluded in November 2018 and Teams and DMT working on actions to take forward. Leadership event held in March 2019 to consider behaviours and better working practices. Report to apply apprenticeship level to support development of management leadership skills set for M&C in May 2019. Competency framework being reviewed to redefine leadership behaviours the 'Lewisham Way' cultural framework, to be concluded by July 2019. EMT recognises that continued improvement against the backdrop of austerity presents an ongoing challenge to the organisation that will be helped by sharing a clearer vision and exercising effective governance, including grip, control, and focus on activity. EMT's revised regular work programme puts this at its centre to assist with setting the right 'tone at the top'.
	Financial Control and Systems				
19	Lack of quality and reliability of information systems	Agreed See action for 14 g) above			See above.
20	A systematic methodology is needed to support improved frequency and depth of monitoring, aligned to risk and to	Agreed See action for 15) above			See above.

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Report Ref	Finding / Recommendation	Management Comment and Action	By when	By Whom	April 2019 update
	ensure improvement actions are not lost.				
21	The cultural issue of personal accountability from concerns with staff failing to carry out their roles effectively and on a timely basis should be reflected upon.	Agreed See action for 18) above			See above.

Conclusion

The report concludes with five high level points prioritising the detail covered in the actions above. They are:

- 1) Establishing a realistic budget for children services;
- 2) Seeing through the overhaul of departmental and corporate information systems;
- 3) Ensuring that savings included in the budget plans are realistic, both in terms of quantity and timescales;
- 4) Assessing whether there are cultural issues regarding staff accountability which affects performance; and
- 5) Adopting a three year rolling plan with growth, savings, and use of reserves assessed.

Public Accounts Select Committee			
Report Title	Catford Regeneration Partnership Limited – Governance and Operational Arrangements		
Key decision	No	Item No	
Contributors	SGM Capital Programmes		
Class	Part 1	Date	9 th May 2019

1. Purpose:

- 1.1. To set out, in response to a request by the Public Accounts Select Committee, the governance and operational arrangements of the Catford Regeneration Partnership Limited (CRPL) a wholly owned Council company responsible for holding and managing a number of assets which forms part of the wider Catford Town Centre Regeneration area.

2. Recommendations:

- 2.1. The Public Accounts Select Committee is recommended to:

note the contents of the report and the attached Memorandum and Articles of Association including the shareholder reserved matters which sets out the governance and operational arrangements of the Catford Regeneration Partnership Limited (CRPL).

3. Background:

- 3.1. In 1976, the Council gave 150 year lease to Lancaster Holdings Ltd for the newly built Catford Centre while retaining the freehold interest. The leasehold for the shopping centre was subsequently acquired by St Modwen in 1993.
- 3.2. Over the years, the Council has led a series of interventions aimed at bringing about holistic regeneration of key sites in Catford Town Centre and in particular the sites which are in the Council's ownership.
- 3.3. In June 2004, Mayor and Cabinet agreed that the evidence from the Decent Homes programme showed that the fundamental problems with Milford Towers meant it was uneconomic to maintain the 276 homes and that major regeneration should instead be pursued.
- 3.4. To facilitate this, in January 2010, the Council set up Catford Regeneration Partnership Limited (CRPL), a wholly owned Council Company to acquire the leasehold interest of the Shopping Centre from St Modwen and to help bring forward its regeneration plans for the town centre.
- 3.5. Since the acquisition of the centre, CRPL has been working on operational

management issues to ensure that the centre is fit for purpose, meets quality standards, and that rent is collected in a timely manner while the regeneration plans for the Town Centre, which includes a realignment of the South Circular (A205) continues to be developed. CRPL's main activities are:

- to continue the effective management of the Catford Centre, ensuring that the operational management standards remain high and that the full commercial potential of the centre is being realised through letting and renewal strategies.
- to enable the redevelopment of the Catford Centre by working with Lewisham Council to undertake a regeneration process and reach a commercial agreement with key stakeholders in the town centre, in order to contribute to the regeneration aims for the town centre as a whole.

- 3.6. At the Company's inception, the Memorandum and Articles of Association were agreed. A full copy of the Memorandum and Articles of Association is attached as Appendix 1. This details how and when the company must interact with its shareholders, in this case, Lewisham Council as the sole shareholder. It also sets out the key operational and governance arrangements for the Company.
- 3.7. Many key decisions in relation to the company are classified as reserved matters, and must be approved by the Council as sole shareholder. The complete list of shareholder reserved matters are listed in the Articles of Association at paragraph 25. These reserved matters ensure that the Council retains control over the direction of the Company and that the company operates strictly within the approved business plans.
- 3.8. Current operational responsibility for the Company is given to two Lewisham Council nominated Company Directors who are responsible for delivering the approved Business Plan. Mayor and Cabinet recently agreed to increase the number of Directors to three to help support the operational capacity of the Company.
- 3.9. As part of its Shareholder reserved matters, the Company is required to submit a business plan and budget for approval by the Council. The business plan sets out the operational activity of the Company for each given year and the budget required to support it. The business plan for 2019/20 is attached as Appendix 2 for reference.
- 3.10. In line with plans presented in previous financial years, CRPL has developed an effective and efficient management approach for the operation of the assets through a team of professional advisors, including an in house surveyor from the Council's Operational Asset Management team, officers from the Council's Capital Programme Delivery team and external agents that oversee daily management of the assets and report to the Directors of the CRPL.
- 3.11. In particular, the 2018-2019 Business Plan year was a very busy year for CRPL as at the start of the year the vacancy rate stood at circa 30% (that is 70% let) and was costing the company a substantial amount in respect of void costs. By the end of the year the Company was able to reduce that to 2.5% through a combination flexible approach and greater certainty on timescales for the wider Catford regeneration plans with design on the realignment of the A205 (South Circular). The Company also made a small surplus over the course of the year.

- 3.12. The Company continues to take the best interim commercial view of all asset management activity and fully assess actions and risks on the basis of the best information available at that time with regards the timing of the regeneration programme and vacant possession of assets required as a consequence. For the time being all new lettings and renewals that fall within the development scheme are being renewed to 2023 excluded from the Landlord and Tenant Act 1954. This timeframe means that the centre remains reasonably attractive to a wider range of retailers and is realistic in terms of the expected timescales for redevelopment.
- 3.13. In January 2018, the Company was subject to an internal audit by Mazars, the Council's appointed Internal Auditors, for the financial year 2017/18. The main areas of focus for the audit were governance and a review of processes related to the accountability of the Company. The audit identified a number of areas that worked well including the fact that the Company's annual Business Plan was approved in line with the shareholder reserved matters and an external audit of the Company's accounts being carried out recently. The audit also identified a number of areas of improvement which meant that the audit received a limited assurance rating requiring further management action to improve. All areas of improvement identified during the audit have been addressed.
- 3.14. In June 2018, Mayor and Cabinet approved the appointment of a Master Planner to help develop a spatial plan to bring forward its vision for the Town Centre. Officers believe that as the Catford Regeneration Programme continues to gain momentum during 2019/20, with the development of a Masterplan, it will become necessary for CRPL's Shareholder Reserved Matters to be reviewed to reflect the role the Company is likely to play in the regeneration effort. In this case, any suggested amendments will be brought to Full Council for approval.

4. Financial Implications:

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

5. Legal Implications:

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

6. Equalities Implications:

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

7. Crime and Disorder Implications:

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

8. Environmental Implications:

- 8.1. There are no environmental implications arising directly from this report. Any environmental implications for the future regeneration programme will be considered at the appropriate time as Catford undergoes its redevelopment.

Appendices:

Appendix 1 – CRPL Memorandum and Articles of Association

Appendix 2 – CRPL Business Plan 2019 - 2020

For further information please contact Kplom Lotsu, SGM Capital Programmes on
0208 3149283

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
SPECIAL RESOLUTION
OF
CATFORD REGENERATION PARTNERSHIP LIMITED

Pursuant to sections 288-300 of the Companies Act 2006 (CA 2006) we, being members (as defined by section 289 CA 2006) of the Company for this purpose, signify agreement to and pass the following written resolutions as a special resolution of the Company:

SPECIAL RESOLUTION

That the regulations contained in the printed document submitted with this written resolution be and are hereby approved and adopted as the Articles of the Company in substitution for and to the exclusion of all the existing Articles of Association of the Company.

Signed: *Ad Jones*

For and on behalf of T&H Secretarial Services Limited

Date: *27th January 2010*



Important notes:

1 If you agree with the resolution, please indicate your agreement by signing and dating where indicated above and returning this document to the Company using one of the following methods:

- **By hand:** delivering the signed copy to an officer of the Company.
- **Post:** returning the signed copy by post to the Company at Sceptre Court, 40 Tower Hill, London EC3N 4DX.
- **Email:** attaching a scanned copy of the signed document to an email and sending it to ajones@towers.com

An ordinary resolution must be passed by members representing a simple majority (i.e. more than 50%) of the voting rights of eligible members. A special resolution must be passed by members representing not less than 75% of the voting rights of eligible members.

Please note that once you have indicated your agreement to the resolutions, you may not revoke your agreement.

If you do not agree with the resolutions, you do not need to do anything. If you do not reply, you will be deemed to have rejected the resolutions.

2 The circulation date of this resolution is 27 January 2010. If it is not passed by the end of 24 February 2010 it will lapse. If you agree to the resolution, please ensure that your agreement reaches us by the end of 24 February 2010.

dated 27 January 2010

Catford Regeneration Partnership Limited

Articles of Association

adopted by special resolution on 27 January 2010

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Private company limited by shares

Articles of Association

of

Catford Regeneration Partnership Limited

Model Articles

- 1 The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles (the **Model Articles**), shall apply to the Company save in so far as they are excluded or varied hereby and such Model Articles (save as so excluded or varied) together with the following articles shall be the articles of association of the Company. References to **these articles** shall be to the following articles as amended from time to time together with such Model Articles as apply to the Company.

Objects clause

- 2 The Company's objects are unrestricted and include but are not limited to:
- 2.1 carry on a business with a view to improving the economic, social and environmental well being of the area and residents of Catford and wider London Borough of Lewisham; and
- 2.2 carry out the management and regeneration of the Catford Centre and adjacent land in the London Borough of Lewisham.

Unanimous decisions

- 3 A decision of the directors which takes the form of a resolution in writing may consist of several copies each signed by one or more eligible directors. Article 8 of the Model Articles shall be modified accordingly.

Calling a directors' meeting

- 4 A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the Company to that effect. Where a director gives such notice to the Company after the meeting has been held, that does not affect the validity of the meeting or of any business conducted at it. Article 9(4) of the Model Articles shall be modified accordingly.

- 5 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is. Article 10(3) of the Model Articles shall not apply to the Company.

Quorum for directors' meetings

- 6 The quorum for the transaction of business of the directors shall be two unless there is a sole director, in which event, the sole director shall constitute a quorum. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. Article 11(2) of the Model Articles shall be modified accordingly.

- 7 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision:

7.1 to appoint such number of further directors as are required to make up the quorum required; or

7.2 to call a general meeting so as to enable the shareholders to appoint further directors. Article 11(3) of the Model Articles shall not apply to the Company.

Authorisation of directors' conflicts of interest

- 8 Notwithstanding section 175(4)(b) of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the **2006 Act**), the directors shall not have the power to authorise any matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act. Any such matter shall require the prior written approval of the members. Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

- 9 If a director receives or has received any information otherwise than by virtue of his position as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:

9.1 disclose any such information to the Company, the directors or any other director or employee of the Company; or

9.2 use or apply any such information in connection with the performance of his duties as a director;

provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, this article shall apply only if such situation or relationship has been authorised by the members under article 8.

- 10 A director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter

authorised by the members under article 8 and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

Appointment and removal of directors

11 Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum and the minimum number is one.

12 Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the Company may at any time and from time to time:

12.1 appoint any person to be a director (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors); or

12.2 remove any director from office.

Every such appointment or removal shall be effected by notice in writing to the Company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.

13 In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

Termination of a director's appointment

14 Notwithstanding any other provision of these articles, a person ceases to be a director as soon as he has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

Appointment and removal of alternate directors

15 Any director (the **appointor**) may appoint as an alternate any other director, or any other natural person to:

15.1 exercise that director's powers; and

15.2 carry out that director's responsibilities

in relation to the taking of decisions by the directors in the absence of the alternate's appointor. Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors. The notice must identify the proposed alternate and, in the case of a

notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

Rights and responsibilities of alternate directors

- 16 An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor. Alternate directors are deemed for all purposes to be directors, are liable for their own acts and omissions, are subject to the same restrictions as their appointors, and are not deemed to be agents of or for their appointors. A person who is an alternate director but not a director may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and may sign a written resolution (but only if it is not signed or to be signed by that person's appointor). No alternate may be counted as more than one director for such purposes.
- 17 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

Termination of alternate directorship

- 18 An alternate director's appointment as an alternate terminates:
- 18.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 18.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the terminate of the appointor's appointment as a director;
- 18.3 on the death of the alternate's appointor; or
- 18.4 when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a director at the same general meeting.

Business Plans

- 19 No more than five months before nor less than two months before the start of each financial year the board of directors shall circulate a draft Business Plan for the next financial year to the members.
- 20 The draft Business Plan shall not take effect unless and until approved by the members in accordance with article 25.
- 21 The directors shall take account of the approved Business Plan when exercising their functions in the management of the Company.

Budgets

- 22 No more than five months before nor less than two months before the start of each financial year the board of directors shall circulate a draft Budget for the next financial year to the members.
- 23 The draft Budget shall not take effect unless and until approved by the members in accordance with article 25.
- 24 The directors shall take account of the approved Budget when exercising their powers in the management of the Company.

Shareholder reserved matters

- 25 The following matters shall require the prior written consent of the members:
- 25.1 the approval of each Business Plan;
- 25.2 the approval of each Budget and in any financial year changes over £20,000 in any one amendment to the Budget and changes to the Budget exceeding £100,000 in aggregate in any financial year;
- 25.3 the declaration and/or payment of any dividends by the Company save where such declaration and distribution is made in accordance with the Company's dividend policy;
- 25.4 the approval of and any change to the Company's dividend policy;
- 25.5 the increase in any indebtedness of the Company other than in accordance with the prevailing Budget;
- 25.6 the commencement by the Company of any new business not being ancillary to or in connection with the Business or making any change to the nature of the Business;
- 25.7 the Company participating in any activity which is detrimental to and/or incompatible with the Business;
- 25.8 the making of any political or charitable donation;
- 25.9 the making of any acquisition or disposal by the Company other than in accordance with the then current Business Plan and Budget;
- 25.10 writing off a bad debt exceeding £25,000 provided that if debts of that person or organisation have been written off by the Company in the previous three years in an aggregate amount of £50,000 or more, the decision to write off any further bad debts for that person or organisation shall also be a reserved matter;
- 25.11 the making of any application for external funding;

- 25.12 the repurchase or cancellation by the Company of any shares, or the reduction of the amount (if any) standing to the credit of its share premium account or capital redemption reserve (if any) or any other reserve of the Company;
- 25.13 a change of name of the Company or location of its registered office;
- 25.14 any issue of new shares in the Company;
- 25.15 the devolution or transfer of all or part of the management of the Company or its business to persons who are not directors of the Company and, if approved, the terms of such devolution;
- 25.16 without limiting the generality of article 25.15, the appointment of any Chief Executive Officer or person holding a similar role and the terms of such appointment;
- 25.17 the appointment or removal of any director of the Company;
- 25.18 the engagement of (and terms of engagement of) any individual person as a consultant (but excluding for such purposes any firm/professional advisers) or employee;
- 25.19 the engagement of (and terms of engagement of) any company, partnership, individual person or other entity for the provision of services to the Company where the services provided are not contemplated in the then current Business Plan and Budget and/or where the value of the services is above the Official Journal of the European Union limit for services and/or where the services have not been tendered in accordance with the Company's Contract Lettings Procedure;
- 25.20 any change to the terms of employment/engagement and/or remuneration of a person referred to in articles 25.18 and 25.19;
- 25.21 the letting of any contract for the provision of supplies to the Company where the supplies provided are not contemplated in the then current Business Plan and Budget and/or where the value of the contract is above the Official Journal of the European Union limit for supplies and/or where the contract has not been tendered in accordance with the Company's Contract Lettings Procedure;
- 25.22 the letting of any contract for the provision of works to the Company where the works provided are not contemplated in the then current Business Plan and Budget and/or where the value of the contract is above £200,000 and/or where the contract has been not tendered in accordance with the Company's Contract Lettings Procedure;
- 25.23 the instigation of any court proceedings where the directors have not taken appropriate legal advice or where such proceedings would be against that legal advice;
- 25.24 the authorisation of the levying of distress against the occupants of land or property in arrears where the directors have not taken appropriate legal advice or where such actions would be against that legal advice;

- 25.25 the making of any application for planning permission;
- 25.26 the implementation of any regeneration initiative other than in accordance with the then current Business Plan;
- 25.27 the commencement of any winding-up or dissolution of or the appointment of any liquidator, administrator or administrative receiver of the Company or any of its assets unless it shall have become insolvent.

Financial information

- 26 The members shall be entitled to have access to and to examine (and, if required, audit at their own cost) the separate books, records, accounts and tax records to be kept by the Company and to be supplied with all information in such form as they may reasonably require to keep them properly informed about the financial and business affairs of the Company and to be promptly notified of any significant event (including without limitation any litigation or arbitration) the outcome of which will or is likely to affect the Company or its business, finances, assets or affairs.
- 27 The members shall be entitled to require the Company, and the Company shall as soon as possible comply with such a request, to provide any documents, information and correspondence necessary to enable the members to comply with filing, elections, returns or any other requirements of HM Revenue and Customs or of any other revenue authority or tax authority.
- 28 The Company will prepare and deliver at its cost to the members:
 - 28.1 within fourteen days of the end of each calendar month, a financial statement and unaudited management accounts for the Company made up to and as at the end of the calendar month and cumulative management accounts for the current accounting period up to and including that month including a rolling cash flow forecast for a period of twelve months from the end of each month and details of the Company's capital expenditure and work in progress at such date and an explanation of any difference between the actual revenue and expenditure of the Company against the previous month's forecast.
 - 28.2 a report from the board of directors on the financial position and affairs of the Company within fourteen days after the end of each calendar quarter, and
 - 28.3 annual audited accounts of the Company to be prepared in accordance with GAAP and certified by the Auditors within two months of the end of the financial year to which they relate.

Company secretary

- 29 The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

Nil- or partly-paid shares permitted

- 30 Article 21(1) of the Model Articles shall not apply to the Company. If the Company at any time has nil or partly-paid shares in issue, articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these articles, shall apply to the Company and form part of these articles as if the text of such provisions was set out in full in these articles.

Share certificates

- 31 Every share certificate must specify the amount paid up on the shares to which it relates. Article 24(2)(c) of the Model Articles shall not apply to the Company.

Share transfers

- 32 The instrument of transfer of any share taken on formation of the Company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.

Calculation of dividends

- 33 Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:

33.1 declared and paid according to the amounts paid up on the shares on which the dividend is paid; and

33.2 apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount. Article 30 of the Model Articles shall be modified accordingly.

Appropriation of capitalised sums

- 34 A capitalised sum which was appropriated from profits available for distribution may be applied in or towards paying up any amounts unpaid on existing shares held by the persons entitled.

Proceedings at general meetings

- 35 If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given to all the members of the Company. Article 41(5) of the Model Articles shall be modified accordingly.

Poll votes

- 36 A poll may be demanded by any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation. Article 44(2)(c) of the Model Articles shall be modified accordingly.
- 37 A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made. Article 44(3) of the Model Articles shall not apply to the Company.

Proxies and corporate representatives

- 38 The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the Company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

Written resolutions

- 39 A proposed written resolution of the members of the Company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the 2006 Act).

Means of communication to be used

- 40 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 40.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
- 40.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 40.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- 40.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

- 41 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the 2006 Act.

Indemnity

- 42 The Company may indemnify any relevant officer out of the assets of the Company from and against any loss, liability or expense incurred by him or them in relation to the Company (including any liability incurred in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)) **provided that** this article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the 2006 Act. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the 2006 Act and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled. Article 52 of the Model Articles shall not apply to the Company.

- 43 To the extent permitted by, and subject to the restrictions in, the 2006 Act and without prejudice to any indemnity to which he may otherwise be entitled, the board shall have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the 2006 Act, or to enable him to avoid incurring such expenditure.

- 44 Without prejudice to the provisions of article 53 of the Model Articles, the directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the Company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the Company.

- 45 In these articles:

- 45.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;

- 45.2 **relevant officer** means any current or former director, alternate director, secretary or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act)), other than any person (whether an officer or not) engaged by the Company (or associated company) as an auditor, to the extent he acts as an auditor;

- 45.3 **Budget** means the financial projections and forecasts, including anticipated expenditure, of the Company for each financial year;
- 45.4 **Business** means the objects as set out in article 2;
- 45.5 **Business Plan** means the business plan of the Company for each financial year.

Catford Regeneration Partnership Ltd

Business Plan 2019/20

Introduction

Catford Regeneration Partnership Limited (CRPL) is a wholly owned subsidiary of Lewisham Council. The company was originally created in January 2010 to purchase the leasehold interests in and around the Catford Centre in order to manage and regenerate the property to improve the economic, social and environmental wellbeing of the people of the London Borough of Lewisham (LBL).

The purpose of this business plan is to set out the company's objectives, activities, and budget for 2019/20 for agreement by the Council as sole shareholder in accordance with the company's articles of association (listed at Appendix B). For various reasons the original planned redevelopment did not progress and currently Studio Egret West are leading a multi-disciplinary team in formulating a new Masterplan that will be laid before the Council in the next couple of weeks. CRPL believes that in advance of the Masterplan adoption and implementation there are works that they can bring forward on behalf of the Shareholder that meets and exceeds their expectations for regeneration and affordable housing provision.

Structure and governance

CRPL currently has two directors, Ralph Wilkinson (LBL Head of Public Services) and Selwyn Thompson (LBL Head of Financial Services). They are joined on the Board by the LBL Assistant Director Regeneration and Place (Interim), LBL SGM Capital Programmes, Regeneration and Place along with the CRPL Asset Manager and CRPL Finance Manager. The directors are responsible for the day to day running of the company in line with the articles of association and their statutory duties as defined by the Companies Act 2006. The directors must take account of the approved business plan when exercising their functions in the management of the company. The directors are appointed and removed by the Council as sole shareholder.

In line with the plans presented to the Council in previous financial years, the CRPL has continued to develop an effective and efficient management approach for the operation of the property through a team of professional advisors, including an in-house Asset Manager and external agents that oversee daily management of the property and report to the directors of CRPL. Officers from the Capital Programme Delivery Team (as part of the Catford Regeneration Programme) support the CRPL when needed in relation to CRPL's regeneration objectives. The in-house officers' time is recharged to the company as and when appropriate.

Certain key decisions in relation to the company are classified as reserved matters and must be approved by the Council as sole shareholder. The Mayoral Scheme of Delegation allows specific officers to take executive decisions in relation to the Company where appropriate. The complete list of shareholder reserved matters is included in Appendix B, with key matters including:

- the approval of each Business Plan;
- the approval of each Budget and in any financial year changes over £50,000 in any one amendment to the Budget and changes to the Budget exceeding £200,000 in aggregate in any financial year (as set out in section 25.2 of the Articles of Association).
- the making of any acquisition or disposal by the Company other than in accordance with the then current Business Plan and Budget;

- the making of any application for planning permission;
- the implementation of any regeneration initiative other than in accordance with the then current Business Plan.

These reserved matters ensure that the Council retains control over the direction of future regeneration proposals. The Council's Catford Programme Board, chaired by the Executive Director for Resources & Regeneration, has had responsibility for setting the overall direction on the regeneration of Catford town centre. CRPL is represented at these programme board meetings, which have been used as the mechanism for updating the Council on progress against the company's Business Plan objectives.

As the Catford Regeneration Programme continues to gain momentum, and the Masterplan is developed and approved, it will be necessary for CRPL to review its operation and governance and if necessary increase the Board size as a result of any enhanced role or decision-making responsibilities, requested in order to drive forward the critical steps in redeveloping the site that the Catford Centre sits on. These changes will be brought back to Council once Masterplan is published and approved.

Objectives

CRPL continues to work alongside the Council to build on the proposed delivery strategy and commercial approach for a regeneration programme for Catford town centre. The CRPL directors propose the following company objectives for the 2019 / 2020 financial year:

- To continue the effective management of the Catford Centre and other CRPL assets, ensuring that the operational management standards remain high and that the full commercial potential of all assets are realised through letting and renewal strategies, including meanwhile and interim uses, events and hires.
- To agree in this Business plan timelines for regeneration projects and with the Catford Programme Board any revised timescales for the regeneration programme for Catford Town Centre.
- To ensure sustainable financial models are developed that allow progression from current holding and operation positions through redevelopment, into successful future investment positions.
- To enable the redevelopment or partial/comprehensive refurbishment of the Catford Centre estate and other CRPL assets by working with Lewisham Council to evolve and undertake a regeneration process and reach a commercial agreement with key stakeholders/potential partners.
- Work with Lewisham Council, in order to contribute to the regeneration and investment aims as a whole through property related activities.
- To enable CRPL to acquire and dispose of key properties that are considered strategic or surplus to further regeneration aims within the Borough. This is not to be limited only to properties with commercial use.
- To redevelop 17-18 Catford Broadway and submit a full planning application for the Catford Constitutional Club in order to prepare the site for redevelopment
- To implement the recommendations of the Internal Audit Report issued in May 2018

Activities

In order to achieve these objectives, CRPL continues to and will in the future promote, commission, undertake or participate in a range of activities, including:

Centre and Property Management

- Rent collection and arrears management;
- Service charge administration; including reconciliations to tenants and the creation of future service charge budgets;
- Tenant liaison; operational issues, lease issues and queries on wider regeneration aims;
- Health & safety; assessment and compliance of property, day to day implementation of H&S policies and practices;
- Facilities management and maintenance; ensuring that all of the landlord's obligations are met, create and maintain a schedule of repairs, major works, improvements and comprehensive redecoration as required;
- Asset management, including acquisitions and disposals, redevelopment and lease re-gears (such as lease renewals, rent reviews and new lettings);
- Legal proceedings relating to leases and rental arrears;
- Data management; maintenance of accurate records and accounts;
- The CRPL contracts; procurement and management of services provided to the CRPL by outside parties. These include centre management, legal, accountancy, landlord and tenant advice and asset management services.

Regeneration

- Procurement of professional services (in conjunction with LBL)
- Consultation (in conjunction with LBL)
- Commercial negotiation with other land owners/potential partners
- Engagement with stakeholders (in conjunction with LBL)
- Retail, Commercial, Leisure and Residential proposals
- Design/feasibility/master-planning/place-making/financial modelling work
- Planning strategies (led by LBL)
- Milford Towers decant strategy (led by LBL)
- Council office design (led by LBL)
- Residential proposals (in conjunction with LBL)
- Development management.

Key professional services to assist CRPL in the delivery of these activities include:

- Workman LLP following retender - Managing agents
- Following retender– Retail letting agents
- Aston Rose following retender – Landlord and Tenant Consultants
- Field Fisher – Solicitors
- ACF Auditing Services Ltd Accountants and Statutory Auditors

Temporary agreements were put in place for some of these agreements to see CRPL through to March 2019. Since the preparation and approval of the 2018-2019 Business plan the three main appointments have been retendered on a limited marketing exercise.

Financial Review 2018/19

Overall the company budgeted for a small surplus of £10k for the 18/19 financial year and the actual outturn is expected to show a larger credit due to a Working Capital loan draw down towards the end of the financial year.

Professional Fees – This covers surveying, legal and accountancy services. Cushman & Wakefield's annual management fee was circa £52,000 in 2018/19 of which some £42,000 was recoverable. Workman LLP have been appointed as the new managing agents from the 24th March 2019. The annual management fee will be circa £40,000 per annum of which some £32,000 is recoverable. Other fees will vary based on lettings undertaken and concluded during the financial year.

Working Capital Loan – The 2018/19 Business Plan proposed borrowing of £1,250,000 for the 2018/19 financial year. The funds were to be used to redevelop 17-18 Catford Broadway and for repairs to the Constitutional Club as well as the formation of a design team to draw up plans for major redevelopment. Due to delays CRPL has not drawn down much of these funds. A loan of £250,000 from LB Lewisham was taken out in July 2018, and a further £400,000 in February 2019. This leaves £600,000 of Working Capital Loan not yet drawn down.

Interest Rate on Outstanding Loans – The interest rate charged on the loan to the CRPL by the Council remains at 4.3% with effect from 10th May 2015.

Operational Review 2018/19/18

The 2018-2019 Business Plan year was a very busy year for CRPL with several major projects approved to progress including the redevelopment of 17-18 Catford Broadway into 2 commercial units and 5 residential 1 bed flats as well as working up a scheme for the Catford Constitutional Clubs. We also achieved the re-letting of 32 Winslade Way as the Boroughs first multi-screen cinema and the Brookdale Club as well as re-letting further units.

17-18 Catford Broadway – the Council approved the redevelopment of 17-18 based on known information. During the course of the year work did not progress as speedily as thought due to a number of factors such as legal acquisition of a strip of land from the Crown necessary for the construction of the residential access. This has now been resolved. There were also issues pertaining to the structure and ground conditions that effected the structural design. We also had drainage issues to resolve along with the discovery that part of the land being acquired for the construction of the residential access was adopted road and a partial stopping up order was required. The tendering of the contract also took longer than expected with a number of firms dropping out and having to be replaced. We are now in a position to start work and will set out the position with regard to redevelopment in the 2019 -2020 preview.

Catford Constitutional Club - The lease of the premises ended in September 2018. The tenant is holding over. We reported in last year's Business Plan that a report has been undertaken on CRPL's behalf and made very poor reading. Part of the property, which is locally listed, is in a dangerous state and has been closed off during the period of the lease and both parties have spent nothing maintaining it wind and water tight repairs. The property needs major expenditure which if a full job is done would cost more than three times the value of the property. The Council approved the spending of money to review the history of the site and to develop a redevelopment proposal this is now at a stage that consultation can be undertaken with Planners and should produce a good scheme that retains part of the historic building and new affordable housing.

Brookdale Club– Securing a letting of the Brookdale club has proven difficult with several offers having fallen through. Negotiations are currently at a very advanced stage with a local and popular multi-functional entertainment venue. We placed guardians in order to reduce high

running costs for security. If things fall through with the current offer we would recommend early demolition. The interest by the entertainment venue is progressing well if slowly but they are currently in for planning and licencing and it is hoped that the deal will be finalised in early April once both planning and licensing are granted.

32 Winslade Way- The previous tenant of the unit advised that they wanted to vacate and it was agreed they would remain till a new tenant was found. Due to the size of the unit securing a new tenant took some time but an exciting use was found for the space and a deal has been agreed with the Really Local Group to open the premises as the Boroughs first multi-screen cinema and multi-functional community space.

148 Rushey Green- the former tenant Vodafone exercised their break date notice. After a short marketing period a new tenant was secured for the unit at a slightly increased rent.

2-3 Winslade Way- this unit has been empty for more than 18 months but as a result of the Cinema deal we have been able to lease the unit as a Yoga studio and the tenant is currently fitting out and will start classes in February this and the Cinema are two exciting new uses for the centre.

4 Winslade Way- terms have been agreed with a prospective tenant for this unit that has been vacant for over a year. It is hoped the final bits and pieces can be agreed in the next 4 weeks.

28 Winslade Way – as a result of arrears and other issues the lease of this unit was forfeited in October and was re-let prior to Christmas. The tenant is now open and trading

29 Winslade Way – the previous tenant disappeared owing money and after a period of sustained marketing where one offer fell through a deal was struck and property re let to a local business who relocated from Rushey Green. They are now open and trading

General Lease, lettings and renewals several other national and local traders have renewed their leases or agreed ret reviews with CRPL.

Although during the year as the Masterplaning process developed, consideration had to be given to setting a date beyond which term certain can't be granted and break clauses introduced. The Board agreed it could offer leases of 5 years or longer but subject to a landlord only break option effective at any time on or after 1st July 2023 on giving 6 months-notice. This was based on the information available the Board will keep this item under review and revised if appropriate following the adoption of the Masterplan. The Minimum Energy Efficiency Standard (MEES) came into effect on 1st April 2018 requiring that no property with an F or G EPC rating could be let unless improvements were made to bring it up to an E or better. The second phase of the regulations will come into force on 1st April 2023 and this will make it a legal requirement that all leased property must have an EPC rating of E or better or the lease will be null in void and the property become vacant unless the Landlord carry's out work to make them E or better beforehand.

Residential leases and renewals – CRPL hold a number of self-contained residential flats situated above the commercial shops. The majority of these are leased on Assured Shorthold Tenancies (ASTs) with two leased to the Council's Private Sector Lettings team. All of the flats are let with 2 holding over while new AST's are agreed.

In May 2018 an audit was published by the Council highlighting that the Managing Agent, Landlord and Tenant consultant and agency consultant should be retendered. Temporary contracts were put in place till 23rd March 2019 to allow re tenders to take place. Tenders were undertaken in the order mentioned above. Following the retender of the managing agent position Workman LLP were appointed for 3 years at a reduced fee. The Landlord and Tenant

appointment has also been tendered and Aston Rose have been appointed as CRPL's agent. The Agency appointment has been tendered and the tenders are in the midst of assessment at present.

Operational Preview 2019/20

17 and 18 Catford Broadway – To achieve planning permission consultation with the planners took place over several months and Planning was awarded in August 2018. We had to address the Planner's concerns over the design and were requested to demonstrate "Exceptional Design" as well as better space standards. We responded and made amendments. These amendments have had a structural impact to the scheme and to achieve these layouts, the engineers had to increase the structural steel work significantly as well as increasing loadbearing studs. These along with other requested external changes such as an external stair, balcony, shop front changes, and the ground condition changes which meant an improvement to basement waterproofing and underpinning improvements increased our costs

The revised cost plan and issues re prelims lead to a difficulty in securing competitive tenders meant that the costs increased to £900,000 plus fees. The Board therefore will be seeking a development loan of £1,150,000 in order to proceed with the redevelopment. The GDV is still well in excess of £2million pounds and there is therefore a substantial excess of value over cost that is fully realised on completion of the redevelopment and will give additional funds to CRPL to progress other key initiatives. The Development loan would be for the period of the works and interest would be accrued but only paid when the development loan is repaid following drawn down of the permanent loan and set against the rents receivable.

