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## MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Tuesday, 25 March 2014 at 7.00 pm

PRESENT: Councillors Alexander Feakes (Chair), Jim Mallory (Vice-Chair), Jackie Addison, Abdeslam Amrani, Helen Gibson, Michael Harris and Mark Ingleby

APOLOGIES: Councillors David Britton and Sven Griesenbeck

ALSO PRESENT: David Austin (Interim Head of Corporate Resources), Andreas Ghosh (Head of Personnel & Development), Andrew Hagger (Scrutiny Manager), Kplom Lotsu (Project Manager), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Martin O'Brien (Sustainable Resources Group Manager), Dave Richards (CYP Group Finance Manager), Peter Stachniewski (Interim Head of Financial Services) and Tim Thompson (Head of Corporate Asset Services)

### 1. Minutes of the meeting held on 6 February 2014

- 1.1 The Committee discussed changes to the minutes, including:
- Paragraph 3.3 – Ad in bullet point “The role of partnership working with other public sector bodies will be important”
  - Under the resolution on item 4, add that Public Accounts Select Committee should be part of the scrutiny.

#### Resolved:

That the minutes of the meeting held on 6 February 2014 be approved subject to the above amendments.

### 2. Declarations of interest

- Cllr Feakes declared an interest as a trustee of Voluntary Services Lewisham.
- Cllr Mallory declared an interest as Chair of Fairshare timebank.

### 3. Mayor & Cabinet response to the Adult Social Care Funding and Financial Management Review

- 3.1 Robert Mellors, Group Finance Manager, Community Services, introduced the response and in response to questions from the Committee provided the following information:
- Direct payments have been brought in-house, which has ensured there is transparency and control in the way funds are used. If there is misuse or fraud it can be more easily identified.
  - There is an investment fund available to help local providers of Adult Social Care to set themselves up to be sustainable in the long term.
  - There is only a national threshold for deferred payments and no regional variations, which could impact on services on London as they will be more expensive.
  - Domestic staff are close to minimum wage, whereas care home staff pay is higher. More boroughs are working towards paying the London Living Wage for

care staff and as more join in it will be easier to insist on providers paying the London Living Wage.

**Resolved:**

The Committee accepted the response.

**4. Asset Management update**

4.1 Martin O'Brien, Sustainable Resources Group Manager introduced the report, highlighting the following key points:

- The Council's current Asset Management Plan will end in 2014. The new plan will address the challenges facing Lewisham, including financial challenges.
- The Asset Management Plan will bring together policies and plans relating to buildings, with the Accommodation Strategy as a focal point. There will also be attention paid to generating efficiencies and increasing income.
- The plan will tie into wider corporate objectives around housing, transport, school places as well as the Regeneration Strategy.
- Asset optimisation will require long-term decisions. There will be an effort to develop the commercial estate and eliminate 'grey' estate, which are mixed-use assets with an open-ended with an unclear purpose, such as assets used by the 3<sup>rd</sup> sector usage but on unclear terms. The aim will be an operational and commercial distinction.

4.2 In response to questions from the Committee, Tim Thompson, Interim Corporate Asset Services Manager, Martin O'Brien, Sustainable Resources Group Manager, and Kplom Lotsu, Project Manager, provided the following information:

- The Asset Register is close to completion and there will be a single register finalised by the end of Q1 in 2014/15.
- The Asset Management Plan is different to the register and will aim to formalise occupancy and arrangements for estate especially in providing clarity and transparency for 3<sup>rd</sup> sector organisations.
- The register and plan should provide greater clarity for service colleagues about the costs of delivering services.
- Local authorities have taken a centralised approach to the issue of asset rent costs and running costs, and have made it is just an accounting entry. Charging out for this was tried previously but it didn't work.
- Centralised knowledge gives the Council the basis to better use assets. There is currently a disparate approach to complying with legislation and upkeep and officers are developing a consistent, business model based approach. Improved governance has been introduced with a working group that includes Service Head representation and there have been corporate discussions about the deployment of assets.
- Times have changed for local authority asset management; there has been a swing away from a capital based model to a revenue model so that income can be channelled to service delivery. The asset base should be worked harder so it can be more sustainable.
- Officers are working on developing better KPIs.
- Officers are working with colleagues in Community Services to develop a protocol for 3<sup>rd</sup> sector usage of assets.

- Using existing resources better to achieve more will be the approach to officer support for assets.
  - Officers are aware of the difficult situation with the Town Hall, which is currently unused.
  - The Council is trying to promote themselves differently as an asset owner. The aim is to get a choice in who the Council leases buildings to, so a decision can be made on who goes in where that fits with the Council's aims for that building and that area. As landlord the Council can exclude certain uses and promote others, which is a powerful tool.
- 4.3 The Committee then discussed whether cuts to resources supporting assets could be short-sighted, as this may hold back the Council's ability to get the best from assets and generate needed revenue.

**Resolved:**

The Committee resolved that an item on asset management should be proposed for the 2014/15 work programme.

**5. Revenue and Capital Budget monitoring**

- 5.1 Peter Stachniewski, Interim Head of Financial Services, introduced the report and highlighted the following key points:
- There is a forecast underspend of £0.3m.
  - There has been significant overspend on clients with no recourse to public funds, with a serious impact for the Children and Young People Directorate of a £4.2m cost pressure.
  - The overspend above has been offset by an underspend in Community Services.
  - Customer services have a 1.9m overspend, which is in line with projections. This is due to B&B spend as well as a shortfall in parking income.
- 5.2 Peter Stachniewski, Interim Head of Financial Services, David Austin, Head of Corporate Services, and Dave Richards, Group Finance Manager CYP then provided the following information regarding issues to do with clients with no recourse to public funds:
- The projected overspend has increased. The cause of the spike in numbers appears to be a growth in backlog of decisions and then appeals from the Border Agency. There has also been a moratorium on the removal of families from the country, a policy decision taken by central government.
  - People who are waiting to be deported have no recourse to public funds, although the local authority has a duty of care to all children in the borough.
  - Hence there is a potential 'shunt' question, where costs for one public agency have been shifted to another.
  - Officers are working with other boroughs such as Islington, Wandsworth and Southwark to do benchmarking and process comparisons.
  - The pattern in Lewisham is replicated in other South London boroughs, with Lambeth, Southwark and Lewisham facing higher increases in clients with no recourse to public funds. This is not just a Lewisham issue and there are discussions nationally as this may be a Border Agency issue.

- No recourse cases involve around 220 people and 20 cases have been referred to the Home Office.
- A lot of work has been carried out identifying cases and a co-ordinating group has been set up.
- Lewisham's policies are being looked at. Lewisham lost a judicial review on a no recourse case, which could have influenced the approach taken. Lewisham could be more challenging in its approach.
- Fraud investigations have been carried out and a specialist consultant has been brought in on new assessments. Officers are developing a new approach, which will be piloted from June.
- Costs are principally on accommodation, such as B&B which can be £65 per day. There are also indirect costs such as school places and early intervention services. Many families are placed out of borough where accommodation is cheaper.
- A lot of the cases depends on the initial assessment of those presenting, if this is not rigorous then it can be difficult. Therefore new caseloads are being looked at rigorously. Documents, financial records, credit checks are built around connections to the local area, such as community and family.
- People present to the local authority largely due to a change in circumstances, such as a child or due to the breakup of a relationship. They have often have been in the country illegally for a while. Officers are looking at whether those presenting can be pushed to use the networks they have previously been using.
- Legal are also looking at the possibility of a judicial review against the Home Office.

## **6. Management report**

6.1 The Committee noted the report.

## **7. Audit Panel Update**

7.1 Cllr Michael Harris, in his role as Chair of Audit Panel, introduced the report and highlighted the following key points:

- External audit has been positive in difficult times. There had been concern over whether external audit would pick up on systemic financial risk, but they have met this challenge.
- Lewisham is doing well on fraud detection and compares well with other London boroughs, although there is still room for improvement.
- The quality of the independent members on Audit Panel has been good.

### **Resolved:**

The Committee thanked Cllr Harris for his work as Chair of Audit Panel and thanked the Audit Panel for their work, including the independent members.

## **8. Fairness Review update**

8.1 Andreas Ghosh, Head of Personnel and Development, introduced the report, highlighting that because of the recommendations have enabled officers to act on them and make good progress.

- 8.2 In response to questions from the Committee, officers provided the following information:
- The prominence of the information about all expenditure over £250 will be improved.
  - The Commissioning and Procurement Board includes category managers. Part of their role is speaking to providers and assessing markets.

8.3 The Committee welcomed the schools staffing information.

**Resolved:**

The Committee noted the report

**9. Managing Contracts Review - update on response**

**Resolved:**

The Committee noted the report

**10. Select Committee work programme**

- 10.1 The Committee discussed the following topics as suggestions for 2014/15 work programme:
- Impact of people with no recourse to public funds in the borough
  - Oracle cross-borough project
  - Council ICT
  - Asset management
  - Development of the local market for providing direct adult social care services

**Resolved:**

The Committee agreed that the above suggestions be put forward for the 2014/15 work programme

**11. Referrals to Mayor and Cabinet**

11.1 There were none.

The meeting ended at 9.10 pm

Chair:

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Date:

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