

Public Document Pack

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 25 September 2013 at 7.00 pm

PRESENT: Councillors Alexander Feakes (Chair), Jim Mallory (Vice-Chair), Sven Griesenbeck and Mark Ingleby

APOLOGIES: Councillors Jackie Addison, Abdeslam Amrani, David Britton and Madeliene Long

ALSO PRESENT: David Austin (Head Of Audit and Risk), Aileen Buckton (Executive Director for Community Services), Dee Carlin (Head of Joint Commissioning) (LCCG/LBL), Alan Docksey (Head of Resources, CYP), Peter Gadsdon (Head of Strategy & Performance, Customer Services), Andrew Hagger (Scrutiny Manager), Conrad Hall (Head of Business Management & Service Support), Eleanor Hoyle (Project Manager), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Tony Mottram (Head of Business Regulatory Services), Andy Murray, Georgina Nunney (Principal Lawyer) and Ralph Wilkinson (Head of Public Services)

1. Minutes of the meeting held on 17 July 2013

Resolved:

The Committee agreed the minutes of the meeting held on 17 July 2013.

2. Declarations of interest

2.1 There were none

3. Managing Contracts Review - Response from Mayor and Cabinet

3.1 Andy Murray, Procurement Strategy Manager, introduced the response to the Committee. In response to questions from the Committee officers explained that changes to the procurement strategy had occurred due the Localism Act and the Social Value Act. Localism brought in the right to for the community to identify services provided and challenge them in order to provide them for themselves. This triggers a procurement process. The Social Value Act means that when letting some services contracts then environmental, social and economic activities that add social value can be added to the contract.

Resolved:

The Committee noted the response.

4. Funding and Financial Management of Adult Social Care Review

4.1 Andrew Hagger, Scrutiny Manager briefly introduced the background papers and case studies.

- 4.2 Robert Mellors, Group Finance Manager, then introduced the report provided by Community Services Directorate, including information on charging, changes to the funding of adult social care, the financial impacts of changes to national policy and legislation as well as case studies highlighting potential costs of providing different types of care.
- 4.3 In response to questions from the Committee about integrating health and social care, officers provided the following information:
- The Council is committed to Health and Social Care integration and this commitment has been formally agreed by Mayor and Cabinet. This approach to health and social care started 2 years ago, so Lewisham are ahead of many other local authorities in their approach.
 - An aim of integration is to keep people out of hospital where possible and to be able to live in the community for as long as possible.
 - There is integration at the neighbourhood levels with GP clusters and a governance structure was agreed by the Health and Wellbeing Board.
 - A factor driving the need to improve integration was poor outcomes in admitting people to hospital and then getting them out when well enough to medically discharge. In order to avoid this, officers looked at the system and how it could be improved. By working closely with health providers, Lewisham has moved to top quartile and made savings.
 - There is an urgent care centre in front of the A&E, which has social care integrated into it. However the IT systems are not integrated, which is a common problem across the country.
 - Integrated budgets can reduce the inefficiencies in the system and Lewisham has launched a pioneer bid to test out a new way of integrating the funding model. This is a government backed project which will alter the way funding is approached. Lewisham has got through to last 30, with only 10 bids being successful. Regardless of the outcome of the pioneer bid, Lewisham hopes to be part of the national conversation around health and social care integration due to the work it has already done.
 - Public health work is another driver for integrating health and social care. One project looked at narrowing the differentials between those with good and bad health outcomes. In Deptford, integrated working in the community between the Council and Community Health workers has achieved some good results.
 - While relationships are very good with Lewisham Hospital due to a shared history of working together, they are not as close with other hospitals. This is largely because of a lack of familiarity and because other hospitals will deal with other local authorities more than with Lewisham. A large part of the evidence submitted to the judicial review of the Trust Special Administrator's report and decision was about integration between Lewisham Hospital and the Council.
 - Lewisham works well with the GP cluster, but officers aren't able to say how far integration with health at that level will go. The new Care Bill and Social Care Act will open up different models and approaches.
 - Work so far has shown that integration can have an impact in terms of positive outcomes for people as well as saving money. Inefficiencies such as duplication are still present in the current system and can be targeted. Service user feedback has shown that people prefer integrated services and that as long as their needs are met they are unconcerned about who does what and which agencies are involved.

- An issue effecting integration is that the acute sector which provides services in hospitals are paid by procedures. This creates a problem where if people are prevented from going into hospital then there will be an impact on acute sector finances. In addition there can sometimes be a lack of familiarity among health professionals about what social care can do and the changes in approach that have occurred.
- There are agreements in place to balance out the savings across organisations so the shift to social care does not simply hit local authority budgets while saving money for the NHS. Officers have also looked at the redistribution of money across organisations in order to avoid the shunting of the costs pressure to other public services.

