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MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Monday, 11 November 2013 at 7.00 pm

PRESENT: Councillors Alexander Feakes (Chair), Jim Mallory (Vice-Chair), Jackie Addison, Abdeslam Amrani, David Britton and Michael Harris

APOLOGIES: Councillors Helen Gibson, Mark Ingleby and Madeliene Long

ALSO PRESENT: David Austin (Head Of Audit and Risk), Alan Docksey (Head of Resources, CYP), Peter Gadsdon (Head of Strategy & Performance, Customer Services), Andrew Hagger (Scrutiny Manager), Joan Hutton (Head of Adult Social Care), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Peter Stachniewski (Interim Head of Financial Services) and Selwyn Thompson (Group Finance Manager - Budget Strategy)

1. Minutes of the meeting held on 25 September 2013

Resolved:

The Committee agreed the minutes of the meeting held on 25 September 2013

2. Declarations of interest

2.1 There were none

3. Response to PAC cross borough working

Resolved:

The Committee received the response from Mayor & Cabinet.

4. Revenue and Capital Budget Monitoring

4.1 Peter Stachniewski, Interim Head of Financial Services, introduced the report, and highlighted the following key points:

- An overspend of £0.6m against the directorates' net general fund revenue budget is forecast.
- 95% of the £20.9m savings agreed in setting the 2013/14 budget are forecast to be delivered on schedule. Of the 5% that won't be achieved some have been deferred and some won't be achieved.
- Directorates are looking at alternative ways of coming in on budget.
- Capital programme forecast expenditure for 2013/14 is now £132m, compared to the budget of £150.8m.
- Council tax collection is 0.52% lower than last year in terms of the percentage of gross cash collected and 0.48% lower against this year's profile. The impact of welfare reform in this area has been significantly less than expected.

Children and Young People Directorate

- 4.2 In response to questions from the Committee, officers provided the following information:
- The number of Looked After Children has increased which is thought to be due to a combination of an increase in the school age population and increased economic stress and pressure on families. Officers were concerned with the increase and conducted a sample audit, which showed no changes to criteria people were using when referring children, so the correct referrals were and are being made.
 - The period a child will be looked after by the local authority can vary hugely depending on circumstances of cases. 2 or 3 particularly expensive placements can have a large impact on the overall spend.
 - The 3 main areas of cost, in order of expense, are residential placements, agency foster care and council foster carers. Residential placements have been reduced and Lewisham is recruiting foster carers to reduce agency dependency.
 - The local authority has a duty of care to the children of people who have overstayed in the UK and are waiting to be dealt with by the Home Office. There have been significant delays in the Home Office taking action and this is an issue across London, with some families supported by Lewisham for over a year. A large number of families have been placed in Kent as housing is less expensive.
 - The local authority's duty of care is to pay for accommodation and utilities and Lewisham does not compensate local authorities or health services in Kent and have not had negative feedback about placements
 - The youth service staff who will leave their posts early will not include those who are tasked with building up capacity in the VCS.

Community Services Directorate

- 4.3 In response to questions from the Committee, officers provided the following information:
- Lewisham will look to recover direct payments from service users if over 6 weeks' worth of funding have been saved up. However, if the money has been saved for a purpose, such as buying an expensive piece of equipment, then the money would not be claimed back.
 - There are opportunities to quicken the introduction of direct payments. The previous contract with Freewood was not working well and the management of direct payments has been taken in-house, which should result in better administration and increased direct payment take-up.
 - Direct payments will feature prominently in the savings proposals that are being developed by the Community Services Directorate.
 - The overspend for the youth offending service is an on-going concern for officers as the spend is driven by individual incidents and there is a high variance between them.
- 4.4 The Committee then discussed including further details on Cultural and Community Services in the next monitoring report, including local assemblies and sport.

Customer Services Directorate

- 4.5 In response to questions from the Committee, officer provided the following information:
- A number of hostels have been taken out of commission in order to carry out capital works to upgrade them and make them a better match to the needs of the borough, including increased family units. B&B accommodation for families is expensive as the local authority is only able to claim back the first room in shared B&B accommodation from central government.
 - The increase in B&B use is partly related to these temporary closures, although there has also been an increase of the impacts of welfare reform. An increased supply of extra care and sheltered housing would be useful.
 - Legal fees for pursuing unpaid Parking Control Notices have increased, although the associated income from fines has increased, so the cost has been offset.
 - There have been fewer permits sold and income from pay and display is down. Blackheath Railway Station Car Park, which was leased from Southeastern Rail, has now been handed back to Southeastern.
 - There are no targets set for parking fines. The budget for parking fines is set according to historical data.

Resources and Regeneration Directorate

- 4.6 In response to questions from the Committee, officers provided the following information:
- The corporate photocopying contract, which is currently held by Apogee, will be coming to an end soon and officers are currently drawing up the specifications of the tender.
 - There has been a delay in the completion of the new Oracle financial system from August to December. The project is large and is a partnership between a number of local authorities, although there should not be a knock-on from the delay into the 2014/15 financial year.
- 4.7 The Committee discussed the persistent overspend by IT and that this should be on the Committee's work programme for 2014/15, as well as the need for information on contracts that are due to come to an end.

Treasury Management

- 4.8 In response to questions, officers informed the Committee that interest rates are currently very low, and standard inflation (such as RPI and CPI) is higher than the rates the Council are able to access, meaning that the Council is losing around £2m per year in real terms. This has been budgeted for, but over a period of time this could have a further negative impact on the budget and result in the need for further savings.

Housing Revenue Account

- 4.9 The Committee discussed the need for comparator figures from previous years on the rent collection rate in the next budget monitoring report.

Capital Expenditure

- 4.10 In response to questions from the Committee, officers provided the following information:
- The spend at the end of October was 46% of the budget, up from the 34% in the report. This is still less than the 60% that would be expected by this time in the year.
 - The pattern of spending was similar to previous years. In 2012/13 85% of the capital budget was spent.
 - Approvals for spending and projects can often come after the start of the year and this could delay the start of spending, for example, on Transport for London funded schemes.
 - Work has been carried out on primary school places projects and contractors will be submitting final invoices and certificates soon, which will increase the percentage of the capital budget spent.
- 4.11 The Committee then discussed the recurring issues surrounding the underspend of the capital budget. While they understood that projects have multi-year budgets and that current economic circumstances were difficult, the Committee felt that there was a consistent underspend and asked for further details to be provided on large capital projects in the next monitoring report.
- 4.12 The Committee also discussed the potential impact that savings and loss of staff could have on the Council's ability to manage capital projects and emphasised that this capacity needs to be retained by the organisation.

Resolved:

That the next budget monitoring report should include:

- Further details on Cultural and Community Services, including local assemblies and sport.
- Comparator figures from previous years on the housing rent collection rate.
- Further details on large capital projects

That further information on contracts that are due to come to an end should be supplied to the Committee.

5. Funding and Financial Management of Adult Social Care Review

- 5.1 The Committee discussed the Funding and Financial Management of Adult Social care draft report, including recommendations.

Resolved:

That the Chair's foreword, executive summary and agreed recommendations are inserted into the final report and referred to the next available Mayor & Cabinet meeting.

The Committee agreed the following recommendations:

- The personalisation agenda within Adult Social Care should be further pursued and promoted by the Council as a way of offering services that are more flexible and suited to individual needs, as well as creating savings.

- The increased use of direct payments for services should be promoted, ensuring that there is effective oversight and monitoring of the direct payment process in place.
- Local markets supplying Adult Social Care services to those in receipt of direct payments should be further developed, with particular attention paid to supporting local voluntary and community groups that promote social cohesion.
- The Committee supports the work carried out so far to integrate Adult Social Care with health services. This work should be maintained and further advanced with the new Lewisham and Greenwich NHS Trust, GP Practices and Public Health. Opportunities for further savings should be explored through integrating budgets and creating efficiencies.
- Knowledge of Adult Social Care and the services it offers should be improved among all areas of the health sector. Promoting and improving signposting to Adult Social Care Services could provide improved longer term health outcomes and increased value for money.
- An assessment should be carried out of the short-term impact that deferred payments for care introduced under the Care Bill will have upon Council finances and ensure there is adequate provision made for any impact.
- The feasibility of forming a Local Authority Trading Company to trade in Adult Social Care services should be explored.
- Contracts held by Public Health should be re-examined when due to be renewed, with funding directed towards areas that will not only lead to longer term health improvement but could also contribute to reduced future spending.
- That the London Living Wage should be paid for all those providing residential and domiciliary care in London for Lewisham service users, including those employed via direct payments.
- That further scrutiny and monitoring is carried out by the appropriate select committees on the following:
 - The development of the local market for Adult Social Care services.
 - The in-house direct payments process.

6. **Select Committee work programme**

Resolved:

The Committee agreed the work programme

7. **Referrals to Mayor and Cabinet**

Resolved:

The Committee agreed to refer the Funding and Financial Management of Adult Social Care Review to the next available Mayor & cabinet meeting, subject to the inclusion of the Chair's Foreword, Executive Summary and Recommendations.

The meeting ended at 8.45 pm

Chair:

Date:
