

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Thursday, 9 May 2019 at 7.00 pm

PRESENT: Councillors Jim Mallory (Chair), Louise Krupski (Vice-Chair), Tauseef Anwar, Juliet Campbell, Patrick Codd, Alan Hall, Mark Ingleby, Joan Millbank and James Rathbone

APOLOGIES: Councillor Paul Maslin

ALSO PRESENT: Timothy Andrew (Scrutiny Manager), David Austin (Acting Chief Financial Officer), Stephanie Fleck (Principal Lawyer), Kplom Lotsu (SGM Capital Programmes) and Selwyn Thompson (Head of Financial Services)

1. Confirmation of the Chair and Vice-Chair

- 1.1 **Resolved:** that Councillor Mallory be Chair and that Councillor Krupski be Vice-Chair of the Committee.

2. Minutes of the meeting held on 20 March 2019

- 2.1 Councillor Mallory highlighted the importance of scrutinising the expenditure of the budgets for: the capital programme; the dedicated schools grant and the housing revenue account. It was proposed that the Business Panel be asked to task the relevant select committees with including items on these budgets to their work programmes. The Committee also discussed the broader constitutional remit of select committees in financial oversight, financial control and budget scrutiny. It was agreed that in the first instance the Business Panel would be asked to review select committee work programmes.

- 2.2 **Resolved:** that the Committee would share its views with the Overview and Scrutiny Business Panel, as follows –

- The coming year will be a critical period for the Council's finances. The Public Accounts Select Committee wishes to reemphasise the significant and sustained pressures on the Council's budget. The Committee recognises its pivotal role in scrutinising the Council's finances and it intends to focus its efforts for 2019-20 on key areas, including both adult and children's social care. Nonetheless, the Committee points out the important part that all scrutiny committees have to play in examining the Council's budgets and scrutinising financial management.
- The Public Accounts Select Committee requests that the Business Panel assures itself that all select committees have given due consideration to scrutiny of the Council's finances in the development of their 2019-20 work programmes. In particular, the Committee recommends that the relevant select committees should be tasked with scrutinising the capital programme expenditure within their remit (including the schools programme; major regeneration projects and the housing revenue

account allocation) as well as the dedicated schools grant and the complete housing revenue account.

3. Declarations of interest

3.1 Councillor Ingleby declared a non-prejudicial interest in relation to item five as a director of Lewisham Homes.

4. Responses from Mayor and Cabinet

4.1 David Austin (Acting Chief Finance Officer) introduced the report, the following key points were noted:

- The report provided an update on officers' response to the financial control review. A number of the actions in the plan had been completed, several others were in progress but none had been delayed.
- Additional information was provided regarding the Committee's comments on the use of the housing revenue account (which was the one recommendation from the financial control review that had not been agreed by officers).
- The Committee's comments about trading accounts had been noted – and it was recognised that this would be an important step forward to support the Council's ambitions for income generation and commercialisation. However, it was important that the new Oracle financial system was in place and being used effectively before any attempts at innovation were made.

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

- Lewisham Homes' accounts were completed independently and audited separately (from the Council's accounts) by KPMG but they were also consolidated into the Council's accounts and reviewed by the Council's external auditor, Gant Thornton.
- There was sufficient separation between the budgets for maintenance and the redevelopment budgets at Lewisham Homes. However, there were instances where there might be a crossover.
- There were no current plans to take money from the existing HRA capital programme for general repairs and maintenance.
- A significant amount of refurbishment had been carried out under the decent homes programme. Maintenance and repairs budgets over a number of years might fluctuate in response to the work that was being carried out.

4.3 In the Committee's discussion, the following key point was also noted:

- Members questioned the fluctuations in the repairs and maintenance budget for housing funded through the HRA.

4.4 **Resolved:** that the response be noted. It was also agreed that officers would provide additional information about the different work carried out using HRA revenue/capital funding.

5. Catford Regeneration Partnership

- 5.1 Kplom Lotsu (SGM Capital Programmes) provided a short introduction to the report.
- 5.2 Kplom Lotsu and David Austin responded to questions from the Committee, the following key points were noted:
- The Catford Regeneration Partnership Limited (CRPL) business plan and budget had to be agreed by Mayor and Cabinet as well as the full Council on an annual basis.
 - Regarding the section in the report on residential leases and renewals (3.13) – an external audit picked up some administrative issues – including the lapsing of some contracts for professional services. This was a legacy issue from the previous owners of the centre. These issues had now been resolved, new contracts had been issued and systems were in place to prevent similar lapses from happening in future.
 - The appointment of a new director for CRPL had been agreed by Mayor and Cabinet. The position was an executive appointment – so a decision was awaited from Mayor and Cabinet.
 - As the masterplan for the town centre progressed, CRPL's shareholder reserved matters would need to be reviewed. This would be a decision for Mayor and Cabinet and Council. The company as is was constituted could not carry out the regeneration.
 - CRPL paid a charge to the Council for support services. This was charged at full cost.
 - The increased level of certainty about the masterplan for Catford meant that CRPL was able to offer businesses in the town centre more certainty regarding the tenure of their leases, which improved rates of occupancy.
 - The target date for the regeneration to commence was 2021/22 with the TfL road realignment.
 - Officers regularly considered the range of businesses in the town centre and they tried to ensure that the mixture was complimentary.
 - Rent reviews were carried out in accordance with the lease terms.
 - Advice had been sought from specialists and planners about works required to restore the Catford Constitutional Club. It had been reported that some parts of the building were beyond repair and would need to be rebuilt. This would take place in conjunction with the emerging masterplan.
 - 17 and 18 Catford Broadway were outside of the scope of the redevelopment of the shopping centre.
 - The masterplan for the town centre would have links to a business plan that would provide options for financing the regeneration.
- 5.3 In Committee discussions, the following key points were also noted:
- The Committee urged that the appointment of the new director for CRPL should take place before the summer.
 - Members were concerned whether consideration had been given to financing for the regeneration.

- Some members highlighted their concerns about decisions that had already been taken to redevelop 17 and 18 Catford Broadway and the Catford Constitutional Club.

5.4 **Resolved:** that the report be noted. It was agreed that the Committee would receive an update on progress with a memorandum requested by the Audit Panel on the relationship between CRPL and the Council. It was also agreed that the Committee would refer its views to the Sustainable Development Select Committee, as follows:

- The Public Accounts Select Committee has concerns about the financing for the regeneration of the Catford town centre. It recommends that the Sustainable Development Select Committee should seek further clarification about: the timing of work to enable the redevelopment; plans and contingencies for financing the scheme; the extent of the work already carried out by the programme team to redevelop 17-18 Catford Broadway and the Catford Constitutional Club.

6. Select Committee work programme

6.1 The Committee discussed the work programme for 2019-20, the following key points were noted:

- The OFSTED inspection for children's social care was imminent. The programme might need to be amended to take account of this.
- There would be a new Executive Director for Community Services (responsible for adult social care) – the Committee wanted to hear from him as soon as possible but would not expect a full update until the autumn.
- The Committee would continue its review of income generation and commercialisation. A key focus of this work would be the importance of changing the Council's culture – to make it more commercially minded. In particular, Members were interested to understand more about: how other Councils had changed their culture; how collective responsibility could be encouraged; what role the Committee should have in future oversight and monitoring of this area of work.
- It was noted that in changing its culture, the Council would have to ensure that it had a continued focus on money being spent (particularly on contracts and procurement) as well as money being brought into the Council.

6.2 **Resolved:** that the work programme be agreed. It was agreed that the Committee's in-depth review would be on income generation and commercialisation- with a focus on changing the Council's culture.

7. Referrals to Mayor and Cabinet

7.1 **Resolved:** that the Committee's comments under item two be referred to the Overview and Scrutiny Business Panel. It was also agreed that its comments under item five be referred to the Sustainable Development Select Committee – and to Mayor and Cabinet.

The meeting ended at 8.20 pm

Chair:

Date:
