

# MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 16 March 2016 at 7.00 pm

PRESENT: Councillors Jamie Milne (Chair), Mark Ingleby (Vice-Chair), Abdeslam Amrani, Chris Barnham, Maja Hilton, Ami Ibitson, Jim Mallory and Crada Onuegbu

APOLOGIES: Councillor Helen Klier

ALSO PRESENT: Paul Aladenika (Service Group Manager, Policy Development and Analytical Insight), Timothy Andrew (Interim Overview and Scrutiny Manager), David Austin (Head of Corporate Resources), Emma Aye-Kumi, Jack Fowler (Project Accountant), Mark Humphreys (Group Finance Manager, Customer Services), John Johnstone (Acting Group Finance Manager), Genevieve Macklin (Head of Strategic Housing), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Dave Richards (CYP Group Finance Manager), Shirley Spong (No Recourse to Public Funds Service Manager), Selwyn Thompson (Head of Financial Services) and Katie Wood (Scrutiny Manager)

## 1. Minutes of the meeting held on 27 January 2016

**RESOLVED:** That

the minutes of the meeting held on the 27 January 2016 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

## 2. Declarations of interest

There were no declarations of interest.

## 3. Income Generation Response to recommendations to Mayor and Cabinet

**3.1** Selwyn Thompson, Head of Financial Services, presented the report to the Committee and handed round an addendum report, a copy of which will be interleaved with the agenda. Jack Fowler, Project Accountant, was also in attendance. During their presentation to the Committee the following key points were highlighted.

- Work on the wireless concession was on-going with two different models were being considered. The first was working with the company Shared Access on a model which was considered by the Committee in their Income Generation review. The second option was to use the London Borough of Harrow's small cell concession framework. In the second option there was a predicted lower level of income stream but that would be off-set by the potential to have a community benefit such as free wifi.

- Substantial work had been undertaken around commercialisation following the Committee's recommendations. The Council was in the process of recruiting to two different specialist commercialisation posts.
- Cllr Milne tabled information on Shropshire Council's Teckal company IP and E, a copy of which will be interleaved with the agenda.

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

- The offer from Shared Access would provide more income than the Harrow model and included a non-exclusivity clause that would give the Council flexibility to work with other partners in the future.
- The main advantages of the LB harrow model were that it could include a social benefit such as free wifi.
- The Committee would be updated with the results of the recruitment process. If members of the Committee wanted to be more involved in the process they could contact the Head of Financial Services. It was suggested that the Chair of the Public Accounts Committee and the Executive Member for Resources would be the most suitable Members to be involved.
- There was a big challenge in orchestrating a cultural shift in the Council to a more commercial culture and it was recognised the appointees would need a wide-range of skills and experiences.

### 3.3 **RESOLVED:** That

The report be noted.

That an update report be presented to Committee in 6 months time.

## 4. **No Recourse to Public Funds - Update**

4.1 Genevieve Macklin, Head of Strategic Housing presented the report to the Committee. Shirley Spong, No Recourse to Public Funds (NRPF) was also attendance. During the presentation and following questions from Members, the following key points were highlighted:

- The peak number of cases was in June 2014 when the team were supporting 286 active cases. At the start of January 2016 this had fallen to 185 cases representing a reduction of 35%.
- 61 cases were now awaiting resettlement and 120 had been resettled by the team overall since 2014.
- The service was now able to more robustly assess households and target resources to those who needed it most.
- There had been a number of legislative challenges including the welfare reform agenda and the Right to Rent as well as pressures from delays by the Home Office in processing applications.
- Improved IT for case management and data gathering would ease pressure.
- There was still substantial budget pressure from this service and a forecast overspend of £1.5 million.
- 13 cases had been referred for fraud and 11 of those cases were now completed. Additional information on these costs could be provided to the Committee.

#### **4.3 RESOLVED:** That

The report be noted.

Detailed information on the cost to the NRPF budget of fraud be provided to the Committee.

### **5. Financial Forecast**

**5.1** Selwyn Thompson, Head of Financial Services, introduced the report to the Committee. Mark Humphries, John Johnstone, Robert Mellors and Dave Richards, Group Finance Managers, were also in attendance. In the presentation and in response to questions from Members of the Committee, the following key points were highlighted.

- The report listed the financial forecast based on figures from January 2016.
- There was a forecast overspend of £6.2 million on the general fund revenue budget.
- Three schools would be applying for a licenced deficit and a further 5 schools may need to by the end of the year.
- Council Tax and Business Rate Collection was lower than profiled to meet the collection target of 99%.
- The main budget pressures were from the Children and Young People Directorate and in particular Children's Social Care Budget.
- A big budgetary pressure was the placement budget for looked after children. The weekly costs of fostering and residential homes had risen and the numbers of looked after children had risen. The residential homes cost was a substantial budgetary pressure. Costs were high for a number of reasons including the complexity of care needed by some of the young people and also a rise in fees by private sector providers.
- Adult Social Care had remained in budget partly due to delays in the implementation of the Better Care Fund which had meant that a number of new schemes were slow to start and existing schemes were therefore funded with the money.
- Action was being taken to monitor and challenge directorate budgets and central finance had the role of applying pressure and holding services to accounts. Processes such as the Departmental and Corporate Expenditure Panels helped to restrict spending.
- The Government had offered local authorities the option of locking in to a multi-year settlement for the revenue support grant to 2019/20. The Council had until 14 October to make a decision as to whether this was the best option or not for Lewisham.
- It would be helpful to have a report back to Committee on the results of the Pan London scheme that LB Lewisham is participating in to restrict the ability of private providers to charge excessive rates to local authorities.
- There was a forecast underspend in the Local Assemblies budgets of £50,000. It was likely that this would be carried forward to the next accounting year.
- The curb-side recycling contract was costing more money than anticipated due to the provider claiming excessive levels of contamination. The Council is currently in the process of tendering for a new contractor.

## **5.2 RESOLVED:** That

the report be noted.

That the results of the Pan London scheme that LB Lewisham is participating in to restrict the ability of private providers to charge excessive rates to local authorities, be reported back to the Committee.

That more details of the Looked After Children placement budget be provided to the Committee including an additional breakdown of the costs listed for placements in residential care homes.

That in future Financial Forecast reports, additional information be provided for areas where there is a significant overspend forecast.

## **6. Management Report**

**RESOLVED:** That

The report be noted.

## **7. Audit Panel Update**

7.1 David Austin, Head of Corporate Resources, presented the report to the Committee, in response to the questions from Members, the following key points were highlighted.

- Under the terms of reference in the Council's Constitution, the Audit Panel is required to report to the Public Accounts Select Committee.
- The panel consists of six non-executive Councillors and two independent members. There were currently interviews taking place to fill the other two independent member vacancies.
- The report outlined the findings and recommendations of external and internal audit work carried out through the 2015/16 financial year. This was on the Council's finances, value for money and control frameworks.
- The counter fraud work on benefit fraud was now being undertaken by the Department of Work and Pensions. It would be difficult to provide an exact comparison on success rates and costs compared to the work previously undertaken by the Council as they used different methodologies.
- In reference to the Chancellor's budget announcement, clarification was sought on the effect of changes to Business Rates.
- Business rate relief was to be extended and made permanent and the lower threshold at which it became payable was to be raised from £6000 to £15,000. In addition, the threshold at which the higher rate should be paid would be raised from £18,000 to £51,000. Rate increases would also switch from being linked to the Retail Price Index (RPI) to being linked to the Consumer Price Index (CPI). Further clarification was needed from central Government as to the exact amounts that would be compensated to Local Government as a result of the reduction in income from these changes.
- The GLA currently received 50% of Business Rate collections and this money was now to be completely devolved to the GLA from

2017 along with responsibility to fund some Transport for London capital projects.

- In terms of the academisation strategy announced in the budget, there was a lot of details still to be confirmed. It was likely that local authorities would still retain responsibility for provision for High Needs pupils.

7.2 **RESOLVED:** That

the report be noted.

## 8. **Select Committee work programme**

8.1 Katie Wood, Scrutiny Manager, introduced the report to the Committee and asked members for any suggestions to be included in the work programme report for the 2016/17 municipal year.

8.2 **RESOLVED:** That

1. the report be noted.

2. the following item be added to the draft 2016/17 PAC work programme.

- The results of the Pan London scheme that LB Lewisham is participating in to restrict the ability of private providers to charge excessive rates to local authorities.

3. the following ideas for possible reports for the 2016/17 work programme be put forward for consideration at the next meeting:

- Strengthening the local economy.
- Implementation of the new IT contract.
- Joint Ventures
- Effect on voluntary and community sector partners of reduction in Council spend. Including details of a crowd funding initiative with voluntary and faith groups.
- Academisation of schools
- Treasury Strategy

## 9. **Referrals to Mayor and Cabinet**

There were no referrals to Mayor and Cabinet.

The meeting ended at 8.45 pm

Chair:

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Date:

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