

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 28 October 2015 at 7.00 pm

PRESENT: Councillors Jamie Milne (Chair), Maja Hilton, Ami Ibitson, Helen Klier and Jim Mallory

APOLOGIES: Councillors Mark Ingleby, Chris Barnham and Roy Kennedy

ALSO PRESENT: Councillor Kevin Bonavia (Cabinet Member Resources), David Austin (Head of Corporate Resources), Mark Humphreys (Group Finance Manager, Customer Services), John Johnstone (Acting Group Finance Manager), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Barrie Neal (Head of Corporate Policy and Governance), Georgina Nunney (Principal Lawyer), Dave Richards (CYP Group Finance Manager) and Katie Wood (Scrutiny Manager)

1. Minutes of the meeting held on 29 September 2015

1.1 RESOLVED:

That the minutes of the meeting held on the 29 September be agreed as an accurate record of proceedings and the Chair be authorised to sign them.

2. Declarations of interest

2.1 There were no declarations of interest.

3. Financial Forecast 2015/16

3.1 Robert Mellors, Group Finance Manager, presented the report to the committee noting the following key points:

- There was a forecast overspend of £8.1million against the directorates net general fund. This was slightly less than the May estimate of £8.6 million.
- Regarding the Dedicated Schools Grant, there were three schools that had applied for a licenced deficit.
- The Housing Revenue Account was projecting a £2.3 million surplus which would be transferred to reserves at the end of the financial year to be reinvested in housing stock in future years.
- Council Tax collection rates were a little lower than profiled and 0.2% lower than at the same point in the 2014/15 financial year.
- Business rates collection was 0.1% lower than the required profile.
- The capital programme overall spend to 30 September 2015 was £44.8m which was 39% of the revised budget.

3.2 In the discussion that followed, the following key points were raised:

- If there was a deficit at the end of the financial year the Council would be able to use reserves to cover this.
- The lessons that had been learnt from the previous financial year around savings that had not been achieved included: ensuring that only deliverable savings were scheduled; and having better monitoring in place to flag up variances.
- There was still budgetary pressure from the No Recourse to Public Funds group but this had reduced and was expected to be within budget in the 2016/17 financial year.
- The three schools that had a deficit were: Sedgehill; Deptford Green; and All Saints Primary School. There were plans in place to reduce spend and bring the schools budgets back into balance.

3.3 RESOLVED:

That the report be noted.

4. Management Report

4.1 Barrie Neal, Head of Corporate Policy and Governance introduced the report and the following key points were noted:

- The Management Report looked at the Council's performance, projects, risks and finance and highlighted areas for management attention and areas of good performance.
- The information in the report included contextual data in order to give more details on the headline performance.
- In regard to contextual data for Children and Young People, the Executive Director was undertaking a review into the high level of recorded child protection enquiries.
- Programmes and projects were now summarised in one page of the document and included the new addition of the Besson Street Development.
- The section on risk was also highlighted in the report.

4.2 In the discussion that followed, the following key points were made:

- The performance indicator relating to Education and Healthcare Plans was based on a small number of these being issued. This meant that one complicated case could significantly reduce the percentage being delivered on time.
- Risk scores were based on the impact verses likelihood and then categorised in a grid with a score of 1-5. The multiplication of the two elements produced the overall risk rating of red, amber or green.
- The Management Report had recently gone to Business Panel, attended by the Chairs of all Select Committees. Clarification was sought as to the extent to which Select Committees routinely made

use of the data on risk and performance in the report. An update on this would be provided to committee members.

4.3 **RESOLVED:**

That the report be noted.

5. **Mid-Year Treasury Management Review**

5.1 David Austin, Head of Corporate Resources, presented the report to the committee and highlighted the following key points:

- The report presented the current economic conditions in which the Council was operating including the UK economic context.
- Council investments performance for the risk profile was in line with a benchmark group of London Boroughs.
- The Council has a 12-month view on investments which was currently under review. Longer term investments may increase risk but also potential yield.
- With respect to increasing income generated; pooled investments were also being considered. Auditors would make a view on whether these would be considered as capital expenditure or investment.