Brookdale Club– Securing a letting of the Brookdale club has proven difficult with several offers having fallen through. Negotiations are currently at a very advanced stage with an operator for a proposed music/entertainment venue. The prospective tenant has lodged both planning and licensing applications and it is hoped these will be granted by the end of March 2019. We have placed property guardians in the property in order to reduce the high running costs for security. If things fall through we would recommend early demolition.

Constitutional Club – The previous lease of the premises ended in September 2018 and the tenant is holding over via a Tenancy at Will. CRPL have been working up proposals to redevelop the site for housing and a pub. A scheme has been drawn up we are consulting with the Planners in order get guidance so that the scheme can be full developed for a planning submission. The current scheme is a good option that would develop the site for predominantly affordable housing. Some £30,000 of the £300,000 approved by the Council last year has been spent and the council is asked to agree the further drawdown on fees to prepare the development and to tender the works with a view to starting redevelopment in April 2020. We would intend to seek a development loan from the council which depending on the scheme granted planning could be in the order of £7,000,000

23-24 Winslade Way- Sam 99 have exercised their break option with effect from October 2019 and we have just entered negotiations with them and other tenants regarding opportunities.

CRPL have discovered that there is a strip of land that is owned by the Crown that runs from the rear of 8 Catford Broadway where it joins the site of the Catford Constitutional Club to the lane between 14/15 and 17/18 Catford Broadway and on the north by the Thomas Lane car park and this should be acquired. It is believed the land will be valued between £5000 and £7,500 but because it is held Bona Vacantia by the crown there is a very convoluted legal process to acquire and we will need to pay both sides legal fees and these will amount to circa £10,000 to £15,000 But it is an essential acquisition in relation to the masterplan development

General Items – We will be working hard to maintain tenancies whilst minimising outgoings and also looking at asset management opportunities at the centre in order to minimise voids and bring in new tenants until a final decision by the Council with regard to the masterplan and the need to provide vacant possession.

For the time being all new lettings and renewals that fall within the development scheme are being renewed on the basis of 5 year lease excluded from the Landlord and Tenant Act 1954 but subject to a Landlord only break for redevelopment at any time after 1-07-2023

In line with the Company's objects (section 2 - Articles of Association) to carry on a business that will improve the economic, social and environmental well-being of the area and the residents of Catford and the wider London Borough of Lewisham, CRPL will continue to take a pro-active view in relation to acquisitions, regeneration, development and investment activities within the Catford town centre area.

CRPL's strategic approach to Development and use of development loans will help the company to become more financially resilient whilst also assisting the Council to further its regeneration and meet its corporate objectives.

Budget Preview 2019/20

CRPL is projecting a credit in 2019/20 partly due to the additional borrowing proposed here. It is also due to the successes the company has had in letting properties this year which will mean that we do not envisage having to pay any void costs for rates or service charges. This shows that the company is operating successfully and it is considered that this is a fair budget assumption as it is carrying out investment that will pay off with increase in value in later years. However the value will diminish the closer we move to implement the redevelopment that will create the real value for London Borough of Lewisham and CRPL.

CRPL is seeking an alternative loan arrangement in order to redevelop 17-18 Catford Broadway and the Constitutional Club which will help it to maintain a healthy cash position whilst carrying out the necessary works. It is proposed that an interest accruing to the Development Loan be approved on the basis that CRPL is able to draw down funds to use for redevelopment, however no principal or interest payments will be made till the property has been fully redeveloped and the increased asset value has been realised. The property will then be re-financed allowing CRPL to pay back the development loan plus interest charges. Directors have had discussions with the Chief Finance Officer at the London Borough of Lewisham; the loan arrangement is pending approval.

Rental and Service Charge Analysis – *Workman LLP* have been appointed as the new management agents from 24th March 2019. Regular meetings are to be held with our managing agents to review such items as management and letting strategies; rental income and arrears; service charge and expenditure; maintenance and repairs.

CRPL takes a flexible approach to its lease renewals and lettings. This approach includes temporary lettings to cover service charge and business rates and also short term lettings to allow flexibility around future regeneration plans.

The shopping centre service charge is a separate cost to tenants and all expenditure is reconciled with their payments at the end of the service charge year. The budget is based on actual spend figures for the previous service charge year, assumptions on increased costs and the renegotiation of service contracts. The accounts are externally audited to ensure that CRPL is meeting all of the requirements of the RICS service charge code. The service charge year runs from the 1st October and the total audited expenditure up to 30th September 2018 was £409,211. The service charge budget for the year to September 2019 is £491,560 and we

understand it is on course to finish at this level. The Budget for 2019-2020 has not yet been set but is likely to be lower as Workman LLP believe the current budget is excessive.

APPENDIX A

CATFORD REGENERATION PARTNERSHIP LTD

PAST AND CURRENT YEARS' BUDGETS

	18-19 Business Plan					
	2016/17 Final Outturn £000	2017/18 Original Budget £000	2017/18 Final Outturn £000	2018/19 Original Budget £000	2018/19 Forecast Outturn £000	2019/20 Original Budget £000
<u>INCOME</u>						
Loan income	=	=	=	1,250cr	650cr	250cr
Lease Rents Receivable	1,084cr	1,100cr	979cr	860cr	903cr	914cr
Service Charge Recoveries	40cr	40cr	45cr	40cr	40cr	32cr
Development Loan Re-Financing of Assets						1,150cr 1,199cr
TOTAL INCOME	1,124cr	1,140cr	1,024cr	2,150cr	1,593cr	3,545cr
<u>EXPENDITURE</u>						
- <u>CRPL costs</u>						
CRPL Employee Costs	5	5	5	5	3	0
LBL Staff Recharges	50	50	50	50	78	78
Letting and Renewals Fees	53	90	63	65	82	60
Property Running Costs	174	110	191	210	112	88
Major Works, R & M	27	50	69	70	86	90
Major Works	-	50	-	1,000	-	1,400
Property Purchase Costs	-	-	-	10	7	0
Insurance Costs (Net)	19	20	10	20	10	10
Development Costs	0	0	0	0	50	80
Fees and Miscellaneous	22	20	17	20	10	20
Development Loan Repayment						1,199
	350	395	405	1500	438	3,025
<u>Loan Repayments</u>						
Interest	507	530	529	570	538	559
Principal	210	185	87	70	60	36
	717	715	616	640	598	595
TOTAL EXPENDITURE	1,067	1,110	1,021	2,140	979	3,620
NET PROFIT (cr) / LOSS	57cr	30cr	3cr	10cr	557cr	75

APPENDIX B

CATFORD REGENERATION PARTNERSHIP LTD

THREE YEAR CASHFLOW

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
<u>INCOME</u>			
Rental Income (net)	887cr	1,164cr	1,223cr
Insurance Recoveries (CW)	53cr	58cr	62cr
Other Income	27cr	27cr	27cr
Working Capital Loan	250cr	-	-
Development Loan	1,150cr	3,500cr	3,500cr
Re-Financing of Asset	1,199cr	-	7,452cr
Total Income	3,566cr	4,749cr	12,264cr
<u>EXPENDITURE</u>			
CRPL Payments	330	330	330
Workman LLP	8	8	8
17/18 Catford Broadway	1,150	-	-
Constitutional Club	250	3,500	3,500
Insurance	60	65	70
LBL Services	78	78	78
VAT	120	140	140
Corporation Tax	50	50	50
Main Loan Repayment	604	596	608
WC Loan Repayment	-	-	-
Development Loan Repayment	1,199	-	7,452
Total Expenditure	3,850	4,767	12,236
Profit (cr) / Loss	283	18	28cr
Cumulative Position	84cr	66cr	94cr

APPENDIX C - Shareholder reserved matters

- 1 the CRPL's articles of association identify the following items as shareholder reserved matters:
 - 1.1 the approval of each Business Plan;
 - 1.2 the approval of each Budget and in any financial year changes over £50,000 in any one amendment to the Budget and changes to the Budget exceeding £200,000 in aggregate in any financial year;
 - 1.3 the declaration and/or payment of any dividends by the Company save where such declaration and distribution is made in accordance with the Company's dividend policy;
 - 1.4 the approval of and any change to the Company's dividend policy;
 - 1.5 the increase in any indebtedness of the Company other than in accordance with the prevailing Budget;
 - 1.6 the commencement by the Company of any new business not being ancillary to or in connection with the Business or making any change to the nature of the Business;
 - 1.7 the Company participating in any activity which is detrimental to and/or incompatible with the Business;
 - 1.8 the making of any political or charitable donation;
 - 1.9 the making of any acquisition or disposal by the Company other than in accordance with the then current Business Plan and Budget;
 - 1.10 writing off a bad debt exceeding £25,000 provided that if debts of that person or organisation have been written off by the Company in the previous three years in an aggregate amount of £50,000 or more, the decision to write off any further bad debts for that person or organisation shall also be a reserved matter;
 - 1.11 the making of any application for external funding;
 - 1.12 the repurchase or cancellation by the Company of any shares, or the reduction of the amount (if any) standing to the credit of its share premium account or capital redemption reserve (if any) or any other reserve of the Company;
 - 1.13 a change of name of the Company or location of its registered office;
 - 1.14 any issue of new shares in the Company.
 - 1.15 the devolution or transfer of all or part of the management of the Company or its business to persons who are not directors of the Company and, if approved, the terms of such devolution;

- 1.16 without limiting the generality of article 25.15, the appointment of any Chief Executive Officer or person holding a similar role and the terms of such appointment;
- 1.17 the appointment or removal of any director of the Company;
- 1.18 the engagement of (and terms of engagement of) any individual person as a consultant (but excluding for such purposes any firm/professional advisers) or employee;
- 1.19 the engagement of (and terms of engagement of) any company, partnership, individual person or other entity for the provision of services to the Company where the services provided are not contemplated in the then current Business Plan and Budget and/or where the value of the services is above the Official Journal of the European Union limit for services and/or where the services have not been tendered in accordance with the [Company's Contract Lettings Procedure];
- 1.20 any change to the terms of employment/engagement and/or remuneration of a person referred to in articles 25.18 and 25.19;
- 1.21 the letting of any contract for the provision of supplies to the Company where the supplies provided are not contemplated in the then current Business Plan and Budget and/or where the value of the contract is above the Official Journal of the European Union limit for supplies and/or where the contract has not been tendered in accordance with the [Company's Contract Lettings Procedure];
- 1.22 the letting of any contract for the provision of works to the Company where the works provided are not contemplated in the then current Business Plan and Budget and/or where the value of the contract is above £200,000 and/or where the contract has been not tendered in accordance with the [Company's Contract Lettings Procedure];
- 1.23 the instigation of any court proceedings where the directors have not taken appropriate legal advice or where such proceedings would be against that legal advice;
- 1.24 the authorisation of the levying of distress against the occupants of land or property in arrears where the directors have not taken appropriate legal advice or where such actions would be against that legal advice;
- 1.25 the making of any application for planning permission;
- 1.26 the implementation of any regeneration initiative other than in accordance with the then current Business Plan;
- 1.27 the commencement of any winding-up or dissolution of or the appointment of any liquidator, administrator or administrative receiver of the Company or any of its assets unless it shall have become insolvent.

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Public Accounts Select Committee		
Title	Select Committee work programme 2019-20	
Contributor	Scrutiny Manager	Item 6
Class	Part 1 (open)	09 May 2019

1. Purpose

1.1. To ask members to agree an annual work programme for the select committee.

2. Summary

2.1. This report:

- Provides a summary of the committee's work in 2018-19
- Provides the context for setting the 2019-20 work programme
- Asks members to agree on priorities for the 2019-20 municipal year
- Sets out the process for business panel approval of the work programme
- Sets out how the work programme can be monitored and developed

3. Recommendations

3.1. The select committee is asked to:

- Note the meeting dates and committee terms of reference
- Note the key decision plan at appendix F
- Consider the provisional work programme at appendix B
- Consider additional items for the work programme
- Consider opportunities for public participation
- Agree a work programme for 2019-20
- Ensure the work programme is manageable within the number of scheduled meetings and time available at each meeting.

4. Meeting dates

4.1. The meeting dates below were agreed at the council annual general meeting on 3 April 2019:

- Thursday 9 May 2019
- Thursday 13 June 2019
- Wednesday 10 July 2019 (moved from 18 July)
- Tuesday 24 September 2019
- Wednesday 6 November 2019
- Monday 16 December 2019
- Tuesday 4 February 2020
- Wednesday 18 March 2020

5. The role of the Select Committee

5.1. This committee considers how the council manages and uses its financial resources.

5.2. It can:

- Review the way council managers make decisions about spending money
- Challenge the council to use the most effective means of managing money
- Examine and challenge the development of the council's budget
- Recommend ways to improve the council's processes for buying goods and services (and for managing services to get the best value)
- Receive reports from - and review the work of - the council's audit panel.

5.3. The committee's full terms of reference are set out in appendix A.

6. Provisional 2019-20 work programme

6.1. The committee's scrutiny manager has drafted a provisional work programme for the committee to consider (see appendix B).

6.2. The provisional work programme currently includes:

- items suggested by the committee in the previous year
- items suggested by council officers
- issues arising as a result of previous scrutiny
- items the committee is required to consider by its terms of reference

6.3. The committee should also give consideration to:

- issues of importance to local assemblies (appendix C)
- decisions due to be made by Mayor and Cabinet (appendix F)
- issues suggested by members of the public (see paragraph 8.10)

6.4. Suggestions made by the committee at the last meeting of 2018-19

- adult social care - including transition from children's to adult social care
- transport
- contract management
- income generation and commercialisation
- it was also proposed that a further training session on the budget and reserves should be held for all members
- Governance and operation of the Catford regeneration partnership (following a referral from the Audit Panel at the meeting on 20 March 19)

6.5. Issues arising as a result of previous scrutiny

- Cost pressures in children's social care

6.6. Items the committee is required to consider by its terms of reference

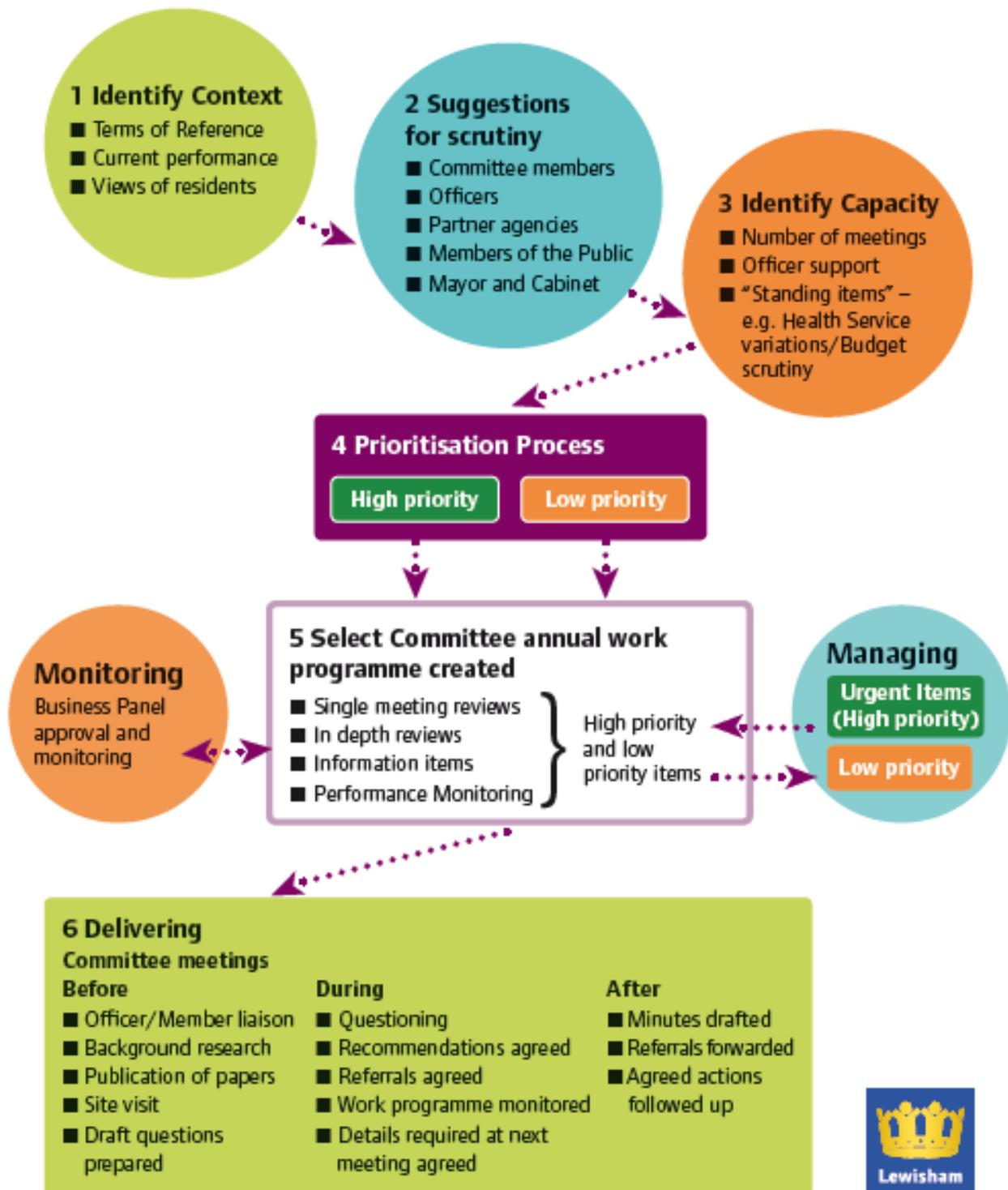
- Audit Panel update
- Budget cuts proposals*

**The council continues to identify areas from which it will deliver significant budget reductions in order to agree a balanced budget, as required by legislation. Officers have committed to regular interactions with Members in order to facilitate the effective scrutiny of specific proposals. The committee will need to retain capacity in its work programme to consider these as is necessary.*

- 6.7. In previous years the committee has also considered regular updates on the Council's financial performance, including:
- Quarterly financial forecasts
 - Treasury management
 - Mid-term financial strategy
 - Final outturn
- 6.8. It is for the committee to consider the provisional work programme and agree any additional items it would like to include.
- 6.9. The flowchart below and following section set out further guidance on the steps involved in setting, monitoring, managing and delivering the work programme:

Work Programme: Setting, monitoring, managing and delivering

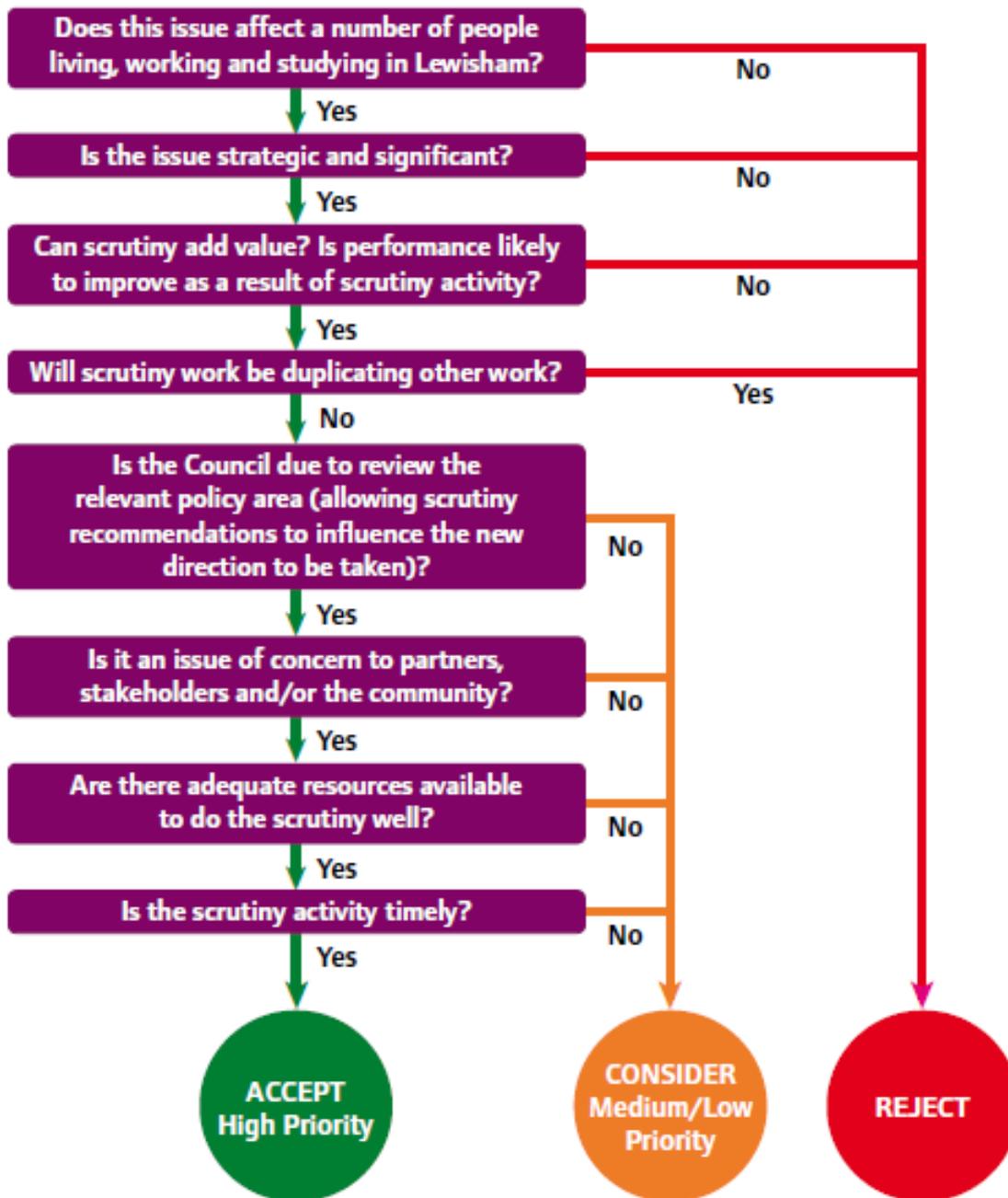
Setting



7. Deciding on items to add to the work programme

- 7.1. When deciding on items to include in the work programme, the committee should consider:
 - the key services, programmes and projects within the committee's remit
 - the criteria for selecting and prioritising topics (see flowchart below)
 - suggestions already put forward (see paras 6.4 to 6.6)
 - items committee required to consider by its terms of reference (para 6.7)
 - the capacity for additional items (see paras 10.5 to 10.8 below)
- 7.2. Prioritising potential work programme items helps the committee to decide which items to include and which items it could potentially remove from its work programme if it decides to take any urgent high-priority issues over the course of the year.
- 7.3. It may help to designate items as either high or medium priority. Low priority items should not be included on the work programme.
- 7.4. The flowchart below provides guidance on prioritising topics for scrutiny:

Scrutiny work programme – prioritisation process

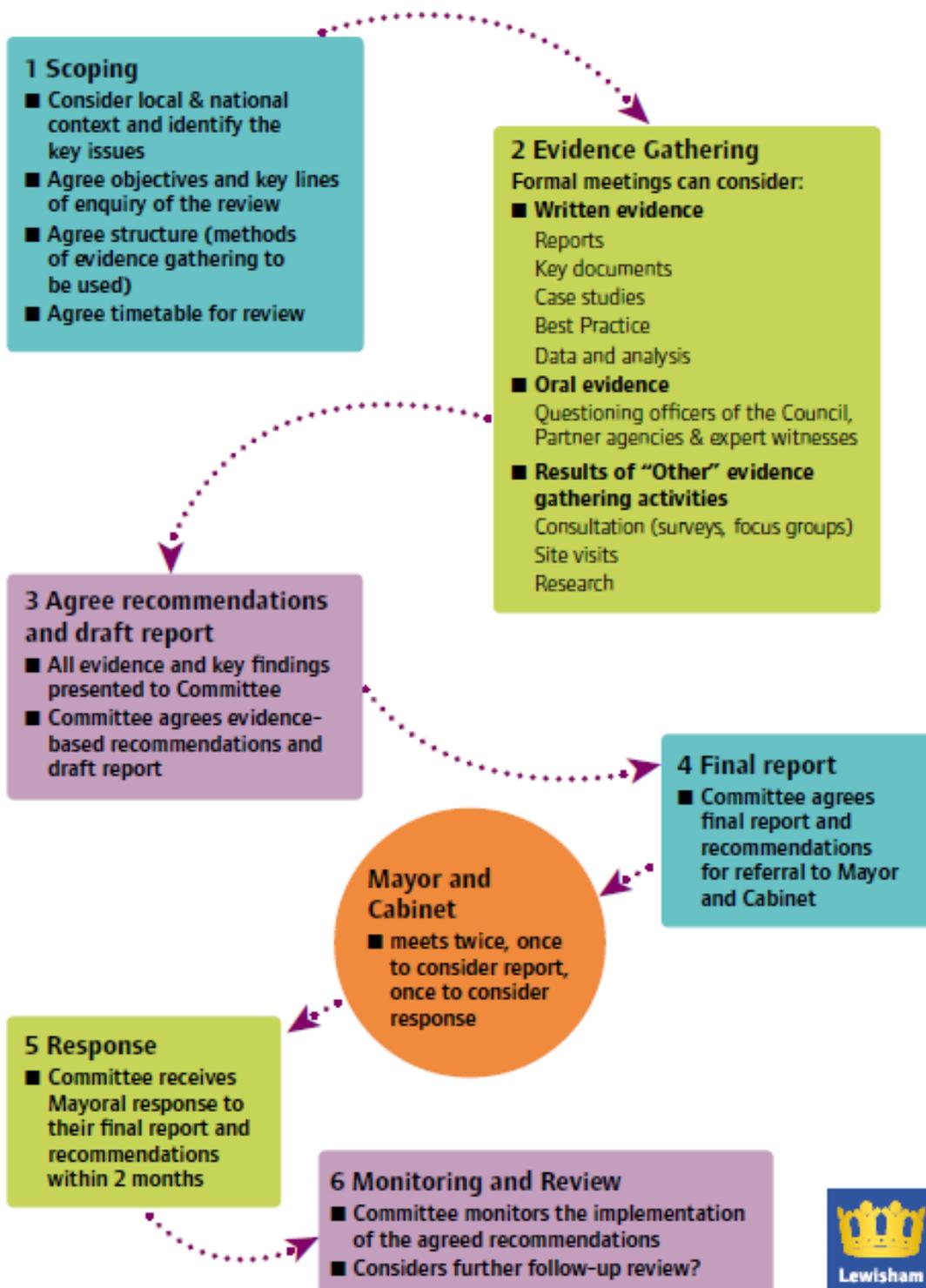


8. Different types of scrutiny

- 8.1. Scrutiny can be carried out in a number of ways and it is important to consider which type of scrutiny is the most appropriate and proportionate for each item on the work programme.
- 8.2. Some items, for example, may only require a briefing report for information (and will not need to be considered at a formal committee meeting), while another may require more detailed analysis and questioning of a particular issue with input from stakeholders.
- 8.3. Some of the main ways of carrying out scrutiny are described below.
- 8.4. The committee should also note the comments submitted by scrutiny to the council's [Local Democracy Review](#) on how scrutiny can be even more effective, participative and open. Ideas and suggestions included:
 - Focusing on fewer issues more closely linked to council priorities
 - Formal questioning of cabinet members at committee meetings
 - More engagement with the public outside of formal meetings
 - Individual scrutiny members leading on defined topic areas
 - Contributing to new policy proposals at an early stage
- 8.5. Standard items
- 8.6. The majority of work programme items tend to be standard items, where scrutiny is carried out as part of a single meeting and members:
 - agree what information and analysis they wish to receive
 - receive a report presenting that information and analysis
 - ask questions of the presenting officer or guest
 - agree, following discussion of the report, whether the committee will make any recommendations or receive further information.
- 8.7. In-depth reviews
- 8.8. For issues that require more detailed analysis and more extensive evidence gathering, the committee may decide to carry out an in-depth review over a series of meetings.
- 8.9. The committee can use a range of methods to investigate and gather evidence as part of an in-depth review. This includes:
 - inviting expert witnesses and specialists to meetings
 - consulting relevant sections of the community
 - requesting specific information and analysis from council officers
 - individual members participating in meetings, events and visits – and reporting back to the committee

- 8.10. In order to increase public participation in scrutiny, the committee may also decide to ask members of the public to contribute to in-depth reviews by submitting evidence via the council website: [Open Overview and Scrutiny Investigations](#). This is a new tool available to scrutiny committees.
- 8.11. It is important to note that evidence gathering as part of an in-depth review can take place outside of the formal committee meeting setting. In previous years scrutiny committees have:
- carried out visits and fact-finding trips
 - consulted with local resident and special interest groups
 - asked individual members to report on a specific issue
- 8.12. In-depth reviews usually take place over at least four meetings:
- Meeting 1 - scoping and planning the review
 - Meetings 2 to 3 - evidence gathering
 - Meeting 4 - agreeing draft report and recommendations
 - Report sent to Mayor and Cabinet for consideration and response
- 8.13. If the committee would like to designate one of its work programme items as an in-depth review, this should be done at the first meeting of the municipal year to allow sufficient time to carry out the review. A scoping paper for the review will then be prepared for the next meeting.
- 8.14. The flowchart below sets out more information on the different stages involved in scoping and carrying out an in-depth review:

How to carry out an in-depth review



Different types of scrutiny (continued...)

8.15. Single-meeting reviews

8.16. A more concise review where evidence is collected at one meeting and a brief report with recommendations produced for the next meeting. This approach allows a quicker turnaround for recommendations.

8.17. Policy development

8.18. This usually takes place when the council is due to renew a particular policy. Scrutiny might consider the options available and officer recommendations before a decision is made by Mayor and Cabinet.

8.19. It is important that select committees be engaged at an early enough stage to be able to actively influence and contribute to the new policy.

8.20. For example, in the past year the committee has scrutinised the development of the Council's new income generation strategy and social value policy.

8.21. Performance monitoring

8.22. Scrutiny regularly uses performance information and data to examine the effectiveness of specific council services. This includes assessing the delivery of a particular project against a set timescale.

8.23. The Public Accounts Committee has a specific role in monitoring information regarding the Council's financial performance. This year (as in previous years), it has received regular updates on directorate spending as well as the outturn results for the previous year's budget.

8.24. Information items

8.25. Some potential work programme items might be low priority and may only require a briefing report to be produced for the committee to note. There is no provision for discussion of information items. Information items can be circulated to committee member by email and questions can be put to the report author for a written response.

8.26. The council's *guide to overview and scrutiny* (available from the Members Information Site) provides further information on carrying out scrutiny.

9. The Committee's work in 2018-19

9.1. A brief overview of the wide range of issues the committee considered over 2018-19 is set out below. Members are asked to take this into consideration when setting the work programme for the coming year.

- Children's social care

The committee has expressed concern at the level of overspending in children's social care. This budget has been under severe pressure for an extended period. In recognition of this pressure, Mayor and Cabinet agreed to the application of an additional £6m to the Children and Young People's directorate base budget (bringing the gross budget to £71.3m) The Committee has been consistent in its requests for additional detailed information about the directorate's budget as well as evidence of management action to control overspending

- Budget cuts

The committee oversaw the scrutiny of the budget cuts proposals. Officer proposals for cuts to services were considered by each of the select committees, according to their terms of reference. The Public Accounts Select Committee then considered the overall impact of the budget cuts proposals, alongside referrals and representations from select committees and their chairs. The Chair of the Public Accounts Select Committee attended the meeting of Mayor and Cabinet at which the budget cuts were agreed in order to provide a strong, coherent voice for scrutiny.

- Income generation

The committee has a long-standing interest in income generation and commercialisation. In previous years, it has devoted considerable time and effort on exploring this topic. In the previous year, it has overseen the development of a new income generation strategy, alongside regular updates from officers about their work in this area. The committee has also benefitted from the independent work and research carried out by its Vice-Chair, who has acted as rapporteur.

- Financial forecasts

The Committee received financial forecasts with details of the Council's financial position for each quarter of 2018-19. The Council's Head of Financial Services as well as directorate group finance managers also attended Committee meetings to answer questions about budget pressures and the management action being taken to reduce overspending.

Referrals to Mayor and Cabinet

9.2. Scrutiny committees have the option to refer their views on a particular item to Mayor and Cabinet in the form of a formal 'referral'. The Chair or a nominated member of the committee can attend Mayor and Cabinet to present the referral and add additional context to the committee's views.

9.3. Mayor and Cabinet are required by the council's constitution to provide a response to a referral within two months. The relevant Cabinet Member or senior officer may attend the committee meeting at which the response is due to be considered in order to present the response and answer questions.

9.4. In 2018-19 the Committee made referrals to Mayor and Cabinet on:

- Cost pressures in children's social care
- The draft income generation strategy
- The draft social value policy
- Financial control

10. Approving, monitoring and managing the work programme

10.1. In accordance with the Overview and Scrutiny Procedure rules outlined in the Council's constitution, each select committee is required to submit their annual work programme to the Overview and Scrutiny Business Panel.

10.2. The Business Panel will meet on 7 May 2019 to consider provisional work programmes and agree a co-ordinated Overview and Scrutiny work programme, which avoids duplication of effort and which facilitates the effective conduct of business. The Public Accounts Select Committee will meet after this date, so its programme will be considered at a subsequent meeting of the Panel.

10.3. The work programme will be reviewed at each meeting of the committee. This allows urgent items to be added and items which are no longer a priority to be removed. Each additional item added should be considered against the priority criteria outlined in this report. If the committee agrees to add high priority items, it must also consider which medium/low priority items should be removed. There are eight meetings in this municipal year and the work programme needs to be achievable given the time available.

10.4. Members have previously requested additional guidance about prioritising and managing work programmes. The Council's constitution (part IV, section E) sets out the procedural rules for overview and scrutiny committees. The following issues were noted in 2014-18 as key issues:

- the length of meetings
- the number of items scheduled for each meeting
- the order of items at meetings

Length of meetings

10.5. Provision is made for committee meetings to last for **two and a half hours**. If the items scheduled for the meeting are not completed within this time the committee may decide suspend the Council's standing orders in order to complete committee business. The Council's constitution also provides the option for meetings to be adjourned by the Chair until a later date (with limitations). The suspension of standing orders and any decision to adjourn a meeting are matters for members of the committee and the Chair.

10.6. It is suggested that if standing orders are suspended, the meeting should continue for no longer that a further 30 minutes. Once a meeting has been in progress for more than three hours, especially if it takes place in the evening, the concentration of participants and the meeting's effectiveness declines.

- 10.7. The length of each item at Committee meetings will vary based on a number of factors – including the complexity of the subject under scrutiny; the number of issues identified by members and questions put to officers and guests.

The number of items scheduled for each meeting

- 10.8. It is for members of the committee to decide how many items should be scheduled for the meeting. However, giving consideration to the time available and the length of previous meetings of the committee, Members may wish to schedule **three items for each meeting**, leaving space available for Mayor and Cabinet responses and other urgent business.
- 10.9. The terms of reference of the committee are broad and there are many areas of service delivery and budgetary management that the committee could scrutinise. The prioritisation process set out earlier in the report is designed to help the Committee decide whether it should add items to its work programme. Where the committee identifies issues of interest that are low priority because, among other things: they are not due to be reviewed by the Council; there are inadequate resources available to carry out the scrutiny effectively; the issue has recently been reviewed by others; then members may wish to make a request to receive a briefing – or task the relevant scrutiny manager to identify sources of further information for circulation to the committee by email in order to provide context for future discussions.

The order of items at meetings

- 10.10. The Council's standing orders require that the minutes of previous meetings, declarations of interest and responses to select committees from Mayor and Cabinet are considered as the first items on select committees' order of business. At the beginning of the municipal year it is also necessary for a committee to decide on a chair and vice chair and to set a programme of business for the coming year at the earliest opportunity.
- 10.11. It has become standard practice for committees to consider items presented by guests and officers from partner organisations at the beginning of each agenda. This allows these speakers and presenters to be released from the meeting at the earliest opportunity.
- 10.12. The Committee has been asked to allocate a level of priority to each of the items on its work programme. Following the consideration of standing items and taking into account invitations to guests and external witnesses as well as the complexity and length of the reports on the agenda, work programmes are ordered by priority (high/medium).
- 10.13. Decisions about agreeing the order of business and changing the priority of items for discussion are made by the Chair, with the agreement of the Committee, where possible.

11. Financial Implications

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

12. Legal Implications

- 12.1. 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.

13. Equalities Implications

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

Background Documents

Lewisham Council's Constitution

Appendices

Appendix A – Committee's terms of reference

Appendix B – Provisional work programme

Appendix C – Local assembly priorities

Appendix D – Areas of the Council scrutinised by the Select Committee

Appendix E – Centre for Public Scrutiny criteria for selecting scrutiny topics

Appendix F – Notice of forthcoming executive decisions

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 specific responsibilities for the following:

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

Appendix B

Provisional Select Committee Work Programme 2019-20

Work Item	Type of item	Priority	Corporate priority	Delivery deadline	09-May-19	13-Jun-19	10-Jul-19	24-Sep-19	06-Nov-19	16-Dec-19	04-Feb-20	18-Mar-20
Catford regeneration partnership	Standard item	High	All	May								
Income generation and commercialisation	Standard item	Medium	All	June								
Final outturn 2018/19	Performance monitoring	Medium	All	July								
Children's social care	Performance monitoring	High	CP3	November								
Adult social care	Performance monitoring	High	All	December								
Financial forecasts 2019/20	Performance monitoring	High	All	March								
Medium term financial strategy	Performance monitoring	Medium	All	July								
Mid-year treasury management review	Performance monitoring	Medium	All	September								
Budget cuts	Performance monitoring	High	All	November				Cuts				
Annual budget 2019/20	Standard item	High	All	February							Budget	
Asset management	Standard item	Low	All	March								
Audit Panel update	Constitutional Requirement	Low	All	March								
(To be agreed at the meeting in May)	In-depth review	High	All	December		Scope	Evidence		Evidence	Report		

Appendix C – Local assembly priorities

Blackheath

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

Brockley

- Creating a high-quality living environment – helping improve our local living environment and making Brockley a safer, cleaner and greener place to live, work and learn
- Creating development opportunities for Brockley residents
- Connecting communities – bringing Brockley residents together, fostering a sense of community spirit, mutual understanding and respect through community projects, events and activities. These could be art, music, drama or sports based. We are also keen to open up the criteria to include ideas around exciting intergenerational projects.

Catford South

Improving the Catford South Environment

Parking, Idling and CPZs
Improving Cycling Provision
General traffic issues in Catford South
Supporting Local Air Quality Campaigns

Improving Catford South for Residents

Fly-tipping, Litter and Bins
Greening through planting trees and flowers
Noise nuisance
Street cleaning

Developing more activities for Children and You People in Catford South

Activity for Teenagers
Activity for Young Adults
Developing activity for under 5s
Activity for Children aged 6-12 years

Improving the Cultural offer in Catford South

Developing Community Events
Access to Theatre and Music
Night time offer for adults better
Access the Visual Arts Film

Increasing opportunities for Older People Catford South Community

Providing activities and events for older people
Dementia Friendly Community Work
Improving the health of Older People
Maintaining the Independence of older people

General things that matter to Catford South Residents

Volunteering Opportunities
Crime and Safety
Supporting Local Business
Employment and Training

Crofton Park

- Activities for older people
- Activities for younger people
- The environment
- Health and wellbeing
- Supporting community cohesion

Downham

- Children and young people
- Older people and intergenerational projects
- Creating a high quality living environment

Evelyn

- Provision for young people and children
- Provision for older people, people with disabilities and intergenerational activities
- Skills development and access to local employment opportunities
- Community support on anti-social behaviour, crime and drug issues
- Housing issues / developments and improving the built environment
- Community capacity building, cohesion and events

Forest Hill

- Youth engagement and provision- looking for activities that will appeal and support new and existing schemes young people. These could include those that are Art, Music, Drama and Sports based. We are also keen to open up the criteria to include ideas around exciting intergenerational projects.
- Making Forest Hill more attractive - looking for proposals that will help to keep Forest Hill streets clean and appealing. This could include the planting of trees and flowers or a proposal that would increase street art or improve an area.
- Community events – looking for proposals around events that include celebrations, e.g Christmas or events that engage residents and local groups offering education and relevant information to the Forest Hill area, as well as being fun.
- Supporting local Traders – looking for proposals that could support and promote Forest Hill as a vibrant town

centre and the Kirkdale area for local businesses.

Grove Park

- Improving the town centre
- Crime and antisocial behaviour
- Neighbourliness, community activities, events and cohesion
- Community facilities
- Parking, road safety & traffic calming

Ladywell

- improving air quality and pollution
- campaigning for the inclusion of genuinely affordable housing in future development
- better provision for youth – including apprenticeships linked to local businesses
- community safety

Lee Green

- Traffic and pollution: traffic speeds and rat running.
- Parking in areas without restrictions: overparking causing problems for residents.
- Our environment: parks, green spaces, community gardens, streets, flytipping, litter, dog fouling, neglected or empty buildings.
- Community services: community centre and community events.
- Antisocial behaviour and crime: misuse of bikes, noise, drug dealing.
- Transport links and accessibility of railway stations in the ward.

Lewisham Central

- Improving health and wellbeing.
- Cleaner, better environment.
- Better access to activities for children and young people.
- Better access to activities and opportunities for the elderly.
- Promoting and improving community cohesion.

New Cross

- Unemployment and skills development
- Activities for older people and tackling social isolation
- Housing developments and the built environment
- Health, wellbeing and community safety

Perry Vale

- Children and Young People
- Unemployment and skills development
- Older people and intergenerational
- Crime and antisocial behaviour
- Environment and ecology

Rushey Green

- activities and opportunities for children (under 18) and young people (under 25)
- increasing opportunities for older people (55+)
- community cohesion – including events, activities and projects designed to create a sense of community in Rushey Green
- culture and the arts – with particular reference to improving the wellbeing of people in the Rushey Green Area

- improving your local area – including local 'streetscape', environment and ecology.
- The Rushey Green Assembly is also committed to keeping residents informed about the ongoing improvements to Catford town centre.

Sydenham

- bringing our community together
- health and wellbeing
- vibrant high street
- clean and green
- crime and anti-social behaviour.

Telegraph Hill

- Unemployment and skills development
- Activities for older people
- Neighbourliness and tackling social isolation.
- Community safety, wellbeing and tackling anti-social behaviour.

Whitefoot

- Healthy living including fitness, wellbeing and mental health.
- Creative arts – using art to bring Whitefoot residents together and foster a sense of community spirit, mutual understanding and respect.
- Improved parks, play areas and green spaces – helping improve our local living environment, making Whitefoot a safer, cleaner and greener place to live, work, and learn

Appendix D – Further information about areas of the Council scrutinised by Public Accounts Select Committee

Chief Executive's Division

The Chief Executive leads the work of the Council's staff and is accountable for the overall effectiveness and efficiency of their work in delivering services and social results locally. He works closely with the directed elected Mayor and elected councillors to provide:

- **positive results** – setting the Council's management arrangements and practices to ensure effective and efficient delivery of services through well organised and motivated staff
- **strategic direction** – ensuring that the Mayor and Council's priorities and goals can be implemented through focused strategies, projects and programmes
- **policy advice** – acting as the principal policy adviser to the directed elected Mayor and elected councillors and securing best professional advice on all relevant matters in respect of the Council's functions and services
- **partnerships** – leading and developing effective partnerships at management level with other public agencies, private companies and local community organisations to achieve better public services and improved results for local people
- **operational management** – ensuring that the Council has the highest standards of achievement in financial and budgetary management; the management of service performance; the management of emergencies and risks generally; the management of suppliers; and the overall management of change and improvement within the Council.

Chief Executive – Janet Senior

Policy and Governance

- **Policy** – supports the Council's purpose (promoting the social, economic and environmental well-being of the borough) and direction (progress towards socio-economic and environmental goals) through research, strategic planning, policy development and support along with a rigorous approach to performance management. This combination of functions helps to provide corporate assurance for both democratic decision-making and corporate management. The function is now incorporated within the Policy, Service Design & Analysis Hub.
- **Governance** – supports the work of the directly elected Mayor and Council in the discharge of both executive and overview & scrutiny functions, and also supports elected Members in fulfilment of their

respective duties as ward representatives. The function seeks to ensure the efficient and effective discharge of statutory and constitutional responsibilities for the enhancement of local democracy and public engagement.

- **Executive Support Office** – supports Executive Directors, Heads of Service and the Director and Service Managers in Children’s Social Care through PA, clerical and administrative support.

Head of Corporate Policy & Governance – Barrie Neal

Overview & Scrutiny Manager– Charlotte Dale

Business & Committee Manager – Kevin Flaherty

Service Group Manager, Policy Development and Analytical Insight

– Paul Aladenika

Service Group Manager, Inter Agency Service Development & Integration - Salena Mulhere

Executive Support Office Manager– Margaret Anderson

Strategy

- **Mayor & Cabinet Office** – provides organisational and executive support to the Mayor, Deputy Mayor and Cabinet to enable them to fulfil their leadership roles within the authority, across the community, regionally and nationally. They act as an interface between the political and managerial leadership of the Council, facilitating and managing the decision making process including sensitive and high level information, correspondence and casework directed to the Mayor & Cabinet. The Office also includes the Office of the Young Mayor, which supports Lewisham’s Young Mayor, Young Advisors, Young Citizens Panel, as well as other Youth Engagement activities across the authority and partners.
- **Communications** – delivers proactive and reactive communications to support the delivery of the Council’s corporate priorities. The team co-ordinates the Council’s online, media and marketing communications with the aim of engaging and influencing our residents, staff and stakeholders.
- **Strategy & Partnerships** – work on cross cutting projects where multiple partners are involved.

Assistant Director of Strategy and Communication – Fiona Colley

Communications Manager – Darren Bindloss

Executive Manager, Mayor & Cabinet Office – James Noble

Strategy, Partnership and Programmes Manager – Fenella Beckman

Resources and Regeneration

The Resources and Regeneration Directorate has two principal functions. Its regulatory function helps the Council meet its statutory requirements and corporate priorities through a range of professional and administrative support services, as well as support to the democratic and political process. It acts as an enabler, facilitating service delivery through a framework and structure of support, advice and guidance. In addition, the Directorate is committed to regenerating the borough, renewing the physical fabric of the borough, enhancing the overall economic well-being of Lewisham and working in partnership with others to create sustainable communities.

Resources and Regeneration Directorate has six divisions providing a range of professional and administrative services.

Executive Director for Resources & Regeneration – (vacant)

Regeneration and Place – is committed to the optimisation of assets, working in partnership with others to regenerate the borough and create sustainable communities by:

- enabling and supporting the regeneration of Lewisham and helping to strengthen the local economy
- actively supporting the creation of safe, attractive, sustainable places and communities for the benefit of local people
- connecting people to economic, leisure and learning opportunities
- providing high quality, best practice stewardship of the Council's property assets
- delivering effective, value for money 'back office' functions which support the delivery of council and directorate priorities

Assistant Director Regeneration and Planning – **Freddie Murray**

Service Group Managers

- **Property, Asset Strategy & Estates** – Chris Damri
- **Commercial & Investment Delivery** – (vacant)
- **Capital Programme Delivery** - Kplom Lotsu
- **Highways, Transport and Asset Management** - Simon Moss
- **Estates Compliance and Contracts** – (vacant)

The Building Control function now sits in the Regeneration & Place division. The Building Control service operates on a trading account and competes with a multitude of private sector operators (Approved Inspectors) to provide approvals under Building Regulations.

- **Civil / Structural Engineering Manager** - Thiru Moolan

Corporate Resources – provides technical and professional advice in respect of the Council's financial responsibilities and internal control frameworks. These include corporate budget setting, treasury management, pension fund management, procurement support, insurance and risk management arrangements, and assurance and compliance (internal audit, fraud investigations and health and safety).

- **Head of Corporate Resources**- David Austin
- **Insurance and Risk Manager** – Karen Eaton
- **Anti-Fraud and Corruption Team Manager** - Carol Owen
- **Internal Audit Manager** - Julie Hetherington
- **Strategic Procurement and Commercial Services Manager** - Katherine Nidd

Financial Services – role is to steward the Council's financial resources prudently, balancing short-term strategies with the safeguarding of an effective resource base, including:

- Core accountancy, including preparation of the financial statements
- Service financial support and advice
- Payroll and pensions

Head of Financial Services – Selwyn Thompson

Service Group Managers – Financial Services

- **Community Services** - Robert Mellors
- **Customer Services** - Lynne Farrow
- **Resources & Regeneration** - John Johnstone
- **Children & Young People** – Mala Dadlani
- **Group Manager Pensions and Payroll** - Carol Eldridge
- **Core Accounting** - Paul Calnan
- **Group Finance Manager** - Peter Allery

Human Resources - is responsible for facilitating the development of a flexible and responsive workforce needed to deliver modern, high quality services. This is driven by the Council's People Management Strategy:

- lead and engage people through change to reshape the organisational structure, deliver an agile and flexible workforce and streamline our management costs
- improve performance to deliver and sustain high performance, improve productivity, reduce costs and maintain high quality
- develop new ways of working because of changes to the Council's role, residents' expectations of flexible, personalised and responsive services, need for agile and flexible workforce

Head of Organisation Development & Human Resources – Adam Bowles

HR Business Partners:

- Jackie Stirling
- Elaine Hattam
- Sherene Alexander Russell
- Lloyd Bryson

Employee Relations Manager – Ellen Tsang

Organisational Learner and Talent Manager – Ann Butler

Legal & Electoral Services

Legal Services – ensure that the Council acts lawfully, to facilitate the fulfilment of Council objectives in a way that is resistant to legal challenge; and to ensure that the Council has and uses robust decision making processes.

Electoral Services – administer Parliamentary, Mayoral, and local elections as well as referenda; and facilitate maximum possible participation in electoral registration and the democratic electoral process.

Head of Law - Kath Nicholson

Principal Lawyers:

- **Contracts, Education and Employment** – Stephanie Fleck
- **Housing and Litigation** – Petra Der Man
- **Property, Planning and Environment** - Katherine Kazantzis
- **Social Care and Health** - Georgina Nunney

Electoral Services Manager – Jamie Baker

Audit Panel

The Council is subject to an independent audit of all Council accounts and appoints an Audit Panel to advise it on its accounts. The role of the Audit Panel includes:

- Reviewing and approving the Council's Internal Audit's strategy, plans and resources as well as receiving quarterly and annual reports from Internal Audit and the implementation of Internal Audit recommendations.
- Receiving reports from Internal Audit on the implementation of agreed recommendations where management have failed to undertake the necessary actions within the planned audit time frame.
- Receiving external inspection reports and specific reports as agreed with the external auditor as well as external auditor's Annual Plan.
- Monitoring of the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.

- Receiving the Council's Annual Statement of Accounts, to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Executive.

The Committee might also consider the work of the Public Services and Information Management and Technology Divisions in the Customer Services Directorate:

Public Services

The Public Services division is based in Laurence House with the Register office in Lewisham High Street. Public Services provide access to a wide range of customer services across the Council and are the front door to many services that residents may require. Public Services operates services from all Council Buildings. It is split into eight service groups as follows:

- Customer Service Centre (Telephony, Face to Face and Registration)
- Revenues (Council Tax, Business Rates, Debtors and Cashiers)
- Benefits (Housing Benefit, Council Tax Rebates and Concessionary Awards)
- Emergency Planning (Emergency Planning and Business Continuity)
- Parking
- Business Support
- Directorate Casework Team
- Independent Adjudicator

Head of Public Services- Ralph Wilkinson

Service Group Managers – Public Services

- **Customer Services Centre** (Telephony, Face to Face and Registration)
Mark Ferris
- **Revenues** (Council Tax, Business Rates, Debtors and Cashiers)
Lorraine Richards
- **Benefits** (Housing Benefit, Council Tax Rebates and Concessionary Awards) Mick Lear
- **Emergency Planning Business Continuity Services**
Laurie Grasty
- **Parking Services Manager** – Seamus Adams
- **Corporate Complaints, Casework and Information Governance** -
Georgina Chambers
- **Independent Adjudicator** - Linzi Banks

Information Management and Technology

The **Technology and Change division** both supports the Council's efforts to

reshape, redesign and improve services to reduce costs. It also manages the Council's IT.

(Interim) Assistant Director IT and Digital Services – Mark Ives

- **Business Transformation and Change – Darren Kidson**
- **Applications Support Manager – Pooja Kulkarni**

FORWARD PLAN OF KEY DECISIONS

Forward Plan May 2019 - August 2019

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

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

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

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

December 2018	Beckenham Place Park update	24/04/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
December 2018	New Woodlands School Remodelling works Contract Award	24/04/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
February 2019	Watergate Special School Expansion Contract Award	24/04/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
December 2018	Proposals for private rented sector licensing in Lewisham	24/04/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
February 2019	Re-Procurement of Tier 4 Substance Misuse framework Contract for adult substance misuse services	24/04/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet member for Health and Adult Social Care		
February 2019	Community Grant Appeals Outcomes	24/04/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Jonathan Slater, Cabinet Member for Community Sector		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
February 2019	Business Rates Revaluation Support Scheme'	24/04/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
March 2019	Corporate Facilities Management Update	24/04/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
March 2019	New Cross Area Framework and Station Opportunity Study	24/04/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
March 2019	Planning Service Residential Extensions and Alterations SPD	24/04/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
March 2019	Procuring external consultancy support for managing a Travel and Transport Programme	24/04/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet member for Health and Adult Social Care		
March 2019	Excalibur Phase 3 enabling works	24/04/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
April 2019	Travel and Transport Programme	24/04/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
May 2018	Stillness School Kitchen and Dining Hall Contract	07/05/19 Executive Director for Children and Young People	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
March 2019	Extension of Contracts for operation of CCTV contron Room and maintenance of CCTV equipment	07/05/19 Executive Director for Community Services	Aileen Buckton, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
December 2018	Heathside and Lethbridge Phases 5 & 6 Land Assembly. Part 1 & 2	08/05/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
February 2019	Authorisation to consult on adoption of new Conservation	08/05/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	Area Appraisal and Article 4 Direction Deptford High Street Conservation Area		Customer Services and Mayor Damien Egan, Mayor		
March 2019	Violence Reduction Approach	08/05/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
March 2019	Fleet Vehicle Replacement Programme	08/05/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
April 2019	Church Grove Community Led Housing Finalising Lease Arrangements	08/05/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Paul Bell, Cabinet Member for Housing		
April 2019	Future options for the Parks Service	08/05/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Sophie McGeevor, Cabinet Member for Environment and Transport (job share)		
April 2019	Procurement of Management Development Programmes	08/05/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	2019		Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
April 2019	Adult Learning Lewisham Fees Increase	08/05/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Jonathan Slater, Cabinet Member for Community Sector		
October 2018	Chelwood Nursery Expansion	21/05/19 Executive Director for Resources and Regeneration	Kevin Sheehan, Executive Director for Customer Services and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
October 2018	Rockbourne Community Centre Refurbishment	21/05/19 Executive Director for Resources and Regeneration	Kevin Sheehan, Executive Director for Customer Services and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
April 2019	Proposal to re-procure the Refugee Resettlement Programme support provision	21/05/19 Executive Director for Customer Services	Kevin Sheehan, Executive Director for Customer Services and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
April 2019	Cycle Superhighway	05/06/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
October 2018	Neighbourhood CIL Strategy	05/06/19 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Mayor Damien Egan, Mayor		
December 2018	Review of older adults day services and day activities	05/06/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet member for Health and Adult Social Care		
August 2018	Lewisham Strategic Heat Network Business Case	05/06/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
March 2019	Children and Young People's Plan 2019-22	05/06/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
April 2019	Financial Results 2018/19	05/06/19	David Austin, Head of		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
		Mayor and Cabinet	Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
February 2019	Adoption Lewisham Park Conservation Area, accompanying Article 4 direction, and appraisal document	26/06/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan, Mayor		
February 2019	Provision of Services to Adults with Learning Disabilities - Contract Award	26/06/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet member for Health and Adult Social Care		
April 2019	Financial Forecasts 2019/20	26/06/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
April 2019	Medium Term Financial Strategy	26/06/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
April 2019	Revised List of Locally Listed Buildings	26/06/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Mayor Damien Egan,		

FORWARD PLAN – KEY DECISIONS

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Mayor		
April 2019	Permission to Tender Tier 2/3 Drug Services/Shared Care	10/07/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
February 2019	Children and Young People's Plan 2019-22	17/07/19 Council	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
November 2018	Neighbourhood CIL Strategy	17/07/19 Council	Janet Senior, Executive Director for Resources & Regeneration and Mayor Damien Egan, Mayor		
April 2019	Award of Contract Tier 4 Substance Misuse Framework	18/09/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
February 2019	Insurance Renewal	30/10/19 Mayor and Cabinet	David Austin, Head of Corporate Resources and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
April 2019	Contract Award Tier 2/3 Drug Services/Shared Care	20/11/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
April 2019	Anti-Idling Enforcement	20/11/19 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		

FORWARD PLAN – KEY DECISIONS

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