

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 30 November 2016 at 7.00 pm

PRESENT: Councillors Jamie Milne (Chair), Chris Barnham (Vice-Chair), Amanda De Ryk, Sue Hordijkeno, Mark Ingleby, Jim Mallory and Sophie McGeevor

APOLOGIES: Councillors Brenda Dacres and Roy Kennedy

ALSO PRESENT: Councillor Simon Hooks, Timothy Andrew (Scrutiny Manager), David Austin (Head of Corporate Resources), Jack Fowler (Project Accountant), Freddie Murray (SGM Asset Strategy and Technical Support) and Selwyn Thompson (Head of Financial Services)

1. Minutes of the meeting held on 26 October 2016

Resolved: that the minutes of the meeting held on 26 October 2016 be agreed as an accurate record.

2. Declarations of interest

There were none.

3. Responses from Mayor and Cabinet

There were none.

4. Income generation update

4.1 Selwyn Thompson (Head of Financial Services) introduced the report; the following key points were noted:

- The report was presented in two parts: firstly, there was a section on income generation activities across the Council, which included an update on progress to implement the recommendations from the Committee's income generation review. Secondly, there was an update on the consultant's report about the Council's approach to income generation.
- Updates on advertising income; business intelligence; wireless concessions and fees and charges were provided in the report. Work was also taking place to deliver better deals as part of private finance initiative (PFI) arrangements and Council borrowing.

4.2 Selwyn Thompson (Head of Financial Services), David Austin (Head of Corporate Resources) and Jack Fowler (Project Accountant) responded to questions from the Committee; the following key points were noted:

- There had been a full audit of sites with the potential to deliver advertising income. The nature of the long-term agreements that were required to make income generation from advertising sites viable meant that the number of sites was limited.
- The wireless connections project would not produce as much revenue as had been anticipated.

- Reports from other boroughs on the income from their wireless concessions suggested that the anticipated levels of income had not been realised.
- There was an inherent level of risk involved in income generating activities.
- Projected levels of revenue from income generating projects should be viewed with caution because of the level of uncertainty involved.
- The consultant's report highlighted that there was a lack of 'commercial ethos' amongst officers. It was recognised that there were differences in the way that senior officers understood and applied ideas about income generation and commercial activities.
- There was no reason that Lewisham should be behind other authorities in terms of its income generating activities.
- The Council commissioned and managed a number of major contracts. Income generation also had to focus on commissioning and spending wisely.
- Income generation from traded activities with schools was led by officers in the Children and Young People directorate. Decisions about levels of charging were made in consultation with the schools' forum.
- The Council's levels of fees and charges were regularly reviewed but there were no targets set for generating income.
- Raising charges for services above inflation might be problematic, depending on the statutory and policy considerations related to the delivery of that service.
- Where the Council applied for grants or funding to deliver services, it was most often a requirement of the funding process to ensure that adequate staffing and resources were in place to spend the funding and to guarantee the delivery of the service.
- Most of Council's work was related to meeting the needs of vulnerable people. This did not lend itself easily to creation of markets or the stimulation of demand to increase income.
- The Council could not profit from the delivery of core services. Any profit making activity had to be delivered through a commercial vehicle.
- Many local authorities were looking at ways to sell their services to others. Lewisham had retained the refuse service 'in house' whereas many other authorities had commissioned these services out to private providers, which might enable the Council to provide this service commercially.
- There were some lessons to be learnt from the failed commercialisation model in Shropshire. Particularly, that strong governance arrangements needed to be in place as well as a full understanding of costs and overheads before embarking on this type of initiative.
- The Council had made a decision not to introduce performance related pay.

4.3 Councillor Kevin Bonavia (Cabinet Member for Resources) addressed the Committee, the following key points were noted:

- He was considering the Committee's comments on the consultant's report and would work with officers to produce a timeline of activity, and the resources available, to deliver the next stages of this work.
- In recent years, the Council had been under a substantial level of pressure just to maintain the delivery of day to day services.
- Income generation was a priority, but it was difficult because of the culture of the Council. This applied to both officers and Members.
- Progress was being made in changing the Council's culture but this was not as quick as Members might like.

- There was no 'template for income generation' to follow that had been provided by other authorities. Lewisham had to decide on its own approach and to have its own vision.

Resolved: that the Committee's views be referred to Mayor and Cabinet as follows:

- The Committee welcomes the 'Income Generation Opportunities Review' report by the commercialisation specialist appointed by the Council. Mayor and Cabinet are asked to consider closely the contents of the report.
- The Committee recognises the requirement for a clear commercial strategy. It also endorses the specialist's comments about the need for cultural change.
- The Committee believes that there is a need for focused leadership and accountability in this area. It welcomes proposals put forward by the Cabinet Member for resources to develop a timetable for delivery of activity. The Committee will consider a further update on income generation and commercialisation at its meeting in March 2017.

5. Asset management

5.1 Freddie Murray (SMG Asset Strategy and Technical Support) introduced the report, the following key points were noted:

- The report was split into two parts: the first provided an update on asset management and the second set out the work that was ongoing to generate income from the Council's assets.
- The Council's new in-house asset management system would soon be fully operational.
- The number of Council assets, which were included in the so called 'grey estate' (of which the status was unknown) had been substantially reduced.
- The Council was consolidating assets where possible and better using office space.
- Assets, such as the old town hall in Catford, were also being used to support regeneration activities and economic development.
- Good management of the commercial estate had enabled income from lettings to grow by £200k this year.
- Officers were balancing decisions on land disposals with the potential for income generation from lettings.
- Officers were also considering new models of delivery, such as the pilot private rented sector scheme on Besson Street.
- Officers also gave consideration to meanwhile uses for vacant assets.
- Lewisham had aligned its policy objectives (to provide good quality affordable housing for rent, in the case of Besson Street) with its asset management objectives.
- Officers were also working with colleagues in partner organisations to explore the potential for consolidation of assets for the delivery of similar services.

5.2 Freddie Murray (SGM Asset Strategy and Technical Support) responded to questions from the Committee. The following key points were noted:

- Officers were keen to gather Councillors' local knowledge about the use of assets however, the current focus was on the redevelopment of Catford.
- The report provided a strategic view of the Council's asset management programme. Further financial information, figures and targets in the context of the Council's overall budget could be provided in future updates to the Committee.
- It was agreed that new models of asset management and regeneration being developed might require new kinds of consultation and engagement with local communities.
- There was scope to improve the income from the commercial estate. Officers were working through the current backlog of cases. Further details could be provided in future updates to the Committee.

Resolved: that the report be noted. The Committee also agreed that future updates should include additional details about the relevant budgets and the context of the savings being proposed.

6. Select Committee work programme

Resolved: that the Committee's work programme for the meeting on 25 January be agreed.

7. Referrals to Mayor and Cabinet

Resolved: that the Committee's views under item four be referred to Mayor and Cabinet.

The meeting ended at 9.15 pm

Chair: _____

Date: _____