5.2 In the discussion that followed, the following key point was made:

- The benchmark group of London authorities had a higher percentage of investments in 12 month + arrangements with up to 10% of their portfolios in this bracket compared to 0% of the London Borough of Lewisham.

5.3 **RESOLVED:**

That the report be noted.

6. **Income Generation Review - Final Report**

6.1 Katie Wood, Scrutiny Manager introduced the report to the committee and highlighted the following key point:

- The report collated the evidence heard and research undertaken by the committee at their evidence sessions in April and July and meetings in June.

6.2 Councillor Jamie Milne, Chair of the Public Accounts Select Committee circulated proposed recommendations for discussion and agreement and highlighted that Councillor Ingleby had made some suggestions which the Chair had incorporated into his proposed recommendations, principally in recommendations 2 and 11. In the discussion that followed the following key point was made:

- There was currently the maximum permitted number of cabinet posts therefore amendments to existing portfolios may be a more realistic option than creating new cabinet posts.

RESOLVED:

- (1) That a further update on the strategies being pursued by the Council on proposals for income generation from the private rental sector be reported back to the committee.
- (2) That the following recommendations be agreed and the report and recommendations be referred to Mayor and Cabinet:
 1. That the work undertaken by this committee to identify an income stream and potential partner through a wireless concession be endorsed and secured as soon as possible to ensure that the high level of potential income identified by this review is realised.
 2. That a commercialisation ethos be endorsed and embedded throughout the Council as a method of protecting services to residents whilst maintaining a public sector ethos. Generating income should be seen as a means of protecting services and reducing further cuts. The more self-funding a service can be, the greater the resilience it has to withstand further reductions in funding.
 3. That a commercialisation specialist be appointed at senior officer level as soon as possible, to lead and develop the organisational changes needed to deliver this new commercial approach.
 4. That the portfolio of one cabinet post be amended to include specific responsibility and accountability for commercialisation and income generation and all cabinet posts portfolios include considering income generation options.
 5. That support for staff be embedded in any process or culture change within the Council. The Committee note that commercialisation can feel challenging and staff, managers and elected members need to be guided and supported through the process.
 6. That all Heads of Service be engaged in the process of moving to an increasingly commercial culture and in identifying income streams.
 7. That in addition to a “top down” approach to identifying commercial strategies and income streams, a “bottom up” approach be encouraged for front line staff to report areas where they feel fee levels are wrong and to identify new areas of potential income streams. A platform for staff to do this should be created with clear feedback provided.
 8. That the true costs of Council services be understood to ensure that when full cost recovery is sought, it is based on accurate cost figures.

- 9. That any restructures within the Council ensure the right grade of staff for the work. It is costly to have the wrong grade of staff carrying out certain tasks and management structures should be studied closely with analysis based on role breakdowns and not just title and grade. This is to ensure that services can be profitable or cost neutral by making as efficient use of all skills as possible.
- 10. That the Council's "Contributions" to non-statutory services be thoroughly analysed to help make difficult choices. Some services are routinely being subsidised at higher rates than others purely due to annual and historic price rises affecting costs differently across services. If there is subsidy from the Council it needs to be properly assessed and based on policy not applied randomly from historic price uplifts and ineffective cost analysis of inflationary increases.
- 11. That examples of best practice from other local authorities be continued to be studied as routine to ensure that the Council is considering all potential options to help protect services.

7. Select Committee work programme

7.1 Katie Wood, Scrutiny Manager presented the item to the committee requesting any additional comments on the items scheduled in the work programme.

7.2 **RESOLVED:**

That the report be noted and the work programme be agreed subject to the following amendment:

That an update on the complaints review as listed in savings proposal I3, be scheduled for the meeting in March.

8. Referrals to Mayor and Cabinet

8.1 **RESOLVED:**

That the Income Generation Review report and recommendations be referred to Mayor and Cabinet.

The meeting ended at 7.55 pm

Chair: _____

Date: _____