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## MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Monday, 16 December 2013 at 7.00 pm

PRESENT: Councillors Alexander Feakes (Chair), Jim Mallory (Vice-Chair), Jackie Addison, Sven Griesenbeck, Michael Harris and Mark Ingleby and Alan Hall

APOLOGIES: Councillors Abdeslam Amrani and David Britton

ALSO PRESENT: David Austin (Interim Head of Corporate Resources), Aileen Buckton (Executive Director for Community Services), Mayor Sir Steve Bullock (Mayor), Councillor Liam Curran (Chair of Sustainable Development Select Committee), Robyn Fairman (Head of Strategy), Helen Glass (Principal Lawyer), Andrew Hagger (Scrutiny Manager), Councillor Carl Handley (Chair of Housing Select Committee), Councillor Paul Maslin (Cabinet Member for Resources), Barrie Neal (Head of Corporate Policy and Governance), Councillor John Paschoud (Chair of Children and Young People Select Committee), Janet Senior (Executive Director for Resources & Regeneration), Kevin Sheehan (Executive Director for Customer Services), Frankie Sulke (Executive Director for Children and Young People) and Selwyn Thompson (Group Finance Manager - Budget Strategy)

### 1. Minutes of the meeting held on 11 November 2013

#### Resolved:

The Committee agreed the minutes of the meeting held on 11 November 2013.

### 2. Declarations of interest

2.1 Councillor Feakes declared a personal interest as a member of Voluntary Services Lewisham, who have received a grant from Lewisham Council.

### 3. Strategic Financial Review update and Savings Proposals for 2014/15 and 2015/16

3.1 The Mayor of Lewisham, Sir Steve Bullock, introduced the item and highlighted the following key points:

- The report presents a broad picture of the financial challenges the Council faces over the next few years as well as a number of specific savings proposals for 2014/15.
- There are fewer savings proposed for 2014/15 than in previous years, however the budget requirement for 2015/16 will be more challenging.
- Previous savings have taken a more traditional approach by addressing specific services. The Strategic Financial Review will develop thematic and cross-cutting approaches to address the large savings needed.
- The Mayor has not yet expressed a view on the savings to officers.
- The details of the local government financial settlement have not yet been provided, but it is expected to be in line with the predictions.

3.2 Councillor Paul Maslin, Cabinet Member for Resources, then spoke to the Committee and highlighted the following key points:

- £16m of savings have already been agreed for 2014/15 and the proposals here will release a further £6m savings.
- There have been £82m of savings agreed since 2010, with a further £85m required over the next 4 years

3.3 In response to questions from the Committee, the Mayor advised that:

- Officers have been asked to look at ways in which the savings required can be delivered while accounting for the existing priorities of the borough. The elections in May 2014 will provide an opportunity to refresh those priorities.
- There should be recognition of the context of Lewisham and its local priorities, for example the third sector may not be a priority for other authorities but it is in Lewisham.
- In Lewisham the community expects its services to engage with residents. Lewisham people do things for themselves in partnership with the Council and other public services, such as the development of Community Libraries. A priority will always be to protect the vulnerable in society.
- Lewisham will work closely with neighbouring boroughs who largely share Lewisham's values.
- Large scale efficiencies and savings can be generated through shared procurement with other local authorities. However it is unknown how far it is possible to scale up procurement and contracts before economies of scale are lost. Part of the challenge will be to establish where the limits of economies of scale in procurement are.
- Historically the Council has sought savings through efficiencies. However, simply creating efficiencies will not be enough to achieve the savings required and larger scale savings proposals will start to emerge in the summer.
- The end of a 4 year administration is not the right time to make substantial savings commitments.
- Across local government, organisations have been exploring and identifying potential ways to reduce expenditure. There has been a lot of information sharing and Councils are talking to each other about how to achieve the savings required.
- One of the most important areas where savings can be made is the integration of health and social care and the work carried out here so far will now need to deliver savings.
- The current situation is difficult, partly because in 2010 local government said the cuts would have a large impact, however through hard work it was able to ameliorate the damage to services. It will now be difficult to go back to the public and persuade them that this round of cuts and financial pressure will be different.

3.4 In response to questions from the Committee, Cllr Maslin provided the following information:

- Work to create efficiencies has been ongoing over the four year period and proposals being produced now are the result of previous work carried out.
- Income generation is being looked at.
- The need to find £167m over 8 years creates an impetus for services to look for efficiencies and different ways of approaching service delivery that was not present previously.

- 3.5 David Austin, Interim Head of Corporate Resources, introduced the Strategic Financial Review and highlighted that 2013/14 is a transitional year where the Strategic Financial Review will start and future savings will be identified.
- 3.6 In response to questions from the Committee, Janet Senior, David Austin and Selwyn Thompson provided the following information:
- The inflationary and demographic pressures have always been present year on year, so it is difficult to identify precisely what extra pressures are created by having to find £167m over 8 years.
  - There will be a £21m real-term cash reduction in 2014/15.
  - Because the level of certainty around the finances of local government has disappeared it is very difficult to be able to predict what the future will bring, or to confidently predict a 'worst case scenario'.
- 3.7 The Committee then discussed that the extremity of the cuts imposed on local government were unprecedented. The Committee commented that a graph highlighting the long-term impact on the Council's finances might be useful.

#### Public Accounts Select Committee Savings Proposals

##### RNR01 (Audit & Risk)

- 3.8 David Austin, Interim Head of Corporate Resources, introduced savings proposal RNR01. In response to questions from the Committee he provided the following information:
- The team will carry out less housing benefit fraud investigations, although this function will soon transfer to central government.
  - Because of the general decrease in the size and activity of the Council, there will be a proportional decrease in the need for audit.
  - Other assurances such as using external 3<sup>rd</sup> party or new technology can offer efficiency, as can adopting a more risk-based approach.
  - External audit arrangements will not be changing.

##### RNR03 (Policy & Governance)

- 3.9 Barrie Neal, Head of Corporate Policy and Governance, introduced savings proposal RNR03. In response to questions from the Committee he provided the following information:
- As the Chief Executive is now working reduced hours, this has freed up capacity among the PA team. PA capacity has also been centralised so is able to cope more flexibly with demands.
  - The post in the Policy and Partnerships Unit has been vacant for 12 months. The team will continue to carefully prioritise its workloads.
  - The post in Business and Committee previously supported processes around Council Questions and Civic Events. A more flexible approach to these services by the wider Governance team will be able to continue to provide these services.

#### Children and Young People Select Committee Savings Proposals

- 3.10 Cllr John Paschoud, Chair of the Children and Young People Select Committee, introduced the referral from the Children and Young People Select Committee.

### CYP13 (Youth Service)

- 3.11 Cllr John Paschoud highlighted that proposal CYP13 would represent a cut to the youth service commissioning fund just as it was undergoing a radical overhaul which had not yet been implemented. Therefore the proposal represented a high level of risk. Scrutiny of this proposal has been carried out previously through joint meetings of the Children and Young People Select Committee and the Safer Stronger Communities Select Committee, with the basis that the commissioning fund would be £956k.
- 3.12 In response to questions from the Committee, Frankie Sulke informed the Committee that savings have had to be found from across the directorate. There has already been a significant overbid for funding from the youth service commissioning fund and that this saving would mean there would be fewer activities funded.
- 3.13 The Committee then discussed:
- That youth services would effectively be reduced by 10% if this saving was accepted.
  - The concern that the balance and spread of youth service provision will be impacted and that this balance should be maintained.
  - The impact on community groups who have already entered into the process of applying for funding.
  - That the Public Accounts Select Committee should endorse the Children and Young People Select Committee's referral on this issue.

### CYP12 (Attendance & Welfare)

- 3.14 Cllr John Paschoud highlighted that the Children and Young People Select Committee had raised concerns over the restructure of the Attendance and Welfare service and had recommended that the Children and Young People Select Committee have a chance to scrutinise the proposal in more detail before the Mayor accepts it. Concerns raised included:
- That full information on the proposals was not available at this stage. There was also concern about the status of the staff consultation.
  - The need to provide the Council's statutory responsibilities.
  - Whether increased trading with schools could place an extra burden on schools with disadvantaged children.
  - Whether changes to the service could impact disproportionately on more disadvantaged children.
- 3.15 The Mayor stated that he would need legal advice on what the timetable allowed him to do in terms of not accepting or delaying savings proposals. Helen Glass, Principal Lawyer, advised of the timetable for the budget as set out in Appendix E of the report. The Mayor stated that an option could be to delay a decision on this matter until the new year.
- 3.16 The Public Accounts Select Committee then discussed endorsing the Children and Young People Select Committee's referral on this issue.

### Housing Select Committee Savings Proposals

- 3.17 Councillor Carl Handley, Chair of the Housing Select Committee, introduced the referral from the Housing Select Committee.

#### CUS07 (Service Point)

- 3.18 Councillor Handley highlighted that the Housing Select Committee had felt that the proposal could represent a false economy in the long run and that there were concerns about the quality of the service should the proposal go ahead, so had asked the Mayor to reject it.

- 3.19 In response to questions from the Committee, Kevin Sheehan provided the following information:
- There are now more companies in the market that offer these services than when this was previously looked at. Standards have improved and there are better opportunities for economies of scale, especially as this is a small and relatively expensive service if kept in-house.
  - There will need to be market testing to see if this saving can be achieved. While there is no guarantee that better value for money can be achieved in the market, officers believe that this is achievable.
  - The standard of the service provided will be important in deciding on the approach to take.
  - Monitoring of this proposal can be carried out throughout the year via the budget monitoring process.

- 3.20 The Public Accounts Select Committee then discussed the following issues:
- Outsourcing a service is not inherently a bad thing for the Council to do and can result in improved value for money for the organisation.
  - The Committee should not support the Housing Select Committee's recommendation on CUS07.
  - Cllr Handley indicated he was satisfied with the additional information provided at the meeting.

### Sustainable Development Select Committee Savings Proposals

- 3.21 Councillor Liam Curran, Chair of the Sustainable Development Select Committee, introduced the referral from the Sustainable Development Select Committee, highlighting that in order to ensure that select committees are able to deal with savings proposals in a timely manner a standing item should be added to the agenda for each select committee.

#### CUS03 (Refuse)

- 3.22 Councillor Curran highlighted the following key points:
- Lewisham's apparently poor recycling rate was due to the use of the SELCHP plant to burn waste, but that publicity around this did not reflect the low levels of landfill due to the use of SELCHP.
  - Evidence at the Committee's meeting indicated that some Registered Social Landlords were using Lewisham bins incorrectly, which was causing a cost pressure.

- 3.23 In response to questions from the Committee, the Mayor explained that he had noted a difference between the online and print coverage of recycling rates. The strategy taken in Lewisham is to minimise the impact on the environment, with SELCHP contributing to this goal, and a local authority's recycling rate is not always a reliable indicator of this.

#### RNR02 (Planning)

- 3.24 Councillor Curran highlighted that the introduction of new planning charges represent a risk to the public image of the Council, especially if there was insufficient explanation of the charges or if the public felt they were too high.
- 3.25 In response to questions from the Committee, Janet Senior provided the following information:
- Officers have carried out benchmarking, which will be provided to Mayor and Cabinet before a decision is taken, which shows that Lewisham previously charged the lowest fees in London for major planning applications (£1000). The increase to £1500 will take Lewisham into the lower-middle bracket.
  - The charges for small scale applications in London range from £80 to £370. Lewisham will charge £60 plus VAT.
  - These charges are part of the discretionary charges that Councils can make.

#### Healthier Communities Select Committee Savings Proposals

- 3.26 The Healthier Communities Select Committee did not refer any items to the Public Accounts Select Committee.

#### COM01 (Adult Social Care)

- 3.27 In response to questions from the Committee regarding proposal COM01, Aileen Buckton explained that the savings are part of the 3<sup>rd</sup> year of the integration programme for health and adult social care, which have been to Healthier Communities Select Committee on a number of occasions and to Public Accounts Select Committee as part of the Funding and Financial Management of Adult Social Care Review.
- 3.28 The Committee felt that the level of detail in the report referencing where exactly savings were coming from and select committee involvement should be improved.

#### Safer Stronger Communities Select Committee Savings Proposals

- 3.29 The Safer Stronger Communities Select Committee did not refer any items to the Public Accounts Select Committee.

#### COM03 (Cultural and Community Services – VCS Grants)

- 3.30 Aileen Buckton informed the Committee that the savings were drawn from unallocated funds, including the reduction to the London Borough Grants Scheme and previously agreed tapered funding.
- 3.31 In response to questions from the Committee, Aileen Buckton indicated that Lewisham was not required to fund the London Borough Grants Scheme at the

same level as previously, while some of the rest is being saved from employment projects that have now picked up new sources of funding. The grants programme is regularly scrutinised by Safer Stronger Communities Select Committee.

- 3.32 In response to questions from the Committee, Janet Senior informed the Committee that they will be able to scrutinise the progress of savings and the impact of not filling posts that are vacant through the budget monitoring process, which Public Accounts Select Committee receives every quarter. The Committee will also be able to monitor any unachieved savings through identified overspend in budget monitoring reports.

#### RNR04 (Strategy)

- 3.33 Robyn Fairman informed the Committee that the service does not require baseline funding as it will seek resources for projects from external sources and look to pool budgets with partner bodies. The proposal will have no impact on staffing levels.

#### **Resolved:**

The Committee resolved to advise the Mayor and Cabinet of the following:

The Committee endorsed the recommendation by the Children and Young People Select Committee regarding proposal CYP12 (Attendance and Welfare Service). The Children and Young People Select Committee recognised the rationale for making the Attendance and Welfare Service a partially traded service but noted that not enough information was currently available about the proposals. Therefore the Children and Young People Select Committee should have the opportunity to scrutinise, in January, the full report on the savings proposal going to the Mayor and Cabinet on 18 December to review:

- The response from schools to the consultation currently in progress;
- The plans to ensure that staff are fully consulted on proposals.
- Whether there will be a disproportionate impact on disadvantaged children.
- Whether there will be a disproportionate impact on schools that have high numbers of disadvantaged children.

The Committee also endorsed the recommendation by the Children and Young People Select Committee regarding proposal CYP13 (Youth Service). The Children and Young People Select Committee expressed concern that a reduction to the funding available for commissioned youth work during the first re-designed commissioning process would be confusing and unhelpful. They noted that the fuller reshaping of the youth service has not yet been fully implemented and further reductions at this stage could represent a significant risk to the successful implementation of these changes.

The referrals made by all the Select Committees to the Public Accounts Select Committee have been attached at Appendix A and the Committee asks that the Mayor and Cabinet takes note of the concerns raised and comments made by the Select Committees.

**4. Select Committee work programme**

**Resolved:**

The Committee agreed the work programme.

**5. Referrals to Mayor and Cabinet**

**Resolved:**

The Committee agreed to refer the comments agreed under item 3 to Mayor and Cabinet.

The meeting ended at 9.05 pm

Chair:

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Date:

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