4.4 In response to questions from the Committee about the proposed Dilnot and Care Bill changes, officers provided the following information:

- The implementation of the Dilnot proposals will require some extra work. The legislation will change the levels of savings needed, so resources will be available to help and officers will need to consider approaches to dealing with this. When it's up and running it should be simpler, and from 2018 on is when the impact of the changes will be properly seen. There will likely be some cash flow impact as the local authority will be required to cover the deferred payment for care until they can get the money back.
- At the moment there is flexibility on what Lewisham can charge but there will be less flexibility after the changes come in. The charging tariffs for local authorities are currently national bands, which could impact on London as the costs for service provisions are likely to be higher in London, but authorities will only be able to charge according to what is decided on a national level.
- Not many will reach the specified cap of £72k, as the people who require residential care (the most expensive care) often do not live long enough to reach the cap. However, longer term domiciliary services could trigger the cap quicker. At risk could be those people who become disabled while they are young, for example through a serious accident.

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

- Contract by contract Lewisham is moving towards outcome based commissioning and it is expected that savings will emerge from this.
- Pressures on health services can occur in the night and evening, when access to GPs can be difficult. Therefore the emergency type provision will have to deal with people who may not need emergency treatment.
- While improved public health and promotion of healthier lifestyles means less money may be spent on acute healthcare, this won't impact on the care budget from 2013-16 as those who need this help are probably already ill.
- People with learning disabilities were traditionally offered day care places, which can be expensive, however with personalisation more community options are available, which are often better as well as being cheaper.
- In 4 years the Council and the CCG have made savings of £42m, with health spend in the borough around £500m per year. The savings have not impacted on the quality of services provided.
- Health and Wellbeing Board is a statutory committee and part of its duties is to be assured that commissioning is appropriate for Lewisham. While it doesn't

manage the spend of the CCG it does develop the strategies that shape the spend.

Resolved:

That the information presented be submitted as evidence for the review.

5. Financial forecasts for 2013/14

5.1 Conrad Hall, Head of Business Management and Service Support introduced the report, highlighting the following key points:

- Figures are correct at 31 July 2013
- An increased overspend of £0.7m is forecast but should not be an issue. There was a similar overspend this time last year which turned into an underspend of £3.5m.
- Council tax collection is down, although this is not surprising given the introduction of the Council Tax Reduction Scheme and is not as bad as the modelled worst case scenarios. Figures are consistent with the experience of other local authorities.
- 95% of the £20.9m savings agreed in setting the 2013/14 budget are forecast to be delivered on schedule

5.2 In response to questions from the Committee about Council Tax, officers provided the following information:

- The new Council Tax Reduction Scheme has not exactly been welcomed by new payers however people are paying with not much recovery action.
- Some have paid large lump sums up front now rather than very small amounts every month, which has been a surprise. As the software supplier can't split the data on this at the moment, it has not been possible to analyse this to find some sort of a cause or pattern.
- Any offers of incentives or discounts for this would be difficult to implement, as due to legislation this discount would have to be offered to all council tax payers. Similar approaches were tried previously but were difficult to administer and didn't have much impact.
- The standard council tax collection scheme has been kept, partly because making any alterations have to be manually done and this would increase the administration costs.

5.3 In response to questions from the Committee about the Dedicated Schools Grant, officers provided the following information:

- The Schools' Forum has identified nine schools holding excess balances. It has agreed to cap these schools' balances but to release the funds back to the schools concerned on completion of a satisfactory budget plan
- The Schools Forum has consistently said funding from the Dedicated Schools Grant should be spent on the children generating that funding and the Council recommends that schools spend money they are given on pupils. There has been a gradual increase over last 3 years in the balances held by schools.
- The balance transfer mechanism has been used previously and worked in bringing the balances down. This mechanism will be used if schools who have

said they are holding money for a specific purpose/project don't deliver on their plans.

- Schools funding is protected in cash terms at the moment.
- There are some instances where money is being held for dealing with a bulge class. While the Council is sympathetic to these concerns, they have been clear that the Council will fund any expansion in classes.
- The financial caution of these schools does not appear to be impacting on performance as results are consistent. Officers will be asking Headteachers and Governors how they are better using their resources.

5.4 The Committee discussed the importance in monitoring any links between excess retained funding and performance in schools.

5.5 In response to questions from the Committee about capital expenditure, officers explained that the capital receipts are in line with what was expected although disposals will be required later on in the year.

Resolved:

That Business Panel is made aware of discussions regarding and that the Children and Young People Select Committee and Schools Forum are also informed about potential concerns in excess retained funding and performance in schools.

6. Catford Town Centre - CRPL Business Plan

6.1 Conrad Hall, Head of Business Management and Service Support, informed the Committee that the balance sheet for Catford Regeneration Partnership Limited will be circulated to members.

6.2 Eleanor Hoyle, Capital Project Manager, introduced the presentation, highlighting the following key points:

- The opportunity to purchase St Modwen interests arose in mid-2009.
- Objectives are to continue the effective management of the Catford Centre and to enable the redevelopment of the Catford Centre.
- There are two LBL appointed directors with the Day to day management overseen by LBL Capital Project Manager.
- CRPL business plan is reported annually to Full Council.
- There are 23 units with a £735k pa rental income. Retail units are 100% occupied and 13 of the 16 market stalls are occupied.
- The Tesco lease is owned by Petersham Land and subject to a CRPL underlease.
- Redevelopment break clauses included in all lease renewal negotiations since purchase to assist vacant possession.
- Costa, first 'high street' coffee chain in town centre,
- Zone A target of £35 met or exceeded on all new lettings and renewals

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

- The objectives for CRPL include optimising returns. While there are not any formal social objectives, CRPL is mindful of council objectives.

- The previous management of Catford Town Centre, St Modwen, sat on their investment using a low cost approach. As long as this generated a return on their investment the company was content.
- The active management approach includes supporting local tenants.
- CRPL is ticking over in a difficult market. They are on target for repayments and have not missed one.
- Active management can maximise the redevelopment options and opportunities.
- The market is improving at the lower to middle end, where Catford lies. At the higher end the market is struggling.
- Companies that express an interest in filling vacancies are looked at on a case by case basis based on what they can offer to the local mix of units rather than solely on what they will pay.
- Tesco has changed its corporate strategy recently which may make it more difficult to get them involved in the redevelopment. Petersham Land is also a complicating factor. It could be necessary to buy their interest out or go through a CPO process but this is some way off.

Resolved:

The Committee agreed that the item should be considered again alongside the balance sheet.

7. Building Control procurement

7.1 Tony Mottram, Head of Business Regulatory Services, introduced the report, highlighting the following key points:

- The wording at paragraph 2.1 should be amended to read 'Consider recommending an amendment to the procurement policy'
- The wording at paragraph 5.1 should have the phrase 'there is no possibility that any extra costs would be incurred' deleted
- The Council must obtain Building Regulation approval from either its own in-house service or from a private certifier.
- Building Regulation compliance is key to whether a building performs satisfactorily throughout its working life. Massive costs can be incurred if construction is not carried out correctly and therefore it is important that Building Control is carried out properly.
- Therefore any building procured by the Council should specify that Building Control is carried out by its own internal service rather than being contracted out.
- The increased income from more building control work could lead to an increase in the size of the team.
- By retaining the Building Control in-house the Council is able to better control the standards that are eventually achieved.
- The procurement of Building Control in this way is allowed under OJEC rules.

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

- The disadvantage in not using in-house Building Control is that there is less involvement by the Council, which is important if the council is commissioning the job.

- In-house provision will make it easier to link across other departments such as planning as Building Control already have contacts and work closely with colleagues there to share expertise.
- The quality of Building Control provided by the Council is high, with a high level of retention of business (Lewisham retains 75%, compared to Westminster at 30% and the highest in London of Haringey, at 80%). Lewisham also carries out control work in other boroughs and are the biggest supplier among local authorities in London.

7.3 The Committee then discussed the need for the Mayor and cabinet to have information on how Lewisham compares to other local authorities in terms of the quality and cost of its Building Control Service.

Resolved:

The Committee decided to refer the following to Mayor and Cabinet:

The Committee recommends that the Mayor and Cabinet should accept the recommendation set out in paragraphs 2.1 and 2.2 of the Building Control Procurement report.

In addition, the Committee asks that officers provide the Mayor and Cabinet with:

- Information on how Lewisham compares to other local authorities in terms of the quality and cost of its Building Control Service.
- A mechanism to allow a quality measurement for Building Control Services, to ensure and demonstrate that high quality standards of building control are provided.

8. Select Committee work programme

8.1 Andrew Hagger, Scrutiny Manager, introduced the work programme report.

8.2 The Committee discussed the next revenue and capital budget monitoring report and that it should include figures on projects with a capital expenditure of £1m or more.

8.3 The Committee also discussed the contributions of Conrad Hall to supporting the work of the Committee and wished him well in his new position

Resolved:

The Committee agreed that the next revenue and capital budget monitoring report should include figures on projects with a capital expenditure of £1m or more.

The Committee formally recorded their thanks to Conrad Hall for the support he has given the Committee and wished him well in his new position.

9. Referrals to Mayor and Cabinet

9.1 There were none

The meeting ended at 9.30 pm

Chair:

Date:
