

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 20 December 2017 at 7.30 pm

PRESENT: Councillors Maja Hilton (Chair), Chris Barnham (Vice-Chair), Brenda Dacres, Amanda De Ryk, Carl Handley and Mark Ingleby

APOLOGIES: Councillors Paul Bell, Simon Hooks and Sophie McGeevor

ALSO PRESENT: Councillor James-J Walsh, Timothy Andrew (Scrutiny Manager), David Austin (Head of Corporate Resources), Georgina Chambers (Corporate Complaints, Casework and Information Manager), Katharine Nidd (Commercial and Investment Delivery Manager) and Selwyn Thompson (Head of Financial Services)

1. Minutes of the meeting held on 16 November 2017

- 1.1 **Resolved:** that the minutes of the meeting held on 16 November 2017 be agreed as an accurate record.

2. Declarations of interest

- 2.1 There were none.

3. Responses from Mayor and Cabinet

- 3.1 There were none.

4. Annual complaints report

- 4.1 Georgina Chambers (Corporate Casework, Complaints and Information Manager) introduced the report. The following key points were noted:
- There had been a 33% increase in complaints between the years 2015/16 and 2016/17. This was as a result of the ongoing savings programme.
 - The number of complaints represented a small proportion of the contacts the Council had with residents.
 - The three most frequently complained about services were: highways, environment and housing needs.
 - Increases in complaints had been generated by: the new controlled parking zone programme, changes to the housing allocations process and fly tipping/street cleansing.
 - Complaints about the new waste collection process were not captured in the report because the service had begun in 2017/18 and the report covered the period of 2016/17.
 - Some recent increase in waste collection reports had been noticed, however, it was believed that these were as a result of the initial 'teething period' for the new service and the number of complaints had already begun to reduce.
 - Officers had been working closely with the ombudsman service to improve the way the Council responded to complaints.

- 4.2 Georgina Chambers responded to questions from the Committee, the following key points were noted:

- An updated version of iCasework would in place from April it would include new functionality as well as an area for councillors and improved reporting features.
- The delay in some responses from the corporate casework team had been caused by the reorganisation of the division as well as the induction of new staff and the increase of the team's workload to cover additional functions.
- In the past couple of months the service had improved on the speed of its responses.
- The new system of informal/formal complaints would start in the new year.
- Officers were working to ensure that the quality of responses was consistently high. The casework team had developed a process to challenge services on their responses and had developed a review process to learn from issues as they arose.
- The concerns that were raised by the ombudsman were a key focus for the corporate complaints and casework team.
- Officers had not received many complaints about contacting the Council by telephone.
- The 'call back' system that was in place seemed to be working well.
- Members were invited to contact Georgina with specific concerns about casework/complaints.

4.3 In the Committee discussion, the following key points were also noted:

- There were concerns about the difficulties some residents faced in accessing Council services by phone.
- Members tended to contact officers directly rather than raise casework via the corporate team.
- Some responses from the corporate complaints team were lacking in detail and/or accurate information.
- There was a difference in opinion about the format that responses from the complaints team should take. Some members felt responses should be in a format that was ready to send to residents others believed that officers should provide information that councillors could use to draft their own letters.
- Members were concerned about the functionality of Lewisham's housing options system. Specifically, there were concerns about the ease of use of the Homeseach website and the openness of the bidding and decision making processes.
- Members shared examples of times they had contacted officers for help dealing with casework. Their experiences were mixed.
- The Council might benefit from a business process review to streamline services.
- It was difficult to raise concerns out of hours.

4.4 **Resolved:** that the report be noted. A request was made for a diagram of the complaints/casework process to be provided for all councillors. The Committee also resolved that it would ask the Housing Select Committee to consider the effectiveness of Lewisham's Homeseach website.

5. Private finance initiatives

5.1 Selwyn Thompson (Head of Financial Services) and Katherine Nidd (Service Group Manager, Commercial and Investment Delivery) introduced the report. The following key points were noted:

- At the time the Council entered into private finance initiative (PFI) arrangements, they were one of the only options available for funding new projects.
- Risk transfer and management of costs were primary reasons for local authorities to take up PFIs.
- Lewisham was part of the earlier phases of the building schools for the future PFI programme.
- The schools built under the PFI programme had some of the best facilities and were some of the best quality in London.
- There were opportunities over the 25 years of the PFI contracts for the public sector to drive efficiencies and improve value.
- A number of standard mechanisms existed in the contracts that could be used to increase efficiency and value.
- Benchmarking of costs took place every five years but there were regular meetings between the Council and operators.
- There were best value indicators for economy, efficiency and effectiveness.
- There were opportunities to make deductions for poor performance and the Council did so.
- Work had also taken place with the Chartered Institute of Public Finance and Accountancy to review the Contract and determine whether savings could be made.
- One of the key issues identified by CIPFA related to PFI lifecycle and hand back criteria whereby the Council was considering options for limiting operator responsibilities once PFIs were handed back to the Council in order to reduce costs. Due diligence was currently taking place to determine whether this was a good option.
- Assets would still have to be handed back to the Council in good condition. Condition surveys and due diligence would take place to ensure that this was the case.
- It was hoped that efficiencies could be made on insurances. The insurance market had reduced in cost over the PFI period – so work was taking place to determine whether further savings could be made in addition to the agreed sharing mechanism. Discussions about transferring costs between balance sheets had taken place with the Department for Education.
- There was money set aside in PFI contracts to pay for building changes due to changes in legislation – it was unlikely that this funding would be required. It was intended to transfer this risk to the Council in order to release this contingency to reduce costs.

5.2 Selwyn Thompson and Katherine Nidd responded to questions from the Committee, the following key points were noted:

- The capital costs and financing costs for PFIs were supposed to be funded from central government.
- At the outset, the government calculated the level of PFI credits awarded for schemes by calculating the estimated capital cost of delivering the new asset with a multiplier for financing costs.
- The net cost to the Council was only supposed to be the operational costs of the new asset.
- Problems arose because credits were awarded at a set point in the procurement process, which differed from the time at which the deal for delivering the scheme was finally struck, potentially resulting in an 'affordability gap'.

- There was an affordability gap on the group schools PFI but not for the building schools for the future programme.
- The term 'affordability gap' was also used locally to describe the scenario in which a school found that it could not meet the expense of the ongoing maintenance of a PFI building.
- £674m (referenced in the report) was provided originally by government for Lewisham schools PFIs, £218m was an estimated cost for the Council and schools over the life of the PFI programme.
- The full cost of the schools PFI programme (£892m) was for building, operating, maintaining, running and financing these schools for 25 years.
- Schools paid for maintenance from the dedicated schools grant (DSG).
- Costs for individual schools were capped at 10%. Any additional costs for schools were distributed across the DSG equally. The additional cost was relatively small.
- Schools that were not part of a PFI also had operational and maintenance costs, that were typically around 10%.
- In time, estates costs for schools would increase as a proportion of their budgets, unless they grew pupil numbers. This was the case for schools in PFIs and those which were not.
- The annual cost of the PFI programme was dependent on inflation. Build and financing costs were fixed over 25 years. Servicing costs were subject to inflation.
- The overall estimated cost of the PFI programme was based on the assumption that it would run for 25 years – with an annual rate of inflation of 2.5%.
- Work had taken place with contractors to manage the schedule of rates for use of school buildings out of hours. This had been received positively and proactively by schools.

5.3 **Resolved:** that the report be noted. It was also agreed that officers would provide a short briefing detailing the costs of the schools PFIs.

6. Household budgets

6.1 David Austin (Head of Corporate Resources) introduced the report. The following key points were noted:

- The report provided some analysis of the reasons for pressure on household budgets.
- Information from the Joseph Rowntree foundation and Trust for London about Minimum Income Standard had been included in the report.
- Information had also been included about average incomes in Lewisham, which could be used as a basis for contrast.
- The Lewisham average was not far from London average incomes.
- The recession and prolonged recovery had led to a long term earning squeeze nationally.
- In previous recessions people in lower income brackets had a greater loss of earnings than people in higher brackets.
- In the recent recession, the incomes of high and median earners had not significantly increased.
- The economy was facing the most severe spending squeeze in 150 years.

6.2 David Austin responded to questions from the Committee, the following key points were noted:

- Average income data had been provided from NOMIS.
- Primary research with representative sampling would be required to determine how childcare costs impacted on different households. There were a number of factors that influenced the cost of childcare, including the age of dependent children and the availability of family and community support that would impact on the cost of childcare.

6.3 In the Committee discussions the following key points were also noted:

- Costs of housing were very variable for people in social housing and those in the private rented sector. This was particularly the case when people's circumstances changed.
- Housing select committee had considered the options for introducing time-limited leases in registered provider housing which were dependent on affordability assessments. This had been widely rejected by the Committee.
- People in the private rented sector might be more exposed to changes in the market and insecure leases than those in social housing.

6.4 **Resolved:** that the report be noted.

7. **Select Committee work programme**

7.1 **Resolved:** that the agenda for the Committee's meeting on 6 February 2018 be agreed.

The meeting ended at 9.20 pm

Chair:

Date:
