

Public Document Pack

Public Accounts Select Committee Agenda

Wednesday, 6 November 2019

7.00 pm, Committee room 3

Civic Suite

Lewisham Town Hall

London SE6 4RU

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Part 1

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Public Accounts Select Committee

Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Wednesday, 6 November 2019.

Kim Wright, Chief Executive
Tuesday, 29 October 2019

Councillor Jim Mallory (Chair)	
Councillor Louise Krupski (Vice-Chair)	
Councillor Tauseef Anwar	
Councillor Juliet Campbell	
Councillor Patrick Codd	
Councillor Alan Hall	
Councillor Mark Ingleby	
Councillor Paul Maslin	
Councillor Joan Millbank	
Councillor James Rathbone	
Councillor Bill Brown (ex-Officio)	
Councillor Sakina Sheikh (ex-Officio)	

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Tuesday, 24 September 2019 at 7.00 pm

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

ALSO PRESENT: Councillor John Muldoon, Councillor Amanda De Ryk (Cabinet Member for Finance and Resources), Councillor Sophie McGeevor (Cabinet Member for Environment and Transport (job share)), Timothy Andrew (Scrutiny Manager), David Austin (Acting Chief Finance Officer), Fiona Colley, Robert Mellors (Finance Manager, Community Services and Adult Social Care), Theron Newman (Group Finance Manager, Customer Services), Kevin Sheehan (Executive Director for Housing, Regeneration & Environment), Selwyn Thompson (Head of Financial Services) and Nigel Tyrell (Director of Environment)

1. Minutes of the meeting held on 10 July 2019

- 1.1 **Resolved:** that the minutes of the meeting held on 10 July be agreed as an accurate record.

2. Declarations of interest

- 2.1 There were none.

3. Responses from Mayor and Cabinet

- 3.1 It was agreed that all of the responses to the Committee's referrals on income generation would be considered at the meeting on 6 November.

4. Budget pressures in the environment division

The agenda was varied to consider this item before the item on budget cuts.

- 4.1 Nigel Tyrell (Director of Environment) introduced the report, the following key points were noted:

- The report was provided to address the Committee's concerns about the persistent reporting of overspending in the Environment Division.
- Over the past 10 years the Council had delivered savings of over £173m.
- The division had made cuts of £6m over the past five years. More than £800k of savings was proposed for 2020/21.
- The Environment Division had a workforce of more than 420 people providing a broad range of services.
- The refuse service collected three different types of waste from 134,000 households each week working out at around 54,000 separate collections every day.
- Any increase in the number of households in the borough increased the cost of staffing, vehicles and disposals.
- Since 2013/14 the number of household waste collections had increased by 17%.

- The budget for the service did not increase in line with the increase in collections.
- The refuse service was forecasting an overspend by £1.5m (this represented two thirds of the overspend in the division).
- The causes for the overspend could be traced back to changes to waste disposal in 2015.
- Officers put forward proposals to diversify recycling in anticipation of the end of the incineration contract with SELCHP (South East London Combined Heat and Power plant).
- The proposals put forward by officers were rejected by Mayor and Cabinet to allow for scrutiny by councillors and public consultation.
- Following consideration by the Environmental Sustainability Committee¹ (Thursday, 26 November 2015) the following changes were made to the original proposals:
 - a) The subscription for subscription garden waste be £60 instead of the £80 initially proposed by officers.
 - b) Introduction of a weekly food collection service and reduction of refuse collections to fortnightly
 - c) Retention of a weekly comingled recycling service
- These changes presented a significant increase in dry mixed recycling and food waste collections as well as significantly reducing the cost of garden waste collection.
- These changes were presented and accepted by the Mayor and Cabinet. The original savings proposal was also accepted as part of a list of savings.
- As a result of these two decisions, savings of £500k were taken. Recommendations to increase refuse collection frequencies and a lower level of garden waste subscription charges (from £80 to £60) were adopted.
- There was insufficient co-ordination between the savings report and the scrutiny feedback process meaning that officers did not have the opportunity to reconfigure the savings proposal to reflect the increased service cost of a weekly recycling/food and garden waste service or adjust income expectations from garden waste subscriptions. This created an immediate £500k gap within the refuse collection budget.
- The intention had been to review the changes in light of the substantial level of changes.
- The changes to the service also presented a number of unbudgeted operational challenges.
- Additional crews were required due to problems collecting recycling from some properties. Additional time was also needed for crews to dispose of refuse.
- There were additional unbudgeted costs associated with higher than anticipated requests for replacement bins.
- The hire of additional refuse vehicles to enable flexibility in the service resulted in a budget pressure of £550k. Mayor and Cabinet had approved the purchase of new (and more efficient) fleet vehicles – the first of which were due to come into service in the coming months.

¹ Sustainable Development Select Committee

- There were also pressures on the budget due to higher disposal costs. Although overall volumes of waste were decreasing – recycling was currently more expensive than incineration. It was estimated that each additional ten thousand tonnes of waste that was recycled rather than incinerated cost an additional £160k in disposal costs.
- There was also a 5% (£300k) overspend in the street cleansing budget.
- Since 2010 – the workforce had been reduced by 23%. However – in line with Council policy – the number of directly employed staff had increased. This had limited the service's ability to manage staff costs using the flexibility provided by agency staff.
- There were additional costs associated with employing directly staff which had not been budgeted for.
- The Council was moving to a new system for financial forecasting. However, this had taken longer to implement than had been anticipated. Managers in the environment division had not been receiving the figures and monitoring information required to regularly review budgets.

4.2 Nigel Tyrell, Kevin Sheehan and Theron Newman responded to questions from the Committee, the following key points were noted:

- A third of the overspend was due to vehicle hire costs; a third was due to the lower than projected realisation of income from trade waste and a third was due to other unanticipated costs.
- The refuse service had mostly stayed within budget in the years before the significant changes in 2016 (the change in the regularity of residual waste collections; charges for green waste collection; providing food waste collection and moving some responsibilities to Lewisham Homes).
- The changes were now well established – but the reality of providing the services had created budget pressures.
- Some additional income had been realised from trade waste – but not as much as has been forecast and not enough to match overspending in other areas.
- The financial system that the Council provided to manage trade waste subscriptions and to raise invoices had created a number of problems (including creating incorrect and duplicate invoices). These problems made it more difficult to account correctly for income. It also made it more difficult to sell services commercially.
- Up to date information was necessary to enable the service to ensure all business were up to date with payments.
- The targets for trade waste income remained relevant – in order to maintain a sense of urgency and challenge.
- The Association for Public Service Excellence (APSE) had carried out a review of environmental services and it had made a number of recommendations for improvement.
- In 2015 a number of models for the future of the service had been considered. The Council took external advice – and reviewed operations at other Councils. The model was changed through the budget process.
- It was recognised that the financial model for delivering services (and forecasting future costs) could have been revisited sooner.

- It was anticipated that the delivery of new vehicles would alleviate some (potentially up to half) of the pressure on the refuse service budget (but it was not clear what the exact figure would be).
- As well as the actions to reduce vehicle hire costs and to increase income from trade waste subscriptions - work was still required to tackle overspending in other areas of the service.
- Discussions were happening at a national level about the production and management of waste. In the longer term – the Government intended to make suppliers and retailers deal with waste (and to produce less).
- Discussions were also happening across London about the opportunities to increase recycling.

- 4.3 In Committee discussions, the following key points were also noted:
- The Environment Division was not the only service in the Council that had been required to make cuts whilst maintaining services.
 - A member gave an example of problems and difficulty presented when attempting to sign up to have trade waste collected.
 - Members were concerned that the service appeared not to have spent within its budget in recent memory.
 - The Committee was concerned that there appeared to be a lack of financial modelling for the delivery of environmental services (specifically in terms of: population growth; the number of flats in the borough and – the changes to incineration costs).
 - Members highlighted the lack of political will to fundamentally change the delivery of services.
 - The Committee expressed its concern about the lack of joined up thinking between corporate services and the environment division – particularly in relation to the availability of capital expenditure for use on purchasing refuse vehicles.
- 4.4 Councillor Sophie McGeevor (Cabinet Member for Environment and Transport (job share)) addressed the Committee - the following key points were noted:
- There was a growing realisation that one of the most effective means to manage waste would be a 'pay as you throw' system – in which the cost of refuse collection would be related to the volume that households produced. However, the Government was slow in making changes.
 - The Council had to make the best of the situation in which it found itself.
- 4.5 Councillor Amanda de Ryk (Cabinet Member for Finance and Resources) addressed the Committee – the following key points were noted:
- As a former member of Sustainable Development Select Committee (at the time of the decision regarding changes to waste services in 2015/16) she recognised that the options being presented included assumptions about costs and estimates of expenditure. However, there was no indication in the modelling from officers that the decisions being taken would result in significant overspending and budget pressures.
 - Councillors relied on professional advice from officers to make sound financial decisions.

- Cabinet Members were doing their best to balance budgets in difficult financial circumstances.
- Overspending in one service had impacts across the Council.

4.4 **Resolved:** the Committee (a) endorsed the retention of the income target for trade waste and it urged that officers ensure that systems were improved to enable the target to be met; (b) requested information about the recommendations from the APSE review; and (c) agreed that that a further update on budget pressures in the environment division should be brought before the Committee within six months on the progress being made on: future financial modelling and the savings achieved from ending the hire of fleet vehicles.

5. Budget cuts

- 5.1 The Committee considered the street sweeping cuts (CUS07) at the beginning of this item.
- 5.2 Councillors Patrick Codd and Louise Krupski introduced the referral from the Sustainable Development Select Committee, the following key points were noted:
 - Members of the Sustainable Development Select Committee had reiterated their concerns about the impact of this cut and on the public perception of Council services.
 - The Committee also believed that additional consideration should be given to the options for mitigating the impact of this cut.
 - Members of Sustainable Development also highlighted their concerns about the findings from the street cleaning pilot. It was felt that the results of the pilot were too unspecific to allow any real consideration of the issues.
 - The Committee had also highlighted the importance of bolstering civic pride to prevent littering.
- 5.3 The Committee discussed the proposed street sweeping cut – the following key points were noted:
 - Members shared experiences of instances of lack of delivery of street sweeping services in their wards.
 - Members also questioned the implementation, the analysis and the presentation of findings from the street cleansing pilot.
 - Specific concerns were raised about the lack of a control area with which to compare the results of the trial areas.
 - An example was given of residents regularly sweeping their own street in the pilot area – during the trial period. Officers acknowledged that they had not been aware that this was the case.
 - Members highlighted concerns about the risks of ‘swapping costs’ between routine sweeping and increased enforcement activity.
 - There was concern (as noted in previous years) about the potential disproportionate impact on low-paid workers.
 - The Committee also thanked officers for their commitment to the delivery of quality services.

- 5.4 Nigel Tyrell responded to questions from the Committee about the proposed cut and the street cleansing pilot - the following key points were noted:
- The service was stretched to carry out any monitoring of the quality of street cleansing. Officer posts that had been available to monitor the cleanliness of Lewisham's streets had been cut during a previous round of budget reductions.
 - This meant that there was no comparable data with the rest of the borough.
- 5.5 Councillor Sophie McGeevor addressed the Committee – the following key points were noted:
- Members' concerns about the lack of information in the report were valid.
 - Scrutiny committees should receive more information about the proposal before any decision was taken.
 - One of the pieces of information missing from the report was an accurate breakdown of numbers of permanent and agency staff.
- 5.6 **Resolved:** that the Committee would share its views with Mayor and Cabinet as follows - the Public Accounts Select Committee endorses the comments of the Sustainable Development Select Committee and in particular it acknowledges concerns about the limitations of the findings from the cleansing pilot. The Committee also reiterates previous concerns about the impact of this proposal on low-paid workers. It recommends that Mayor and Cabinet does not agree the proposal until further work had been done to address the concerns of both Committees.
- 5.7 A number of members of the Committee commented on the coherence of the cuts report and noted the difficulties they had experienced in navigating the different sections.
- 5.8 David Austin (Acting Chief Finance Officer) provided an overview of the cuts proposals for Community Services. The Committee noted that the Healthier Communities Select Committee had not chosen to make a referral on the cuts to Mayor and Cabinet.
- 5.9 David Austin and Kevin Sheehan provided an overview of the cuts that had been considered by the Housing Select Committee – the following key points were noted:
- There were two budgets which paid for the Council's no recourse to public funds work – one for staffing and the other for the provision of services. There was no proposal to cut the budget for staffing – however – it was believed that money could be taken from the budget for services.
 - The service had been effective at 'regularising' the status of its clients – which meant they could access alternative funding for services.
 - The services budget was based on demand. Should additional funding be required in the future then the Council could decide to re-provide funding.

- 5.10 The Committee considered the written referral from the Housing Select Committee on savings generated through no recourse to public funds service (CUS15) – the following key points were noted:
- The Committee expressed its concerns about officers' delay in the production of a report which was expected on the no recourse to public funds service.
 - The Committee was unable to determine what course of action was recommended by the Housing Select Committee.
- 5.11 **Resolved:** that the Committee would refer its views to Mayor and Cabinet as follows – further to the concerns expressed by some Members of Housing Select Committee, the Public Accounts Select Committee recommends that Mayor and Cabinet should insist on publication of the report on the no recourse to public funds service before it makes a decision about this cut.
- 5.12 Councillor Juliet Campbell introduced the referral from the Safer Stronger Communities Select Committee, the following key points were noted:
- The Safer Stronger Communities Select Committee sought more information about the likely equalities impact on service users of the proposal to increase rental charges for nurseries (RES20).
 - There was also a discussion at the Committee about other properties in the commercial estate that were receiving subsidised rents.
- 5.13 Councillor Amanda de Ryk addressed the Committee, the following key points were noted:
- Cabinet members had requested additional information about a number of the cuts proposals which had not been forthcoming from officers.
 - It was not clear why some nurseries were being offered reduced rents whilst others were not.
 - Once detailed information about charges (and the historic reasons for reductions) were understood – then the Council could make an informed decision about the future of any subsidy.
 - Any ongoing rent subsidy might be offered through the grants programme.
- 5.14 In Committee discussions, the following key points were also noted:
- These nurseries might be in former Sure Start centres that had been handed over from the Council.
 - The Committee found it difficult to make any decision based on the information that had been provided in the report.
 - Members were concerned about playgroups that were being run in parks. The Council had previously made a commitment to keep these open.
- 5.15 **Resolved:** the Committee endorsed the comments of the Safer Stronger Communities Select Committee.
- 5.16 David Austin provided an overview of the proposals that had been allocated to the Public Accounts Select Committee (CUS11a – process automation in revenues and benefits; CUS14a – parking service budget review; RES21 –

savings generated through not allocating inflation uplift to contract costs; and RES22 – savings generated through improved ICT provision).

- 5.17 **Resolved:** the Committee agreed that these cuts should proceed to Mayor and Cabinet without additional comment. It was also agreed that the briefing on the Mayor's Office and Communications should be deferred to a future meeting.
- 5.18 There was a discussion about the referral from Safer Stronger Communities Select Committee regarding neighbourhood community infrastructure levy. There were differing opinions about whether there should be top down alignment or some other form of coordination between capital programme priorities and plans for spending the neighbourhood community infrastructure levy. Members noted that the Safer Stronger Communities Select Committee and the Sustainable Development Select Committee were due to consider updates on the neighbourhood community infrastructure levy at future meetings.
- 5.19 **Resolved:** that referrals from other select committees as well as the Committee's own comments (under sections 5.6/5.11/5.15 and 5.17 of the minutes) be referred to Mayor and Cabinet for consideration alongside the budget cuts proposals.

6. Financial forecasts 2019-20

- 6.1 Selwyn Thompson (Director of Financial Services) provided an overview of the report. David Austin and Selwyn Thompson responded to questions from the Committee, the following key points were noted:
- The review of transport services for children and young people had been carried out and an external provider was due to be appointed.
 - Officers were cautiously optimistic that the approach would make savings from the second year of implementation.
 - Incentives were provided for some private landlords to maintain the tenancies of households at risk of homelessness. Further information was awaited from central government about the future of grant funding.
 - Officers would continue to provide updates for the Committee on the pressures facing the budget for housing benefit subsidy.

- 6.2 **Resolved:** that the report be noted.

7. Treasury management mid-year review 2019-20

- 7.1 David Austin provided an overview of the report.

- 7.2 **Resolved:** that the report be noted.

8. Select Committee work programme

- 8.1 The Committee discussed the work programme for the meeting on 6 November and agreed to consider the item (on the agenda for this meeting)

on the Mayor's office and communications as well as updates on adult social care and on income generation and commercialisation.

- 8.2 **Resolved:** that the work programme for the meeting on 6 November be agreed.

9. **Referrals to Mayor and Cabinet**

- 9.1 Councillor James Rathbone (Chair of the Council's Audit Panel) introduced an urgent update from the Panel (a note is appended to the minutes) – the following key points were noted:
- The Audit Panel had seen an increasing number of audits that flagged errors or areas of concern in the Council's finance department and its core financial systems.
 - In July 2019, issues were also raised in the external audit. The Council was unable to meet the audit deadline and a large part of this was due to the lack of resourcing in the finance department, which was unable to respond to questions and requests within sufficient timescale.
 - Subsequent consideration of reports at Audit Panel had reinforced these concerns. Of the 17 core financial audits, four had resulted in a negative financial opinion and one could not be completed. These problems stemmed in large part from the lack of resourcing – but were combined with problems implementing Oracle Cloud.
 - The Panel believed that there was such a significant risk that its concerns needed to be referred to Mayor and Cabinet.
 - The level of resources available to the finance department should be considered as a matter of urgency because there were serious implications for the delivery of all Council services.
 - There were also concerns about the delay in the implementation of Oracle Cloud – which continued to produce errors and inaccuracies.
- 9.2 Councillor Mallory addressed the Committee – the following key points were noted:
- The Council's constitution did not clearly set out the mechanism for Audit Panel to raise its concerns with Mayor and Cabinet.
 - The Panel could report concerns to Council – but it was felt that this would take too long. Therefore, the Committee was being asked to refer on the views of the Audit Panel for consideration.
- 9.3 **Resolved:** that the Committee would refer its views to Mayor and Cabinet as follows –
- Further to an update from the Chair of the Audit Panel (appended to the referral), the Committee is persuaded that there are urgent issues relating to the resourcing of the financial services division that require immediate and detailed consideration by Mayor and Cabinet.

The meeting ended at 9.55 pm

Chair:

Date:

Agenda Item 2

Public Accounts Select Committee		
Title	Declaration of interests	
Contributor	Chief Executive	Item 2
Class	Part 1 (open)	2019-20

Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

1. Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct:

- (1) Disclosable pecuniary interests
- (2) Other registerable interests
- (3) Non-registerable interests

2. Disclosable pecuniary interests

are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person* for profit or gain
- (b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).
- (c) Undischarged contracts between a relevant person* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.
- (d) Beneficial interests in land in the borough.
- (e) Licence to occupy land in the borough for one month or more.
- (f) Corporate tenancies – any tenancy, where to the member's knowledge, the Council is landlord and the tenant is a firm in which the relevant person* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.
- (g) Beneficial interest in securities of a body where:
 - (a) that body to the member's knowledge has a place of business or land in the borough;

(b) and either

- (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or
- (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

3. Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

- (a) Membership or position of control or management in a body to which you were appointed or nominated by the Council
- (b) Any body exercising functions of a public nature or directed to charitable purposes, or whose principal purposes include the influence of public opinion or policy, including any political party
- (c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25

4. Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members' Interests (for example a matter concerning the closure of a school at which a Member's child attends).

5. Declaration and Impact of interest on members' participation

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take not part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**
- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in

consideration of the matter and vote on it unless paragraph (c) below applies.

- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their, family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.
- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

6. Sensitive information

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

7. Exempt categories

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

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Agenda Item 3

Public Accounts Select Committee		
Title	Responses to referrals	
Contributor	Scrutiny Manager	
Class	Part 1 (open)	06 November 2019

1. Purpose

To advise the Committee of responses to its referrals.

2. Recommendations

- 2.1 The Committee is invited to receive the response to its referrals.

3. Responses to referrals

- 3.1 At its meetings on 18 September and 10 October 2019 Mayor and Cabinet considered responses to the Committee's two referrals on income generation
- 3.2 It was agreed that the responses be approved and forwarded to the Public Accounts Select Committee. The responses are appended to this report.

4. Financial implications

- 4.1 There are no financial implications arising from the implementation of the recommendation in this report.

5. Legal implications

- 5.1 The Constitution provides for Select Committees to refer reports to the Mayor and Cabinet, who are obliged to consider the report and the proposed response from the relevant Executive Director; and report back to the Committee within two months (not including recess).

Background documents

Minutes of the meetings of Mayor and Cabinet on 18 September: [link](#) and 10 October 2019: [link](#)

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Mayor and Cabinet			
Report Title	Response to comments by the Public Accounts Select Committee on Income Generation		
Key decision	No	Item No	
Contributors	Strategic Procurement and Commercial Services Manager		
Class	Part 1	Date	18 September 2019

1. Purpose of Report

- 1.1. To consider and respond to matters raised by the Public Accounts Select Committee and initially considered by Mayor and Cabinet on 8 May 2019.

2. Recommendations

- 2.1. Mayor and Cabinet are recommended to:

- i. Note officer comments as set out in this report; and
- ii. Consider whether to provide a response to the Public Accounts Select Committee (PASC) in line with those comments.

3. Public Accounts Select Committee views

- 3.1. On Wednesday 20 March, the Public Accounts Select Committee considered an officer report and a presentation from the Association for Public Service Excellence on income generation and commercialisation.

- 3.2. The Committee heard that ensuring that services had access to quality information about their income and expenditure was an important part of building a culture of commercialisation.

- 3.3. The Committee resolved to advise Mayor and Cabinet of the following:

- i. In order to allow for the tracking and development of income generating activities the Committee believes that, for the appropriate services, officers should be tasked with considering the reimplementation of trading accounts.

4. Officer Comments

- 4.1. The Council has in prior years established and operated trading accounts for those teams delivering commercially traded services.

- 4.2. In the previous various version of Oracle Financial (E-Business Suite), traded accounts were not established and furthermore, the budget monitoring process did not manually include these.
- 4.3. Officers propose that with the recent roll out of the latest version of Oracle (Cloud Fusion), that for those services where they undertake and deliver commercially traded services that these be established. Establishing the process to use trading accounts is currently being considered in the context of being developed alongside the improvements to the financial monitoring process.
- 4.4. Officers propose that PASC be provided with further details of this as part of the regular officer reporting on income generation.

5. Financial Implications

- 5.1. None except as set out in the body of the report.

6. Legal Implications

- 6.1. Any decisions by services on how and whether they undertake and deliver commercially traded services would have to be made in line with relevant legal obligations. The proposals in this report would provide support for any such decisions. Otherwise there are no legal implications except as set out in the body of the report.

7. Crime and Disorder Implications

- 7.1. There are no specific crime and disorder implications arising from this report.

8. Equalities Implications

- 8.1. There are no specific equalities implications arising from this report.

9. Environmental Implications

- 9.1. There are no specific environmental implications arising from this report.

10. Conclusion

- 10.1. This report sets out the matters to be considered by Mayor and Cabinet with regard to the matter referred for consideration by PASC, so that Mayor and Cabinet can decide whether to provide a response to PASC in line with those comments.

Mayor and Cabinet			
Report Title	Response to comments by the Public Accounts Select Committee on Income Generation		
Key decision	No	Item No	
Contributors	Interim Chief Finance Officer		
Class	Part 1	Date	10 October 2019

1. Purpose of Report

- 1.1. To consider and respond to matters raised by the Public Accounts Select Committee and initially considered by Mayor and Cabinet on 26 June 2019.

2. Recommendations

- 2.1. Mayor and Cabinet are recommended to:

- i. Note officer comments as set out in this report; and
- ii. Consider whether to provide a response to the Public Accounts Select Committee (PASC) in line with those comments.

3. Public Accounts Select Committee views

- 3.1. On Thursday 13 June 2019, the Public Accounts Select Committee considered the Committee's income generation and commercialisation report.

- 3.2. The Committee resolved to refer the Committee's report to Mayor and Cabinet.

- 3.3. Mayor and Cabinet was recommended to:

- i. Note the views and recommendations of the Committee set out in the main report at Appendix A.
- ii. Agree that the relevant officers be asked to respond (where applicable) to the review's recommendations.
- iii. Ensure that a response is provided to the Public Accounts Select Committee.

4. Officer Comments

- 4.1. The relevant officer has been asked to respond (where applicable) to the reviews recommendations which are set out below.

- i. The role of the Committee's rapporteur should continue.

- ii. The cuts programme should be carefully monitored to ensure that the benefits from income generating proposals are realised and that the risks minimised.
- iii. Consideration should be given to new ideas for income generation, including: the potential options for a new social care staffing agency; and implementing a school solar project as per the work done by West Sussex -in line with our Emergency Climate Change commitment.
- iv. Members should have the option to attend a member focused session of the new commercialisation and culture change training that is being developed for staff.
- v. The Council should be bold and consider prototyping different approaches to creating new markets.
- vi. Corporate support should continue for the strategic procurement and commercial services function.
- vii. A mechanism should be created within the council -whereby officers and members can make suggestions and work up ideas.

4.2. Officer's responses to items ii, iii, iv, vi, and vii are set out below.

The cuts programme should be carefully monitored to ensure that the benefits from income generating proposals are realised and that the risks minimised

- 4.3. The cuts programme forms part of the regular budget monitoring process as once approved the relevant service budgets are amended to reflect the agreed proposal, including where this pertains to income generation. In addition to the monthly budget monitoring which is reviewed corporately the quarterly updates on the medium term financial strategy and the financial forecasts report on the achievement of the agreed cuts programme. Furthermore the annual review of fees and charges in preparation of the Fees and Charges report as part of the budget setting process provides further scrutiny and challenge to income generation as part of fees and charges services. These different forms and forum of financial monitoring collectively ensure that income generation proposals are monitored regularly and that benefits are maximised and risks minimised.

Consideration should be given to new ideas for income generation, including: the potential options for a new social care staffing agency; and implementing a school solar project as per the work done by West Sussex -in line with our Emergency Climate Change commitment.

- 4.4. The Income Generation Strategy 2019 – 2021 clearly sets out a robust process for the development, refinement, challenge and then adoption of business cases for all new income generation proposals. This ranges from the annual setting of fees and charges to the introduction of new fees and charges but also allows for the introduction of wholly new schemes.
- 4.5. As part of the Council's corporate strategy commitment to consider in-sourcing all services currently provided through a contract which is reaching the end of its initial term is subjected to an options appraisal process utilising a model developed by the Association of Public Sector Excellence (APSE) and tailored for the Council. This framework allows consistent review of these services. The options appraisal which will be undertaken prior to the current managed agency contract expiring 30 March 2021 will include consideration of the establishment of a publicly owned staffing agency and

officers have met with officers from other Councils who have effectively established this model. This dialogue and exploration of a Council owned agency company continues and will be worked up alongside other appropriate and relevant service delivery models as part of the options appraisal.

- 4.6. Officers continue to review options for improving the sustainability and energy efficiency of both the corporate and schools estate and this work forms part of the joint work of the capital programme and sustainability teams. This is continuously reviewed, not just during any construction works but also throughout the operation of the existing estate, to consider and assess the viability of technological developments within the field of energy efficiency.

Members should have the option to attend a member focused session of the new commercialisation and culture change training that is being developed for staff.

- 4.7. The Organisational Development team have been made aware of the new strategy and work has begun with them to review opportunities to address the cultural shift required, including existing learning and development, new tailored training and softer transmission across the organisation in partnership with our Communications team. However, the Director of Organisation Development and Human Resources is working on updating Lewisham's people management approach: 'the Lewisham Way' and it is vital that any specific commercialisation and income generation training or cultural change initiatives dovetail into the new 'Lewisham Way'. This is necessary to ensure that we make best use of all resources and that we are strategically and culturally aligned.
- 4.8. The Committee has asked for the Director of Organisation Development and Human Resources to attend its meeting in November 2019 to speak to this and it is intended that in the first half of 2020 members be offered a session on the offering that will be made available to staff.

Corporate support should continue for the strategic procurement and commercial services function.

- 4.9. It was agreed in 2017 that £350k of once off monies be made available from corporate reserves to support investment into strategic procurement, contract management and income generation (collectively commercialisation). This lead to the creation of an 18 month interim post of Strategic Procurement and Commercial Services Manager and the development and delivery of the Income Generation Strategy. In late 2018 it was then agreed that £200k of base budget be allocated for this service and this has allowed the establishment of new posts, all of which are now filled as of July 2019. The initial 18 month interim post of Strategic Procurement and Commercial Services Manager has been extended for a further 12 months.
- 4.10. Income Generation and Procurement are quarterly standing agenda items at the Executive Management Team (EMT) meetings which provides both senior officer support and guidance as well as constructive challenge and progress and risk monitoring.

4.11. The Income Generation Board has senior representation from across the Directorates and their input and support into the work of the income generation function provides further corporate support and buy in for this function.

A mechanism should be created within the council -whereby officers and members can make suggestions and work up ideas.

4.12. The Income Generation Strategy 2019-2021 clearly sets out a robust process for the development, refinement, challenge and then adoption of business cases for all new income generation proposals.

4.13. This could be further supported by a process akin to a 'call for ideas' whereby officers and members are invited to make suggestions and then supported in the use the business case template to work these up and take them through the scrutiny and challenge process which would allow those viable initiatives to be adopted.

4.14. A mechanism to elicit suggestions will be considered and may form part of the training and development package which officers will be bringing forward.

5. Financial Implications

5.1. None except as set out in the body of the report.

5.2. It is to be noted that income from fees and charges constitutes circa 15% of the Council's total resources, and which is dependent on demand from the relevant market place. Grants and other funding streams from Central government constitute the majority of the Council's income streams and are generally more reliable and stable.

6. Legal Implications

6.1. Any decisions by services on how and whether they undertake and deliver commercially traded services would have to be made in line with relevant legal obligations. The proposals in this report would provide support for any such decisions. Otherwise there are no legal implications except as set out in the body of the report.

7. Crime and Disorder Implications

7.1. There are no specific crime and disorder implications arising from this report.

8. Equalities Implications

8.1. There are no specific equalities implications arising from this report. In the setting of fees and charges or the establishment of new commercial endeavours any potential equalities implications will be considered and reported on a case by case basis as appropriate.

9. Environmental Implications

9.1. There are no specific environmental implications arising from this report.

10. Conclusion

10.1. This report sets out the matters to be considered by Mayor and Cabinet with regard to the matter referred for consideration by PASC, so that Mayor and Cabinet can decide whether to provide a response to PASC in line with those comments.

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Agenda Item 4

Public Accounts Select Committee		
Report Title	Communications & Mayor's office update	
Key Decision	No	Item No. 4
Contributors	Director of Strategy & Communications	
Class	Open	Date: 6 November 2019

1. Purpose

- 1.1. This briefing note provides an update on the changes to the structure of - and the costs associated with - the Mayor's office over the past two years and a strategic view of the proposed changes to the Council's communications functions.

2. Communications

Background

- 2.1. The purpose of the communications team is to inform, engage and influence a range of external and internal audiences in support of the council's vision, key priorities and policies as set out in the Corporate Strategy.
- 2.2. The team responds to thousands of website updates, 400 media enquiries, 80 news release and produces 50 e-newsletter and four editions of Lewisham Life each year.
- 2.3. The service manages a number of the council's key communication channels including Lewisham Life - currently published four times a year - the corporate website www.lewisham.gov.uk, the Intranet, a range of email updates, social media accounts and digital channels.
- 2.4. The team also manages the council's reputation and provides a media relations service 365-days per year.
- 2.5. Since 2010 the Council has agreed a number of savings to the communications budget amounting to £816,000 in total. This represents a reduction in budget for communications of more than 50%.
- 2.6. A succession of team restructures have significantly reduced the size of the communications team, reduced senior management in the team and downgraded roles. The most recent restructure of the unit, in 2015, left a team of twelve staff, significantly smaller than a number of comparable inner London boroughs.
- 2.7. The team is supplemented from time to time with staff funded by other service or corporate budgets to support specific, time limited projects such as the landlord

licensing consultation, emissions based parking consultation, the local democracy review and preparing for Brexit. At the time of writing there are an additional 4.8 full time equivalent (FTE) staff.

- 2.8. Stakeholders report that the team is not able to meet demand or quality expectations and is not agile enough to respond to the challenges of communications in the digital age. In February 2019 Council agreed additional funding of £200k for communications to assist the service to improve and take communications to the next level.

Approach

- 2.9. Since February the priority has been to put a strong leadership team in place, specifically by filling the key vacancies of the Senior Communications Manager and Marketing Manager.
- 2.10. The team has been taking on board the feedback and priorities of the Mayor, councillors and senior officers and also the recommendations of the Local Democracy Review.
- 2.11. There have been some successes including some excellent national and regional media coverage, key consultation campaigns delivering thousands of responses, improved promotion of select committee calls for evidence and a more focused approach to social media postings. However, further sustained improvement is required.
- 2.12. To this end new communications objectives have been agreed to set a clear direction for the Council's communications service. They sets out to sustain and accelerate improvement in the service and support key council's priorities, such as delivering new council homes, improving air quality, tackling the climate emergency and becoming a borough of sanctuary.

New Communications Objectives

- 2.13. To improve outcomes, the communications strategy seeks to deliver three interlinked objectives:
1. Deliver a strategic & collaborative communication service that
 - 1.1 supports the delivery of the Corporate Strategy through an agreed campaign plan aligned to the corporate priorities,
 - 1.2 improves the council's reputation,
 - 1.3 makes more effective use of a range of social media and other digital channels
 - 1.4 and supports organisational transformation
 2. Continuously improves the service – with disciplines and processes that deliver impactful strategic communications over a three year period.
 3. Promote the strategy – raise awareness of it internally and to be a respected, advisory service which empowers and enables services areas to communicate effectively.

Next Steps

- 2.14. Critically, the communications team must restructure in order to have highly skilled staff in appropriate jobs to fulfil the demands of a 21st digitally-savvy audience.
- 2.15. However, the increased budget is still significantly lower than in 2010 and the team will remain significantly smaller than many other boroughs. The additional resource will need to be targeted towards the highest priority areas and to significantly improve the quality of communications strategic decisions will be required to set campaign priorities, for instance focusing on fewer, higher quality campaigns.
- 2.16. The restructure is expected to be fully implemented before the end of the financial year and there will be an ongoing focus on service improvement.

3. Mayor's Office

- 3.1. The Council employs a small team of officers in the Mayor & Cabinet Office to provide organisational and executive support to the Mayor, Deputy Mayor, Cabinet Members and Councillors to enable them to fulfil their leadership roles within the Council, across the community, and regionally and nationally in organisations like the LGA and London Councils.
- 3.2. Shortly after the local election in May 2018, two additional Cabinet executive officer posts were added to the Mayor & Cabinet Office to meet the needs of the incoming administration. This has increased costs by circa £100k pa.
- 3.3. This change reflect the fact that the team's responsibilities have changed and workload has increased significantly as the Mayor and Cabinet take an increasingly active role in decision-making.
- 3.4. At the Council AGM in May 2018, the Mayor set out in his Scheme of Delegation that, though by law he may take decisions alone should he wish to do so, his intention that generally Mayoral decisions which are reserved to members should be taken by the Mayor and Cabinet acting collectively. Council agreed to new Executive Procedure Rules in accordance with this decision. The Mayor also set new expectations that Cabinet Members should devote two days per week to their executive duties. The Mayor & Cabinet Office team ensure that all 11 Cabinet Members are fully briefed before they are asked to make decisions.
- 3.5. The new administration set new expectations that the Council would strive to be open and transparent in the decisions it makes. The Mayor & Cabinet Office team support councillors to ensure that decisions are well-communicated and understood by residents.
- 3.6. The incoming Mayor made commitments that the new administration would lead a "campaigning council". The Mayor & Cabinet Office team help to ensure that Lewisham's voice is heard by residents and decision-makers as the Council campaigns on a variety of issues including Brexit, refugees, clean air and social housing.

- 3.7. The adoption of a new Corporate Strategy, and a new Council-wide focus on delivering the commitments made in the Corporate Strategy has added new responsibilities to the Mayor & Cabinet Office, who have designated responsibility to fulfil commitments around campaigning and influencing regional and national government.
- 3.8. A new generation of councillors has created more expectations that social media is a key tool to communicate with residents. The Mayor & Cabinet Office team support this work, ensuring the councillors are visible to residents, accountable for decisions they make and respond to resident queries efficiently and effectively.
- 3.9. The Mayor has a significant community engagement programme, to ensure he is visible to residents in Lewisham. A key part of this activity is the introduction of Mayor's Question Time events where residents can ask questions directly to the Mayor and councillors. The Mayor & Cabinet Office team support this work by organising public engagement events.

Agenda Item 5

Public Accounts Select Committee		
Title	Commercialisation and culture change review	
Contributor	Scrutiny Manager	Item 5
Class	Part 1 (open)	6 November 2019

1. Purpose of this paper

- 1.1. At its meeting in July 2019, the Committee discussed its work programme for 2019-20 and it decided to carry out a review of commercialisation and culture change in Lewisham. This followed from previous work carried out by the Committee on income generation and commercialisation. This paper sets out information for the committee to consider as part of its evidence gathering for a final report.

2. Recommendations

- 2.1. The Select Committee is asked to:

- Note the content of this report;
- Consider the update on income generation/fees and charges from the Council's Strategic Procurement and Commercial Services Manager at appendix 1;
- Consider the update on commercial culture and training from the Council's Director of Organisational Development and Human Resources at appendix 2;
- Note the write up from the Committee's visit to LB Barking and Dagenham at appendix 3;
- Note the write up from Councillor Krupski's attendance at the LGA skills masterclass at appendix 4;
- Direct questions regarding the reports and updates above to the relevant officers and members at the meeting on 6 November 2019.

3. Commercialisation and culture change key lines of enquiry

- 3.1. The Committee has agreed these key lines of enquiry for its review:

Key line of enquiry 1: creating a workable, vibrant and positive commercial culture

Key questions:

- How can we instil a more commercial mindset throughout the Council?
- How will the Council encourage and provide the structures necessary for officers at any level to instigate new ideas?
- How will the council take more of a collective responsibility and lessen any blame culture so that officers have the freedom to act?
- Are there any corporate structures in place that could be hindering this kind of work? If so how should they be changed?
- How do we create a culture where risk is talked about openly and candidly for courageous ideas to be brought forward?

- How do we use the generation of income itself to motivate officers? Do we allow departments to keep back generated income for further innovative projects or does all the income come back centrally?
- How does the council breed a culture of understanding among officers and members that this is positive change and done for the very best possible reasons and outcomes?
- Are the structures in place to do good constructive performance management of projects?

Key line of enquiry 2: training and Development for officers and members

Key questions:

- Does the council have officers with the right skills and training to do this work? If not, how can a training programme be put in place and what are the resource implications of this?
- Do officers have enough time? How will projects be organised so that the everyday work of the council is not adversely affected.

4. Timetable

4.1. The Committee review is currently being carried out in line with this timetable:

August/September 2019

Visit by Members of PAC to the London Borough of Barking and Dagenham to discuss culture change with the cabinet member and officers. (to answer the questions posed under KLOE1)

September/October 2019

Visit to another enterprising Council (tbd) (to answer the questions posed under KLOE1)

6 November 2019

Report back from Committee members on visits.

An invitation to the Council's head of Organisational Development and Human Resources to outline current staff development and training which supports the development of a more entrepreneurial council – incorporating challenge on the Council's approach to implementing the income generation strategy (to answer the questions under KLOE2)

Update on income generation and commercialisation activities from the Strategic Procurement and Commercial Services Manager (to answer the questions posed under KLOE1)

16 December 2019

Questions for the Cabinet Member for Finance and Resources on leading and implementing change – in line with the Council's corporate strategy and policy framework (to answer the questions posed under KLOE1)

Update from officers on the implementation of the Council's transformation programme (to answer the questions posed under KLOE1)

Date TBC

Pilot commercialisation training session for members (to answer the questions posed under KLOE1 and 2)

In addition, the Committee should continue its support for a scrutiny rapporteur – to attend training and development opportunities in order to build expertise in this area.

5 February 2019

Final report and recommendations for submission to Mayor and Cabinet

5. Further implications

- 5.1. At this stage there are no specific financial, legal, environmental or equalities implications to consider arising from the implementation of the recommendations in this report. However, there will be implications arising from the issues considered over the course of the year, these will need to be considered in due course.

6. Background papers

Public Accounts Select Committee agenda and minutes – 10 July 2019: [100719](#)

Appendix

- 1: income generation and fees and charges update
- 2: update from the Director of Organisational Development and Human Resources on commercial culture and training
- 3: write up from the Committee's visit to Barking and Dagenham
- 4: Councillor Krupski's notes from LGA commercial skills masterclass

For further information about this report please contact Timothy Andrew, Scrutiny Manager (timothy.andrew@lewisham.gov.uk)

How to carry out an in-depth review



Public Accounts Select Committee		
Report title	Income Generation / Fees & Charges Update	
Key decision	No	Item: 5
Contributor	Strategic Procurement and Commercial Services Manager	
Class	Part 1	6 November 2019

1. Purpose of Report

- 1.1. At its meeting on 13 June 2019, PASC agreed that it would continue to investigate the issues of income generation and commercialisation throughout the 2019-20 municipal year. This paper provides an update on the work programme and progress to (a) deliver the Income Generation strategy and (b) support the creation of a more commercially minded Council.

2. Recommendations

- 2.1 To note the actions set out in Section 6 to deliver the Income Generation strategy including developing a more commercial mind-set across the Council.

3. Policy Context

- 3.1. This work has been undertaken in line with the Corporate Strategy 2018-22:
- Directly supporting the objective to build an economy for the many: and
 - Indirectly supporting the remaining six objectives through supporting a sustainable financial position which will fund activity in these areas.

4. Background

- 4.1. Local government has endured a decade of unrelenting financial austerity. Cuts to council services across the country brought about by the Government's reduction in councils' core funding have been unprecedented.
- 4.2. Over the last ten years, Lewisham Council has undertaken a major budget reduction programme to manage the difficult financial challenge it has been faced with. In the period 2010/11 to 2019/20 the Council has implemented savings of £173m and forecast an additional £20.6m required in 2020/21.
- 4.3. Income generation has remained an area of interest to the Public Accounts Select Committee and it was through this group's recommendations that the interim post of Strategic Procurement and Commercial Services Manager was created and then filled in January 2018, and that further budget growth was agreed in late 2018. This role brought forward the Income Generation Strategy 2019-2022 in February 2019, and using the increase in base budget has created and filled the role of Income and Commercial Services Manager in July 2019. These two roles continue to provide regular

updates to both the Executive Management Team (EMT) and PASC about the Council's progress.

5. The Income Generation Strategy 2019-22

- 5.1 There are five strategic objectives which collectively guide the Income Generation Strategy, approved by the Mayor and Council in February 2019. These are:
- A single understanding and a consistent approach to income generation across the Council.
 - A commercial culture with the necessary skillset fostered and supported organisationally.
 - Clear financial accountability with true oversight of the income generation landscape and effective governance and decision making.
 - Financial resilience through increased revenue streams, increased returns, reduced operating costs and full cost recovery as appropriate for the Council.
 - Generation of social value, through work within an established framework of values and principles, to balance commercial ambitions with positive outcomes for the community.

6. Delivering the strategy

Fees & Charges Report

- 6.1 An illustrative fully populated template can be found at ANNEX 1 for the bereavement service. This will be replicated across the majority of fee paying council services and a report completed for inclusion in the annual budget report by January 2020. We acknowledge that the pace of this exercise has been slow due to the complexity of the analysis that supports this which requires input from the individual service teams, the respective finance teams and the Income Generation team.

Benchmark comparable Fees & Charges for other London Councils

- 6.2 A sample for bereavement services Fees & Charges for Harrow can be found at ANNEX 2. This is illustrative of both the range of services provided as well as the level of charges levied. In addition to the detailed cost modelling that is being undertaken with services, it is intended that benchmarking be undertaken across neighbouring boroughs to compare the Lewisham offer in terms of both breadth of services and cost. Officers will use a mixture of publicly available information and sources such as websites, LGA, CIPFA, APSE etc. as well as informal networks.
- 6.3 It is expected that this data will allow further constructive challenge and can be used as a comparator when setting prices. For certain 'de minimis' fees and charges it can be used as a cost effective tool to support and corroborate proposed fee levels where full cost modelling may be a disproportionate drain on resources.
- 6.4 We aim to complete this exercise by July 2020 for all relevant services.

Pilot cost / revenue model “pathfinders” to inform approaches to setting fees and charges and unlocking value

- 6.5 As part of the process of collating a single fees and charges report across the Council we have undertaken detailed cost / revenue modelling for a few services alongside service / finance leads to understand the issues and challenges to inform next step approaches to unlock service delivery value. This is necessary to be undertaken for all significant income generating services to ensure that we are charging in line with legislation and to allow fully informed decisions to be made with regards to the setting of fees and charges.
- 6.6 A summary can be found below for three representative models of Council services. These have been anonymised as the work has yet to complete and to enable focus on the learning being derived from these exercises at this stage:

Pathfinder 1: Discretionary service

- 6.7 In this instance, the service lead had limited visibility of full costs (as utilities form a significant part of the service cost but are reported under a separate Directorate) and therefore a “true baseline” for setting Fees and Charges. Additionally, this example, highlights the potential risks of misinformed decisions including the setting of spending priorities across the councils in a budget constrained environment.
- 6.8 The “pathfinder” has also surfaced some system challenges which are being addressed separately.

	2017/18	2018/19	Change
Income (£m)	2.25	2.27	+1.3%
Expenditure (£m)	2.06	2.14	+3.8%
Surplus before overheads (£'m)	0.19	0.13	(26.7%)
Utility cost reported under different Directorate (£, m) and not considered at service level for budgeting.	0.25	0.33	+28.2%
“True” surplus (deficit) (£'m)	(0.06)	(0.20)	(174.2%)

Pathfinder 2: Traded and Statutory services

- 6.9 In this instance, the pilot highlighted that costs of statutory services are combined with traded services. Our approach therefore in similar cases, going forward, will be to carry out a deep dive to disaggregate the costs (Traded / Discretionary / Statutory services) and to inform development of systems for more accurate management information.
- 6.10 The Council’s experience of managing traded services is an asset and learning from a deep dive will be critical, in our view, for evaluating and unlocking its full commercial potential. For those services which are statutory the service focus must be of effectiveness and efficiency to ensure that where possible the cost of delivering the required service does not exceed the maximum charge allowed.

Pathfinder 3: Statutory service with relatively low income generation potential

- 6.11 It has become clear through the pathfinder exercises that there needs to be proportionality applied to the approach taken to fully cost model services which levy fees and charges. The Council is still experiencing significant budget cuts and pressures and the limited Council resources must be most effectively applied. Therefore in certain instances the individual service lines may be considered to be “de minimis” and rather than full ‘bottom up’ cost modelling there will be a high level cost / revenue review and the benchmarking of Fees and Charges with other Councils to ensure that these remain reasonable e.g. library photocopying fees.

Other issues – corporate overheads:

- 6.12 Corporate overheads are an important consideration in determining full costs modelling and therefore the setting of Fees and Charges, and we are working closely with the Finance team to work up a representative cost and a shadow apportionment model.
- 6.13 PASC has already identified the importance of this in enabling services to both have full sight of the true cost of services and to act more commercially. This was evidenced by the referral to Mayor and Cabinet in March 2019 which led to a paper being taken to Mayor and Cabinet on the 18 September 2019 which recommended that for those services undertaking commercially traded services that traded accounts be established.
- 6.14 We expect to complete the review of all Council services using learning from the pathfinders, in a phased manner, by December 2020 and to include this learning into the full cost modelling of all services going forward.

Communicating to influence commercial behaviours

- 6.15 Recognising that senior level communication is critical to any change programme, we see significant merit in the LBBD approach of CEO / COO messaging to top 200 leaders explaining the why, what and how. We will work with the organisational development and communications teams using the evidence above to develop a suitable narrative and a timetable for the dissemination of this and then further refinement and ongoing messaging to align to the development and roll out of the workshops and training offer described below.
- 6.16 Additionally, an intranet site is under development to signpost guidance, case studies and on-line learning.

Workshops / Training for upskilling and cross-fertilisation of ideas

- 6.17 The Director of Organisational Development and Human Resources’ paper which is also being tabled at this meeting provides the approach to upskilling staff and knowledge transfer targeted at senior and service level managers. The workshops / training inputs will be developed around the “pathfinder” case studies to make the process “real” and one Council staff can relate to and learn from. We expect to deliver the first of these workshops before the end of the current municipal year, and note

PASC's report on commercialisation considered on the 13 June 2019 that included the recommendation that "Members should have the option to attend a member focused session of the new commercialisation and culture change training that is being developed for staff". In response to this a member focused session will also be developed.

7. Financial Implications

7.1 None except as set out in the body of the report.

8. Legal Implications

8.1 Any decisions by services on how and whether they undertake and deliver commercially traded services would have to be made in line with relevant legal obligations. The proposals in this report would provide support for any such decisions. Otherwise there are no legal implications except as set out in the body of the report.

9. Crime and Disorder Implications

9.1 There are no specific crime and disorder implications arising from this report.

10. Equalities Implications

10.1 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

10.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.

- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

10.3 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not.

10.4 It is a duty to have due regard to the need to achieve the goals listed in the paragraph above.

10.5 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

10.6 The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the Statutory Code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

10.7 Any future changes proposed to the setting of fees and charges by services will necessitate full consideration of the possible equalities implications at that point. Similarly the design and delivery of any communications or training materials this will be undertaken in accordance with our obligations under the public sector equalities duty.

11. Environmental Implications

11.1 There are no specific environmental implications arising from this report.

12. Conclusion

12.1 This report sets out progress on the delivery of the Income Generation Strategy 2019 – 2022 as well as approaches to make the Council more commercially focused and to unlock value from services delivered.

ANNEX 1: LEWISHAM – BEREAVEMENT FEES & CHARGES (Draft)

BEREAVEMENT											
Fees & Charges		Assumed to be non-variable									
	UNIT	Agreed charges 18/19			Charges 19/20			% change	Income stream owner	Legislation giving power to charge	Basis for charging
		Basic (£)	0.20	Total 18/19	Basic	0.2	Total 19/20				
1. Purchase of graves (50-year lease) - including first interment residents charge											
1.1 Lawn grave, non border		2938.00	0.00	2938.00	3155.00	0.00	3155.00	7.4	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
1.2 Lawn grave, border		3228.00	0.00	3228.00	3467.00	0.00	3467.00	7.4	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
1.3 Full memorial grave, non border		3473.00	0.00	3473.00	3731.00	0.00	3731.00	7.4	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
1.4 Full memorial grave, border		3735.00	0.00	3735.00	4012.00	0.00	4012.00	7.4	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
1.5 Cremated remains or baby graves		850.00	0.00	850.00	914.00	0.00	914.00	7.5	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
2. Burial fees - residents charges											
2.1 Resident under 16 years old		0.00	0.00	0.00	0.00	0.00	0.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
2.2 Resident over 16 years old		1500.00	0.00	1500.00	1610.00	0.00	1610.00	7.3	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
2.3 Additional fee for caskets and coffins 24" wide and over	sq ft	94.00	0.00	94.00	100.00	0.00	100.00	6.4	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
2.4 Public (cost of interment in public grave)		885.00	0.00	885.00	885.00	0.00	885.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
2.5 Adult interment (digging fee?)		1500.00	0.00	1500.00	1610.00	0.00	1610.00	7.3	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
3. Cremation costs											
3.1 Adults, Monday to Friday (9am to 930am)		584.00	0.00	584.00	540.00	0.00	540.00	-7.5	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
3.2 Adults, Monday to Friday (10am to 315pm)		703.00	0.00	703.00	650.00	0.00	650.00	-7.5	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
3.2 Adults, Monday to Friday (4 pm)		704.00	0.00	704.00	665.00	0.00	665.00	-5.5	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
3.3 Adults, Saturdays		1055.00	0.00	1055.00	976.00	0.00	976.00	-7.5	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
3.4 Adults, Sundays		1407.00	0.00	1407.00	1302.00	0.00	1302.00	-7.5	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
3.5 Resident child under 16		0.00	0.00	0.00	0.00	0.00	0.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
3.6 Non-resident child under 2 years		63.00	0.00	63.00	63.00	0.00	63.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
3.7 Non-resident child under 2-16		498.00	0.00	498.00	498.00	0.00	498.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
4. Burial of cremated remains (ashes)											
4.1 Resident		222.00	0.00	222.00	238.00	0.00	238.00	7.2	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
4.2 Non-resident		855.00	0.00	855.00	855.00	0.00	855.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
5. Memorial fees - residents charges											
5.1 Permit to erect a memorial, full or lawn section		299.00	0.00	299.00	300.00	0.00	300.00	0.3	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
5.2 Permit to erect a memorial on a public grave		58.00	0.00	58.00	60.00	0.00	60.00	3.4	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
5.3 Addition inscription on existing memorial		84.00	0.00	84.00	85.00	0.00	85.00	1.2	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
6. Chapel fees											
6.1 Use of chapel		108.00	0.00	108.00	116.00	0.00	116.00	7.4			
6.2 Use of chapel organ		27.00	0.00	27.00	27.00	0.00	27.00	0.0			
6.3 Organist fee		71.00	0.00	71.00	72.00	0.00	72.00	1.4			
7. Exhumation and reburial fees											
7.1 Resident exhumation		2999.00	0.00	2999.00	3200.00	0.00	3200.00	6.7	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
7.2 Each additional resident coffin removed		937.00	0.00	937.00	1007.00	0.00	1007.00	7.5	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
7.3 Non-resident exhumation		11342.00	0.00	11342.00	11342.00	0.00	11342.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
7.3 Each additional non-resident coffin removed		3527.00	0.00	3527.00	3527.00	0.00	3527.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
7.4 Resident reburial		1500.00	0.00	1500.00	1610.00	0.00	1610.00	7.3	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
7.5 Non-resident reburial		5716.00	0.00	5716.00	5716.00	0.00	5716.00	0.0	Art 15, Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
8. Other charges											
8.1 Searching register (upto 4 names)		44.00	0.00	44.00	44.00	0.00	44.00	0.0	Art 11 (A), Local Authorities Cemeteries Order 1977	Legislation provides for <i>discretionary</i> charging	
8.2 Transfer ownership		54.00	0.00	54.00	58.00	0.00	58.00	7.4			
8.3 Customs certificate or duplicate cremation certificate		31.00	0.00	31.00	31.00	0.00	31.00	0.0			

ANNEX 2: HARROW – BEREAVEMENT FEES & CHARGES

Fees & Charges										
Agreed charges 18/19				Proposed charges 19/20						
	VAT		VAT	Basic	VAT	Total 19/20	% change	Income stream owner	Legislation giving power to charge	Basis for charging
15. Cemetery Fees (Outside scope VAT), Exclusive right of burial inc. deed of grant and number. (Muslim, Lawn, Traditional, Cremated Remains - full size plot, Greek.	0.20	Total 18/19	0.2							
Resident	2555.00	2555.00	2692.79	2692.79	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Non-resident	4590.00	4590.00	4819.58	4819.58	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Childs Section, Cremation Plots										
Resident	860.00	860.00	903.00	903.00	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Non-resident	1640.00	1640.00	1722.00	1722.00	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
16a. Interment Fees										
Child/Silbourn Half Plot (Resident)	279.00	279.00	292.95	292.95	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Child/Silbourn Half Plot (Non resident)	535.00	535.00	561.78	561.78	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Over 12 years old (Resident)	790.00	790.00	829.50	829.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Over 12 years old (Non resident)	1430.00	1430.00	1501.50	1501.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Crem Plot (Resident)	250.00	250.00	262.50	262.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Crem Plot (Non-resident)	445.00	445.00	467.25	467.25	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Oversized coffin/casket surcharge over 700mm (27") wide	470.00	470.00	493.50	493.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Additional fee for 3 Metre depth digging	640.00	640.00	672.00	672.00	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
16b. Memorial Rights										
Lawn / Crem Section (Resident)	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Lawn / Crem Section (Non resident)	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
16c. Memorials (Harrow Borough Only)										
Traditional Section (Child Resident)	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Traditional Section Child) (Non resident)	530.00	530.00	556.50	556.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Traditional Section (Over 12 years old) (Resident)	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Traditional Section (Over 12 years old) (Non resident)	530.00	530.00	556.50	556.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Erection of a vertical memorial in lawn sections (Resident)	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Memorial Rights vertical memorial in lawn sections (Non resident)	510.00	510.00	535.50	535.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Replacement of a flat plaque by an upright memorial	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Conversion of a flat plaque to a vertical headstone style memorial	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Provision of an additional flat plaque	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Replacement of a flat plaque by one of a larger size.	295.00	295.00	309.75	309.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Additional inscription to existing memorials.	102.00	102.00	107.10	107.10	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Alterations or additions to existing memorials.	102.00	102.00	107.10	107.10	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
16d. Public Graves in which the exclusive right of burial has not been purchased										
Under 12 Years old / Half Plot (Resident)	349.00	349.00	366.45	366.45	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Under 12 years old / Half Plot (Non-resident)	670.00	670.00	703.50	703.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Over 12 years old (Resident)	1130.00	1130.00	1186.50	1186.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Over 12 Years old (Non-resident)	1700.00	1700.00	1785.00	1785.00	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Oversized coffin/casket surcharge over 700mm (27") wide	469.00	469.00	492.45	492.45	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Additional fee for 3 Metre depth digging	640.00	640.00	672.00	672.00	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Permission for a flat plaque or flower container on a public grave where permissible	106.00	106.00	111.30	111.30	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
16e. Sundry Fees										
Option to Purchase										
(Non-refundable reservation fee)	495.00	495.00	519.75	519.75	5.00%	S93 - Local Government Act / Localism Act 2011	Discretionary			
Commemorative plaques on trees where permissible	300.00	300.00	315.00	315.00	5.00%	S93 - Local Government Act / Localism Act 2011	Discretionary			
Charge for the supply and installation of a standard park seat (1.8m) as a memorial, dedication or sponsored gift, including the supply and fixing of commemorative plaque.	The cost of supplying and fixing the seat incl. plaque + 10% admin fees.	The cost of supplying and fixing the seat incl. plaque + 10% admin fees.	The cost of supplying and fixing the seat incl. plaque + 10% admin fees.	The cost of supplying and fixing the seat incl. plaque + 10% admin fees.	5.00%	S93 - Local Government Act / Localism Act 2011	Discretionary			
16f. Purchase of Exclusive right of burial only prior to any interment. This includes Deed of Grant and Number Tablet.										
Child (Resident)	855.00	855.00	897.79	897.79	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Child (Non resident)	1705.00	1705.00	1790.25	1790.25	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Over 12 years old (Resident)	2280.00	2280.00	2394.00	2394.00	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Over 12 years old (Non resident)	4560.00	4560.00	4788.00	4788.00	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Supplementary charge for plots directly adjacent to paths in Carpenters Park (Resident)	1205.00	1205.00	1265.25	1265.25	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Supplementary charge for plots directly adjacent to paths in Carpenters Park (Non-Resident)	2310.00	2310.00	2425.50	2425.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Single burial in-situ casket (Harrow - New single depth graves only)	650.00	650.00	682.50	682.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Memorial Removal for interment (authorisation)	146.00	146.00	153.30	153.30	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Chapel Hire	78.00	78.00	81.90	81.90	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Certificate of burial	73.00	73.00	76.65	76.65	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Transfer of exclusive right of burial	73.00	73.00	76.65	76.65	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Copy of deed of grant of burial rights	55.00	55.00	57.75	57.75	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
cancellation or postponement of a previously arranged interment	202.00	202.00	212.10	212.10	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Manuscript depth test in a grave space on request.	71.00	71.00	74.55	74.55	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
Admin charge for memorial permission re-application	67.00	67.00	70.35	70.35	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
10 Year Extension to Exclusive Right of Burial (Child Resident)	122.00	122.00	128.10	128.10	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
10 Year Extension to Exclusive Right of Burial (Child Non resident)	246.00	246.00	258.30	258.30	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
10 Year Extension to Exclusive Right of Burial (Over 12 Years old Resident)	325.00	325.00	341.25	341.25	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
10 Year Extension to Exclusive Right of Burial (Over 12 Years old Non resident)	650.00	650.00	682.50	682.50	5.00%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary			
16g. Search Fees (Genealogy)										
(Fees are subject to VAT) To search the Cemetery records for an existing grave upon request										
(i) From 1950 to current date	83.00	16.60	99.60	87.15	17.43	104.58	5.00%	Art 11A (1), Local Authorities Cemeteries Order 1977	Statutory Discretionary	
(ii) From opening of Cemetery to 1950 for first hour	83.00	16.60	99.60	87.15	17.43	104.58	5.00%	1977	Statutory Discretionary	
(iii) For every subsequent hour thereafter	72.50	14.50	87.00	76.13	15.23	91.35	5.00%	Art 11A (1), Local Authorities Cemeteries Order 1977	Statutory Discretionary	
(iv) Further search where applicable (per hr)	51.00	10.20	61.20	53.59	10.71	64.20	5.00%	Art 11A (1), Local Authorities Cemeteries Order 1977	Statutory Discretionary	
Statutory Prescribed	Legislation provides that the local authority charge for providing a service either (a) the charge is prescribed (i.e. set eg. £100 or (b) the range is prescribed.									
Statutory Discretionary (or statutory costs recovery)	Legislation provides for charging but the charge is discretionary, within the remit of the legislation.									
Discretionary	Authority not obliged to provide a service. If it does charges must be based on the statutory power to charge in Local Government Act 2003 / Localism Act 2011									

Public Accounts Select Committee			
Report Title	Update on Commercial Culture and Training		
Key decision	No	Item No	
Contributors	Director of Organisational Development & Human Resources		
Class	Part 1	Date	6 November 2019

1. Purpose of Report

- 1.1. At its meeting on 13 June 2019, PASC agreed that it would continue to investigate the issues of income generation and commercialisation throughout the 2019-20 municipal year. This paper provides an update on the work programmes in relation to the Council's culture as well as leadership / management training that support the development of a greater commercial culture / mind-set.

2. Recommendations

- 2.1 To note the work being undertaken on a refreshed organisational culture and values – ‘The Lewisham Way’, and training for senior managers set out in the paper to support developing a more commercial culture / mind-set across the Council.

3. Policy Context

- 3.1. This work has been undertaken in line with the Corporate Strategy 2018-22. As it relates to the culture of the Council it supports all the Council's priorities. In specific terms of developing a commercial mind-set it relates specifically to:
- Directly supporting the objective to build an economy for the many: and
 - Indirectly supporting the remaining six objectives through supporting a sustainable financial position which will fund activity in these areas.

4. Background

- 4.1. The Lewisham Way (Behaviour Framework and Values) has been the foundation of the Council's approach to working with residents and delivering services, defining what makes Lewisham different and special. The behaviours and values have provided the understanding and clarity from which to lead and learn. However the Lewisham Way has been in place for c15 years and therefore, with much change having happened and with a new corporate strategy in place, it was decided it needed revalidating and refreshing.
- 4.2. Work was commissioned earlier this year to review and revalidate the current Lewisham Way to ensure it reflected the ongoing needs of the council and residents. The approach to refreshing the Lewisham Way was through evolution not revolution, in order to build on the Council's historic legacy and the benefits the Lewisham Way brings to our borough and its residents, and to ensure it continues to reflect the modern landscape within Lewisham and best practice outside it.

5. The Refreshed / Revalidated Lewisham Way Behaviours and Values Framework

5.1 The process of refreshing and revalidating the Lewisham Way involved referencing against a range of internal and external references that included:-

- Using the research which has identified behaviours that deliver superior organisational performance specifically in dynamic environments by enabling individuals, teams and organisations to perform at outstanding levels in complex and fast changing environments.
- Input from the Mayor and Cabinet members and Executive Team members
- Input from the work carried out as part of the Democracy Review.
- Workshops with Council staff, managers and leaders.
- Feedback from the Staff Survey.

6. Delivering the Refreshed Lewisham Way – Culture and Values

6.1 The New Lewisham Way is being launched to both leaders and staff in the Council across November to January, through activity that includes both leadership and staff events.

6.2 The new values and behaviours will be embedded through the Council HR management processes:

- Performance management – the new behaviour competencies are a core part of the new performance management and review process.
- Development (L&D) – through building structured development around the core behaviour competencies, ensuring common understanding across the organisation, promoting individual development and raising capability across the Council.
- Recruitment – through interview question linked to behaviour compatibility and values.
- Induction – building the Lewisham Way behaviours & values model into the Council induction for all new employees.

7. Commercial Mind-Set Development as part of Lewisham Way Culture

7.1 As part of the nine behaviour elements that form the refreshed Lewisham Way culture, there are three that directly support the culture of a commercial mind-set. These are:-

- Create and Innovate
- Measure and Evaluate
- Think broadly and find solutions

7.2 Specific training interventions will be developed over the coming year to support development in all behavioural elements of the Lewisham Way. Also broader topics that cut across a range of these areas, such as commercial mind-set / income generation will be supported by targeted development as well.

- 7.3 In respect of commercial training we are planning to run development courses for both leaders and senior managers in early spring next year. As well as a members focussed session that has been requested by this Committee.
- 7.4 The leader's course will be aimed at a strategic level but will also include case studies to make the learning real and relate to the council environment. It will include subject areas of value for money, options appraisals, cost recovery, cost modelling, benchmarking, effect of income versus volume, efficiency, political dimensions of cost/income.
- 7.4 The senior manager's course will be longer and more in-depth covering broadly the same areas, again using real workplace examples, but at a more granular operational level.

8. Financial Implications

- 8.1 None, training costs will come from existing budget provision.

9. Legal Implications

- 9.1 There are no direct legal implications of the report.

10. Crime and Disorder Implications

- 10.1 There are no specific crime and disorder implications arising from this report.

11. Equalities Implications

- 11.1 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 11.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 11.3 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not.
- 11.4 It is a duty to have due regard to the need to achieve the goals listed in the paragraph above.
- 11.5 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are

potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

- 11.6 The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the Statutory Code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

- 11.7 Any future changes proposed to the setting of fees and charges by services will necessitate full consideration of the possible equalities implications at that point. Similarly the design and delivery of any communications or training materials this will be undertaken in accordance with our obligations under the public sector equalities duty.

12. Environmental Implications

- 12.1 There are no specific environmental implications arising from this report.

13. Conclusion

- 13.1 This report sets out progress on refreshing the Council’s organisational culture and its link to a commercial mind-set as well as planned training for senior managers.



Commercialisation and culture change evidence session
Barking Town Hall, LB Barking and Dagenham
Monday 2 September 2019

Attendees

LB Lewisham

Councillor Jim Mallory, Chair of the Public Accounts Committee
Councillor Louise Krupski, Vice-Chair of the Public Accounts Committee
Councillor Patrick Codd
Councillor James Rathbone
Councillor Mark Ingleby
Timothy Andrew (Scrutiny Manager)
Sunil Shahaney (Income Generation and Commercial Services Manager)

LB Barking and Dagenham

Councillor Dominic Twomey (Cabinet Member for Finance, Performance and Core Services)
Claire Symonds (Chief Operating Officer)
Hilary Morris (Commercial Director)

Following introductions and an overview of the work being carried out by Lewisham's Public Accounts Select Committee there was a discussion (from 11am – 1pm) based on the Committee's key lines of enquiry (as follows):

Key lines of enquiry (KLOE) for Lewisham's in-depth scrutiny review:

KLOE 1: creating a workable, vibrant and positive commercial culture

- How can we instil a more commercial mindset throughout the Council?
- How will the Council encourage and provide the structures necessary for officers at any level to instigate new ideas?
- How will the Council take more of a collective responsibility and lessen any blame culture so that officers have the freedom to act?
- Are there any corporate structures in place that could be hindering this kind of work? If so how should they be changed?
- How do we create a culture where risk is talked about openly and candidly for courageous ideas to be brought forward?
- How do we use the generation of income itself to motivate officers? Do we allow departments to keep back generated income for further innovative projects or does all the income come back centrally?
- How does the Council breed a culture of understanding among officers and members that this is positive change and done for the very best possible reasons and outcomes?
- Are the structures in place to do good constructive performance management of projects?

KLOE 2: training and Development for officers and members

- Does the Council have officers with the right skills and training to do this work? If not, how can a training programme be put in place and what are the resource implications of this?
- Do officers have enough time? How will projects be organised so that the every-day work of the Council is not adversely affected.

Key findings

1. LB Barking and Dagenham has embarked on a wholesale transformation programme of all of its functions and services.
2. Commercial entities/companies have been created to maximise business opportunities, these, in the main, are wholly owned by the Council this has helped to shift the focus of the whole Council towards commercialisation.
3. Officers were TUPE transferred to the newly established companies. – which now have the freedom to remunerate employees on more market facing terms, including developing performance related schemes within parameters agreed within the Shareholder Agreements.
4. Senior political leaders and managers are wholeheartedly invested in the transformation programme. There is also an understanding of risk – which enables a culture of innovation.
5. Political leaders are not involved in the day to day management of the external companies or on the Company Boards which are overseen by mainly independent external sector experts. The companies have been given the freedom to act at will (in line with their share holder agreements) within a strategic framework approved in their respective business plans
6. Measures are in place to manage and mitigate risks – but significant risks remain – including unforeseen changes in the economic environment at local, regional and national level.
7. Political oversight by overview and scrutiny is welcomed – but - the principal mechanism for challenge is via the shareholder agreement and shareholder panel as well as through operational performance monitoring of outcomes commissioned via the commissioning mandates.

Key observations from Lewisham's income generation and commercial services manager:

1. Commercialisation has senior-level buy-in: Claire Symonds (Chief Operating Officer) has responsibility and the Commercial Director reports to her.
2. LBBD's approach to managing budgets is predicated on two important strands (a) commercialisation (not fees and charges but more ambitious) (b) demand management. They have moved away from 'salami slicing' back-office costs.
3. LBBD's approach to commercialisation is 'big bang' (sic): The Council has set up several commercial entities e.g. for re-generation, energy management, school services (cleaning etc.) in a very short period of time.

4. Culture change is driven by live examples of success rather than formal training programmes (no “sheep-dipping”). However, senior management / cabinet LBBD actively communicate (including roadshows) to 200 top leaders to take them on the journey.

Findings

1. These are some of the key points raised in the discussion and it is not intended to represent a comprehensive record of the discussions. Additional material has been included from documents referred to at the meeting.

Reorganisation and reform

2. As with many other councils – the London Borough of Barking and Dagenham (LBBD) has been subject to significant and sustained pressures on its budget. In 2015/16 it carried out a consultation with the community about the challenges facing the delivery of Council services to 2020¹. As a result, the Council embarked on a comprehensive reorganisation of its services – into a commissioning and delivery model.
3. ‘...it was decided that the Council will no longer have separate functional departments or directorates, rather that the organisation would be shaped around the needs of people, the place, and our goals. As a result, the delivery of services will be undertaken by a range of ‘Service Delivery Blocks’.’²
4. This reorganisation resulted in the creation of several commercial enterprises (in 2017 and 2018) – which were designed to operate autonomously on behalf of the Council.

BeFirst – was established to accelerate the development of social housing and regeneration schemes throughout the Borough.

Barking and Dagenham Trading Partnership – took on management of the workforce for facilities management as well as the cleaning and catering services. It offers maintenance, cleaning and catering services to business and government bodies within the area;

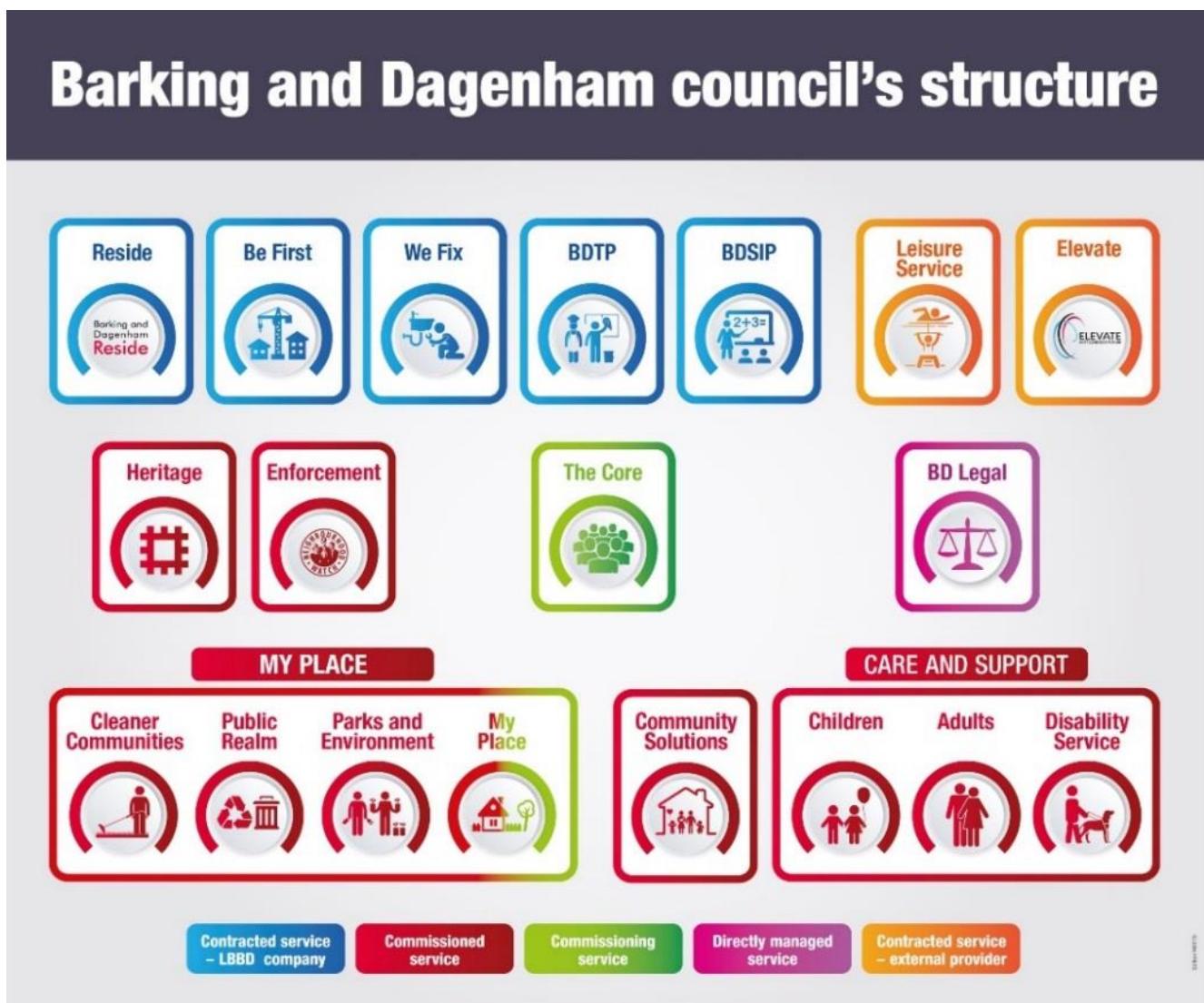
Barking and Dagenham Schools Improvement Partnership – was set up as a partnership between the Council and a number of schools, with the aim of providing services to schools to improve outcomes for pupils;

Reside – was established to buy, let and manage affordable/shared ownership housing with the aim of improving operational performance of the assets and the housing offer for local residents.

¹ ‘Agiliysis enables the London Borough of Barking and Dagenham’s bold vision for community focused transformation’: [link](#)

² LBBD report to Cabinet (2017) Home Services and Traded Services Full Business Cases [link](#)

- The transformation programme has enabled the Council to manage its budgets in a new way. There is no longer a requirement for finance officers to send out cuts pro-formas to 'salami slice' budgets. Savings were made through the complete reorganisation of the authority. Funding for the transformation programme has been largely drawn from the flexible use of capital receipts.



- Developing a commercial culture and establishing income generating activity were founding ambitions for the new companies. Additionally, the scope and scale of the transformation programme made it clear to employees at all levels of the Council that the organisation was serious about making wholesale changes to the way it operated.
- The Council monitors the activities of its commercial enterprises as a shareholder through its Shareholder Panel – which is chaired by the Deputy Leader. It also manages an Investment Panel – which oversees allocation of funding for major schemes and assesses risks.

8. There are no Councillors on the board of the Council's commercial entities and the political leadership does not have daily intervention in company activities. However, there is political oversight of company aims and objectives through business plans and the Council has observers (who do not have voting rights) on the independent boards.
9. The Council commissions services from its arm's-length companies to provide outcomes based on the Council's corporate plan and Borough Manifesto. Nonetheless, there is a fundamental separation between the Council's role as a commissioner and the Council's role as a shareholder.
10. The Companies are structured to maximise opportunities to generate income. One of the ways the Council sought to do this is by creating a holding company with service specific subsidiaries - which means the Council can contract with the company directly without competition via Teckal exemption.
11. Shareholder agreements and business plans for the new companies were tightly drawn up and carefully thought-through before implementation and the business plans are annual revised which means there are ongoing arrangements for managing risks (these are summarised below).

Officer skills and adaptability

12. As LBBD embarked on the transformation programme it realised that some Council staff had commercial skills - but not all.
13. Whilst there were a number of transfers under TUPE - the new commercial bodies were enabled to recruit staff on the terms and conditions they wanted - with in some cases performance related pay. Built into this system, however, were policy considerations - in line with the Council's social aims and Borough Manifesto. This means that the highest paid staff in its commercial enterprises can only be paid a defined ratio to the lowest paid employees.
14. The radical nature of the transformation programme brought out the creative side of a number of Council officers who welcomed the change as an opportunity to improve and reform. The scale and ambition of the programme spurred on creativity.
15. Engaging with staff through 'creative workshops' was an important part of the programme and this enabled staff at all levels the opportunity to think about how their services could be structured. The programme also gave people the opportunity to think differently. Senior officers recognised that people were worn out by 'salami-slicing' of budgets.

16. The scope and scale of the transformation programme (as well as the requirement to continue ‘business as usual) necessitated upfront investment in consultancy support – which was provided via the Council’s relationship with Agilisys.
17. As a result of the transformation programme - the vast majority of people in the organisation moved to a new job role – over the medium term it also resulted in a two thirds reduction in agency and consultancy staff. However, the change was achieved without any forced redundancies, though there was a large voluntary redundancy scheme.
18. In terms of training for staff - there was a focused programme for the top 200 managers in the organisation – who received support to enable them to lead the change in their service areas. However, there was not a broad ranging “sheep dip” offer of training to all officers.
19. The vision for the change was clear from the beginning – and leadership of the organisation were upfront about the move to an increasingly commercial mindset.
20. There remains a rigorous focus on what managers are spending their money on and why. The transformation enabled an increased emphasis on managers being accountable for their budgets and any pressures or unanticipated costs arising in their areas.

Risks and opportunities

“We trust our ability to come up with new ideas to deal with risks in times of adversity.”
Councillor Twomey

21. The Council clearly and extensively communicated the risks of not doing anything to change services. The transformation programme helped managers to understand that their services had to change in order to continue to exist.
22. The Council’s commercial focus has been recognised in the wider community – and a number of proposals and ideas have been submitted from external organisations, businesses and public sector partners. This includes commercial investors who recognise the stability of working with the Council.
23. Senior leaders accept that in order to maintain the pace of change and to achieve the benefits of the transformation there’s nothing that shouldn’t be looked at for transformation or investment and they consider each proposal on the balance of risks, priorities and reward.
24. Conversations about the appetite for risk were an important part of the development of the shareholder agreements between the Council and its commercial entities.

Mechanisms were in place to guide the risk strategies of the Council's commercial bodies.

25. There remain some risks to the transformation. This includes the risk of officers returning to inefficient ways of delivering services. It is recognised that ensuring good practice is embedded at all levels of the organisation takes time.
26. The Council's commercial entities are in a position (backed by the Council as a landowner, local service provider and organisation backed by long term financial stability) to access opportunities that private entities do not.
27. The provision of housing by Council companies also enables the Council to meet its policies for tackling the housing crisis. At present Reside has no properties for rent or sale at full market rates, though it is recognised that this may need to change if the economic circumstances change.

Governance and rigour

28. The Council maintains a tight focus on the development, planning and delivery of the specifications for new commercial enterprises. Officers engaged with the Council's commercial enterprises recognise that processes have to be robust.
29. Decisions about major investments, whether these are sought from the companies or internal officers are considered by the Council's 'investment panel' before approval. The Panel is guided by a 'gateway appraisal process' which officers use to manage the process of making new investments across a number of stages: from outline viability, on to further assessments of feasibility up to detailed costing, development, benefits realisation and assessment of new proposals.
30. Each company operated by the Council is developing its own style of operations and points of view. There is a degree of competitive tension between them and between the different internal relationships between commissioning and commercial perspectives that ensures quality of outcomes as well as checks and balances. The Council also maintains communication with the end users of Council services and, where possible, they are included in the competitive process.
31. Scrutiny was consulted on the transformation programme. As with the rest of the transformation programme - governance had been streamlined so that there were fewer committees and less meetings but the structure ensured that there were opportunities for pre-decision scrutiny.
32. The Council also has a 'shareholder panel' to act as an advisory body to the Cabinet. Its role is to ensure that the Council's legal responsibilities as a shareholder are fulfilled and

that the activities of the commercial entities are aligned with the Council's strategic objectives. The following terms of reference are from a Council report:

'The terms of reference for the Shareholder Panel outline its main purpose as being to:

- Review and monitor long term strategic objectives via Company Business Plans prior to consideration and approval by Cabinet as the Shareholder. Oversee and ensure compliance with all TECKAL related obligations.
- Monitor Company compliance with approved and adopted Business Plans.
- Monitor the exercise of any Reserved Powers according to the Articles of Association by Cabinet or as delegated by Cabinet.
- Monitor compliance with any legal duties required of a Shareholder.
- Review Company financial performance on a quarterly basis and report to Cabinet any concerns.'³

33. In September 2019, scrutiny at Barking and Dagenham considered a report outlining the findings of an internal review⁴ that had been carried out on behalf of the Shareholder Panel. The review identified a number of areas of good practice, including: the clarity of the legal agreements in place between the Council and its companies; the strength of formal business planning process – including the submission of plans to the Council annually for review and approval; the structuring of the relationship between the Council and the companies, including the separation of the Council as a shareholder and commissioning customer.

34. However, the review also outlined a number of risks, including: the lack of alignment between company business plans and the development of business cases in the first year of operation; the lack of a clear methodology by which the Council should review quarterly reports produced by the companies; and – the lack of a risk register to evaluate the risks faced by the whole Council from the operation of the companies.

The future

35. The Council is still in the process of delivering the transformation programme so in terms of definitive measures of success, it is still too early to say and expectations regarding what is possible are still evolving. However, reports⁵ to the Council's Cabinet in early 2019 indicate that the Barking and Dagenham Trading Partnership forecast to double its financial return to the Council from £744k to £1.4m (for the 2017-18 financial year). In addition, it was reported that the schools partnership was due to produce a surplus as opposed to the deficit it had forecast.

³LBBB Shareholder Panel – internal governance review report (2019): [link](#)

⁴ LBBB Final internal audit report, May 2019: [link](#)

⁵ LBBB Commercial company business plans, report to cabinet March 2019: [link](#)

36. The report also indicates that the Partnership is due to significantly increase its returns to the Council over its business plan period (2018-2022) – following a strong first year of trading which has exceeded expectations.
37. It was recognised that there were some issues in the development and delivery of the transformation programme. But – broadly, the programme is progressing as planned and that the scale of ambition of the programme meant that it was likely to encounter some ‘bumps in the road’.
38. Planning for the future is sufficiently good to avoid serious risks. However, it is recognised that the Council is not in the same position as other investors. In a difficult financial climate, it cannot not pause investment decisions or curtail its commercial activity until the situation has improved – it has to continue delivering on its business plans and to ensure that it was generating income year on year.
39. Members and officers are motivated by the vision for the transformation – to ensure that every investment made by the Council should be driven by the intention to support the most vulnerable.
40. One of the key benefits of the transformation programme is that managers are conscious of the costs of the delivery of their services. It is recognised that in order to make comprehensive changes to the organisation officers need to know what they are spending money on and the price of the delivery of those services.
41. In local government generally, demand and the costs for delivery of services continues to rise. The Council is focusing future efforts on preventative work and demand management. It is recognised that the costs of delivering services can be contained if there is early intervention as opposed to working with people once they have reached a point of crisis.
42. In future, the Council intends to increase focus on the “end to end” processes of service delivery. In particular, the Council’s service delivery providers for children’s and adult services are putting increasing efforts on analysis, data and service user insight to determine whether there are opportunities for improvements.

Background documents

LB Barking and Dagenham recognised as entrepreneurial council in the Local Government Chronicle Awards: <https://www.lbbd.gov.uk/news/east-london-council-bags-prestigious-entrepreneurial-council-award>

Scoping report for LB Lewisham’s commercialisation and culture change in-depth review: <http://councilmeetings.lewisham.gov.uk/documents/s66408/06%20Scoping%20report%20-%20commercialisation%20and%20culture%20change%20review%20100719.pdf>

LB Barking and Dagenham - Shareholder Panel – Internal Governance Review Report
<https://modgovapp.barking-dagenham.gov.uk/documents/s133301/Shareholder%20Panel%20Governance%20Audit%20Report.pdf>

LB Barking and Dagenham budget framework 2019/20 and medium term financial Strategy 2019/20 – 2020/21: <https://modgovapp.barking-dagenham.gov.uk/documents/s128822/Budget%20Framework%202019-20%20Report.pdf>

If you have any questions about this briefing, please contact Timothy Andrew (Scrutiny Manager - timothy.andrew@lewisham.gov.uk).

Key message from the day:

If we want to change our culture it needs to come from both political and officer leadership at the highest levels.

- With positive leadership, officers will be provided with the confidence to look at their work differently, start to explore, and ultimately trust, other models of working, rather than repeating the same patterns.
- Portfolio holder needs to give reassurances that risk is controlled and that we can take this step.
- We need a way to describe what we are doing with commercialisation ie. We are doing this because we... The council needs a fundamental simple message that will filter into all the work of managers through the organisation.
- We need to be clear about what the council is here for - what does the council actually do and how do we achieve this?
- We need capability of officers to do this work – do they have the right skills, are they adaptable enough, can they be retrained?
- Is there capacity and resourcing for them to do this work? Is there enough space in their working day to change their working practices and take this on board fully? It is important to assess how much we need to spend on officer time to enable the work to go ahead and whether this will be cost effective.
- Do we have the culture that will support their work – Capacity and Competence are vital and require ACTIVE leadership
- Recruitment, Training and Retention must be embedded to support this work. The Performance appraisal framework needs to support this. Need to systematically feed this culture down.
- The money is an outcome not the process.
- The council has a choice to do nothing and face economic collapse or, do better, and do something differently
- Models to deliver commercialisation are a means to an end, they are not commercialisation itself and we might use different models for different problems. It is very important not to put the cart before the horse and understand exactly why the council might chose a particular vehicle for a particular problem. It is not an answer to create arms-length companies for the sake of it or in the hope of it being more efficient if

this is not the right model for the issue at hand. It must also not be the right fit with the vision and risk appetite of the council.

- Need to have a definition that the council can work to
- New driver is that councils can go bust now in a way that was not a risk before.
- We need to have a proper discussion about risk appetite. Better to frame this as **risk tolerance**. This can change depending on the key players in this space - CEO, finance director, and cabinet members. Appetite for a project can be very high but your tolerance can be low at the same time - so that risk is managed closely.

Steps to build a Commercial Strategy (taken from the document "Enterprising Councils, supporting councils' income generation activity") published by the LGA

1. Purpose and Vision

Primary question – Why are we here? – the organisation identifies its vision or purpose. Council also works out what it means by commercialisation Senior officers and councillors must lead and communicate this in order to align the organisation's vision and mission with that of the individuals inside the organisation. When staff feel more connected, they are more likely to participate in achieving the group's goals.

2. Trust Building

Stage during which people want to know who they will work with, expectations, agendas and competencies. Trust can only be established once the organisation's members are clear about its values and capabilities and have a view about where they fit into the organisation and their responsibility for the vision.

Vital that at senior level there is intolerance of values being breached

3. Role and goal Clarification

Senior political and managerial leadership work to communicate and refine shared commercial vision by discussing possibilities, variations and reasons these goals may or may not be the best options. This ultimately defines the organisational mission.

4. Commitment

This stage about "getting it done". Decisions made, priorities set, and structures put in place in order to drive commercial activity. If leadership not in place staff may resist by

- Disowning individual responsibility for the success of the organisation
- Going along with preferences of others
- Attacking proposed courses of action without offering feasible alternatives

Behaviour like this often fuelled by lack of leadership and could indicate unclear priorities, unclear roles, poor values.

5. Implementation

Implementation stage dominated by timing and scheduling. Key is to enable organisation to develop processes and procedures to deliver the commercial mission. May require senior leaders to clear obstacles or "kill sacred cows" to enable delivery of vision, purpose and strategy.

6. High Performance – Strategy Implemented and working

This model might suggest that high performance delivery is pre-determined, but many organisations never manage this. The approach is designed to increase the probability of becoming a high-performance organisation and staying in this space for as long as possible.

7. Growth/renewal

Most important question at this point is "why continue?" A process of reflection of what did and didn't work and any remaining issues is very important in order to continue to evolve. This leads to the organisation becoming capable of evolving and adapting to its environment with a culture that can embrace change.

Role of the senior political and managerial leadership

Leadership must demonstrate what values mean in terms of their behaviour, decisions taken and specific management actions that demonstrate to all employees that the values are alive and real. This must be adopted by ALL leaders. In practice, managers and other employees will copy the model they see, which is much more powerful than reacting to communications which describe the values.

We may want to consider investing resources to support a corporate programme to implement our strategy. Investment in change management, developing employee capabilities, aligning performance management processes and adapting governance mechanisms may be required to enable a more entrepreneurial culture to flourish.

Links to the LGA's free commercialisation guidance documents, [Enterprising Councils](#) and [Profit with a purpose](#) (circulated following the meeting).

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Agenda Item 6

Public Accounts Select Committee		
Title	Adult social care budget	
Contributor	Executive Director for Community Services/Executive Director for Corporate Services	Item 6
Class	Part 1 (open)	06 November 2019

1. Purpose:

1.1 This report updates members on the current position of the Adult Social Care (ASC) budget. It provides a summary of the statutory context for Adult Social Care and an overview of the following:

- The budget for 19/20
- Pressures and trends
- Savings

2. Recommendations:

2.1 Members of the Public Accounts Select Committee are asked to note the content of the report.

3. Background:

3.1 At the scheduled meeting on the 10th July 2019, PASC requested a report on the Adult Social Care budget. This report updates earlier reports that were presented on the 27th September 2017, and the 8th November 2018. The report contains further detail regarding the trends in cost and activity that impact on the Adult Social Care budget.

4. Policy Context:

Statutory Requirements: Care Act 2014

4.1 The Care Act 2014, provides guidance as to how a Local Authority should go about performing its care and support responsibilities, for those with care needs and their carers. The overall challenge set out by The Care Act, is to promote wellbeing and independence of the whole adult population by working collaboratively with Health.

4.2 The Council has a duty to provide the public with a wide range of information and advice regardless of whether individuals are eligible for social care support.

4.3 The Care Act 2014, is a national criteria that gives local authorities a legal responsibility to carry out an appropriate and proportionate assessment for those who appear to be in need of care and support, and to ensure that the care and support plan considers what needs the person has, and what they want to achieve, and what they can do by themselves or with the support they already have, taking account of the types of care and support might be available to them in the local area.

The support plan must include a personal budget. This is amount of funding made available by the Council, to arrange the necessary care and support for the individual.

5. The Budget

5.1 The net Adult Social Care budget -19/20 is £72.556m.

	£m
Employees	17.878
Premises	0.411
Transport	2.276
Supplies & Services	6.43
Third Party Payments (packages & placements)	76.48
Transfer Payments (Direct payments)	10.257
Gross	113.732
	£m
Government Grants	16.171
Other Reimbursements*	13.538
Fees & Charges	11.467
Income	41.176
Net	72.556

*Other Reimbursements include the '*Better Care Fund*' and '*Improved Better Care Fund*' (iBCF) as well as income for Funded Nursing Care.

NB: These figures exclude £13.6m expenditure and income for Continuing Health Care, (CHC) packages and placements paid by the Council on behalf of the CCG.

5.2 An underspend of £1.9m is projected on the ASC budgets. The main underspend is on budgets retained for future pressures on placements and packages including winter pressures. This position makes the following assumptions about costs of packages and placements

- No movement in service user numbers other than transition from CYP to ASC
- Settlement with providers in line with our standard formulae reflecting impact of London Living Wage/National Living Wage except for highest unit costs where we will seek to freeze rates
- Standard discounts on non-residential services to reflect missed services

5.3 Staffing budgets are overspent, as savings which rely on IT systems improvements have not yet been achieved, due to the delay in the essential work that needs to take place. Additionally, there are high levels of agency staff in post because of the staff consultation of re-organisation. This cost pressure will reduce once reorganisation of the social work function that is in progress is completed.

5.4 The budget is £1.3m higher than 2018/19 (excluding iBCF). The changes between years are as follows:

	Gross	Income	Net
2018/19	122.044	-50.825	71.219
Pay inflation	0.399	0	0.399
Non-pay inflation	1.984	-0.699	1.285
Savings	-1.932	-0.159	-2.091
Precept	2.129	0	2.129

Package & placement adj	0.575	-0.575	0
PHG substitution	0	-0.400	-0.400
Loss of ASGSG	-0.855	0.855	0
New iBCF	2.844	-2.844	0
Other	0.415	-0.400	0.015
	127.603	-55.047	72.556

Use of new funding

5.5 Adult social care budgets have been supplemented in 2019/20 by an increase in improved Better Care Fund (iBCF) from £10.4m to £13.1m. The iBCF is principally used to address volume and other pressures allowing the service to continue to support the pressures experienced within the local health system. The additional resource in 2019/20 has been used to fund the following:

Increased costs of transition from CYP	£1.0m
Increased cost of Transition Team	£0.1m
Other demographic pressures	£0.4m
Deprivation of Liberty Safeguards (DOLS)	£0.9m
Contingency	£0.2m

5.6 Winter Pressures Grant, first paid in 2018/19, has been extended at the same level (£1.37m) into 2019/20. This funds the increasing cost associated with the shorter length of hospital stay and the impact of earlier discharges that require more care and support to be in place especially over the winter period.

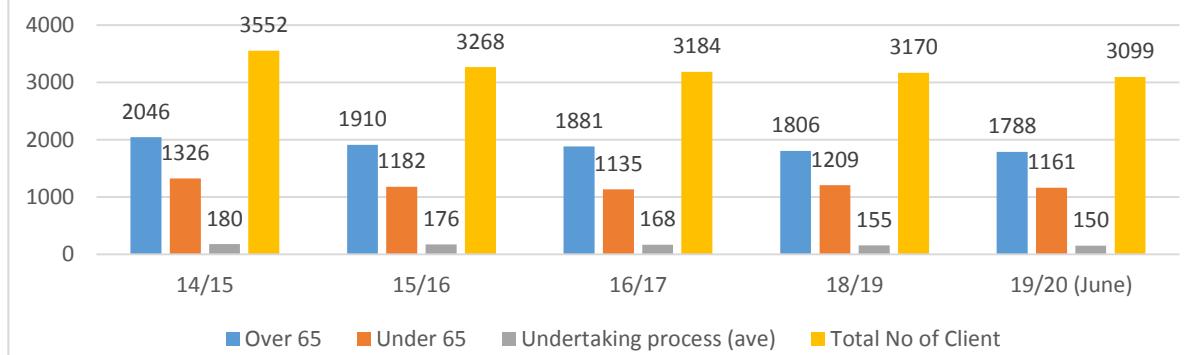
5.7 Adult Social Care precept (agreed locally at 2% = £2.01m). This is being used to fund annual provider rate increases, including sustaining London Living Wage.

6. Pressures and Trends

6.1 This section explains the various pressures on the ASC budget and demonstrates the impact of some of these on trends in cost and activity.

6.2 Prevention is a key theme of the Care Act. Proactive approaches to avoiding, delaying or reducing demand are key to our approach in ASC. Management of demand is crucial for successful control of the adult social care budget and there has been a reduction in terms of the numbers of people requiring care and support over the past 3 years.

Ave. No of ASC clients receiving Services at any point in Time



6.3 At the 30st September 2019 the numbers of adults 18+ being supported by Adult Social Care has risen to approx. 3160.

6.4 This is a result of refining the way that contacts and referrals are dealt with and by making improvements to how demand for social care is managed. There are plans to increase the skill mix and staffing numbers at the point of contact so that people are connected to support and solutions at an early stage, making use of preventative services and short term intervention where appropriate in order to reduce or delay the need for longer term care.

6.5 A staff consultation on the reorganisation proposals is in progress, but due to issues raised by staff and unions regarding the changes, implementation has been delayed and this is having an adverse impact on our ability to reduce demand and achieve savings.

6.6 Although overall numbers of service users have reduced, average costs per user have increased. In part this is because it is the service users with lowest costs that have been supported by connecting them to solutions so they do not need commissioned services. Other reasons are set out in the following paragraphs.

Increased unit costs and market stability

6.7 Lewisham pays for services at either the London Living Wage or the National Living Wage. For the past 2 years, the Council has uplifted residential care services based on a formula reflecting the LLW/ NLW uplift applied as 70% of the total cost of the residential service and 1% on the balancing 30% of the cost of the service. This equates to an uplift for LLW of 2.7% (LLW increase was 3.43%, so the offer was 3.43% on 70% of the cost of the placement and 1% on 30% of the cost of placement) and for the NLW the uplift offer was 3.7% (NLW increase was 4.85%, so the offer was 4.85% of 70% of the cost of placement and 1% of 30% of the cost of placement). This supports providers to pay the minimum wage while also ensuring that providers make cost efficiencies in other parts of the cost of service. Most (though not all) in-borough providers are generally accepting of this approach as it gives clarity and transparency.

6.8 The Council's decision on uplift might also be influenced by the decision of local authorities elsewhere in the country where people are placed (approx. 350 service users are in placements outside Lewisham). So, for example, if the Council has a person placed in Somerset, the provider will expect the Council to match the uplift rate set by that local authority. Where the provider is asking for a higher uplift than that agreed by the Council, we require evidence that this is the agreed local authority rate. The Council does not make an uplift offer where providers do not ask for one.

6.9 For 2019/20, the Council has made a variation in approach for its high cost 24 hour residential services for Adults with Learning Disability (not subject to the Framework Agreement) as the ADASS cost comparison for residential care shows Lewisham as the 2nd highest mean spender across London for residential care, and officers have assumed that this may also apply to 24 hour supported living services. All but 1 of the affected providers have challenged this approach and officers are negotiating to manage down the impact of uplifts to a maximum of 2.5% rather than the 3.7% uplift offer that has been offered to other NLW providers.

6.10 The 70:30 application described for residential care is also applied to other services such as day services, though some contracts, such as extra care, have specific terms and conditions of contract that means the uplift would need to be calculated differently.

6.11 In 19/20 Lewisham lost one of its lead domiciliary care providers. This has put extra pressure on the current market providers that are also faced with the challenges of meeting care standards and maintaining a consistent workforce in terms of the availability of care homes. It should be noted that the market remains fragile. Locally there were no residential or nursing home beds lost during this period, but there are a small number of homes that require improvements to meet CQC inspection standards. In the last month a very large care home provider Four Seasons, who are a national provider, went into administration, for Lewisham, this means 5 people are likely to need a new placement. Locally pressure on the market have increased due to a planned home closure in a neighbouring borough, this will have an impact on bed availability. Also any embargoes in neighbouring boroughs will impact bed capacity. Lewisham saw no growth in the provider market in 19/20 and it is unlikely that there will be any significant growth in 20/21. There is little opportunity for further cost negotiations due to the commitment to the London Living Wage and ethical care charter.

Demographic pressures

Transitions

6.12 The total number of adults with a learning disability aged 18 to 64 in Lewisham was estimated at 1,120 in 2018 and this is projected to rise to 1,190 in 2020. Currently, 750 people with a learning disability are receiving services funded by Lewisham Council.

6.13 Each year, there is an increase in numbers and complexity of needs regarding the young people with special educational needs and disabilities (SEND) who transfer to the adult social care services. Lewisham has the 4th highest autism level in the U.K. This is materialising as a demand/pressure due to increased levels of support required to support challenging behaviours as well as an increase in the number of families with more than one sibling with autism, learning disability or ADHD diagnosis making it increasingly difficult for families to cope. Approximately 50 potential service users transition each year. Not all of these are assessed as requiring long term adult social care initially though some will require services in the future if family circumstances change.

6.14 An average weekly cost for transition cases is around £1,500 and the estimated cumulative impact over the last 5 years is £2.6m (£0.7m in 2018/19, over £1m to date in 19/20). For more complex cases the weekly costs may be as high as £3,500.

6.15 Work is in progress to establish a dedicated team that works across children's and adult services to improve the experience of transitioning to adulthood by working with young people at an earlier stage and by developing more cost effect local services.

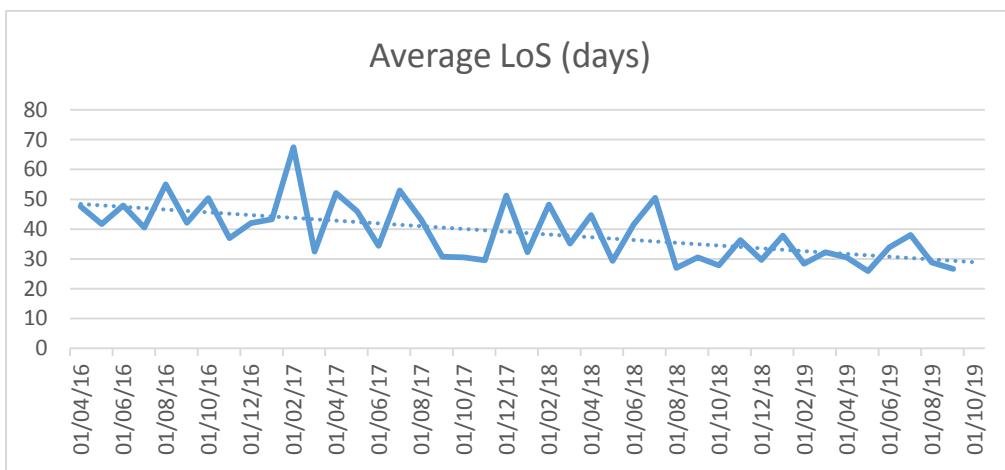
6.16 We will also be working to further develop a co-produce a Transitions Strategy over the coming 12 months in order to better shape broader strategic developments.

Hospital Discharge:

6.17 Approximately a quarter of adult population aged 65 plus in Lewisham attended accident and emergency (A&E) in the last three years. Almost 70% of people aged 90 or over are likely to be admitted to hospital when they attend A&E.

6.18 National pressures on the NHS have meant that there is an increase in numbers of people requiring an assessment following a stay in hospital. Hospital admission and readmission rates for older people are higher in Lewisham than the overall rate for England. Hospital Discharges have increased from an average of 270 to 320 per month.

6.19 Of these, over 250 per month require ongoing services with approximately 40 of these being new users of Adult Social Care services. In addition, the length of stay in hospital is far shorter (see graph below) and people are identified for discharge sooner. The impact of this is that more intensive and expensive packages of care are required. The numbers of patients on the Ready for Discharge (RFD) list have fallen from 55 to 8 per week since last year. The target for Lewisham is to have 14 or fewer patients on the RFD at any one time.



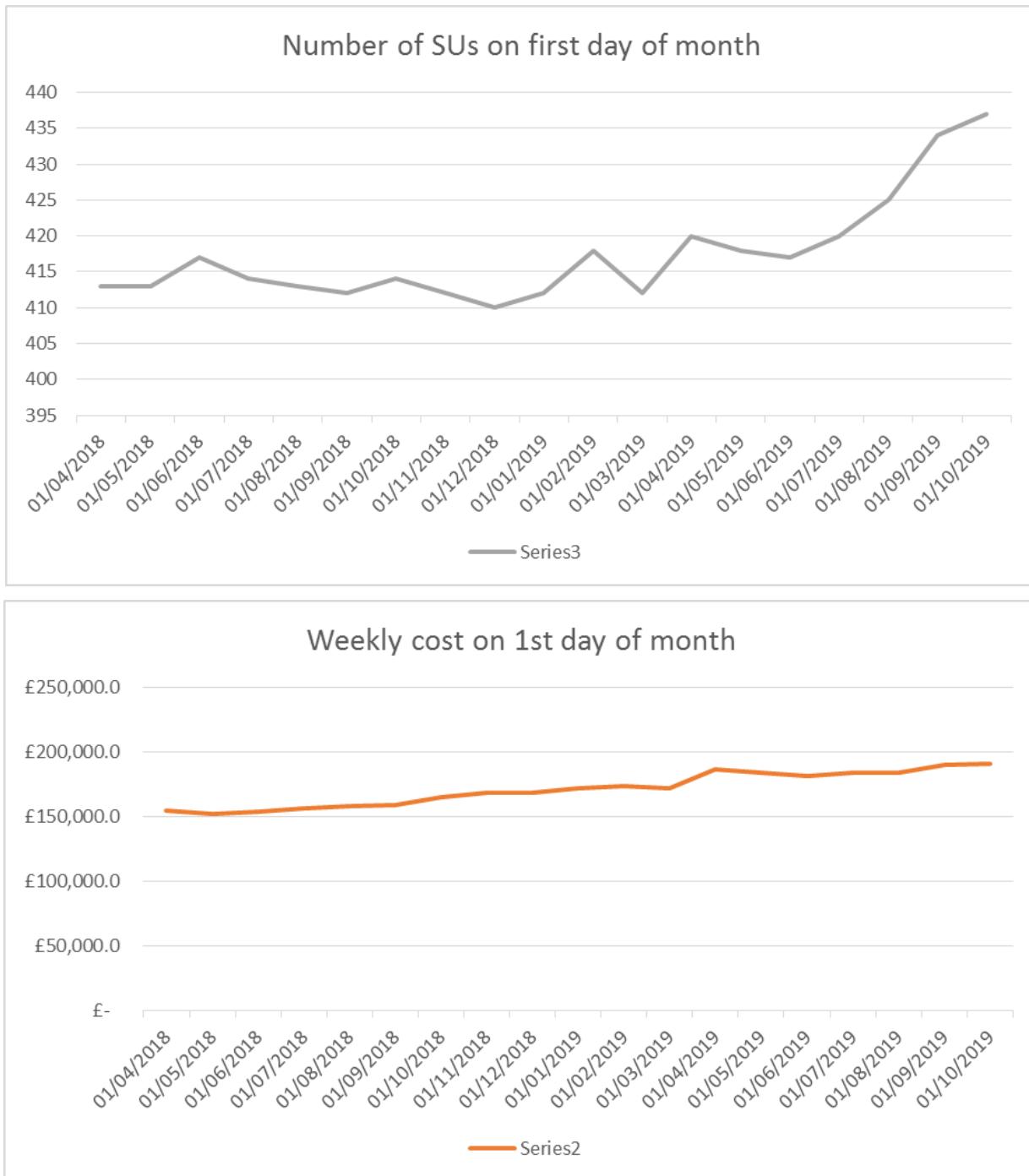
6.20 The level of care required for residents who have been discharged from hospital, and the impact of a reduced length of stay, continue to put pressure to adult social care resources. Average costs of new packages following hospital admission are £350 per week this means a patient discharged 10 days earlier, will cost the Council an additional £500 on average. Assuming this applies to all discharges (including those resulting in a resumption of service) the increased cost to the Council is approx. £1.5m p.a.

Long-term conditions and increasing complexity

6.21 Of the Adult population, 29% of residents have a long-term condition and 11.2% have two long term conditions who may require on going care and support. Health and Social Care continue to see an increase in the age and complexity of clients who need the support of Adult Social Care. People with complex dementia who are unable to live on their own or with very frail carers are our biggest challenge, along with older people whose increasing frailty and declining mobility needs the support of 2 carers to manage their personal care.

6.22 Regarding working age adults, there is increased pressure regarding support for people with Mental Health, challenging behaviour and physical disabilities. Often the only option we have is to support these people in expensive placements.

6.23 Numbers of younger adults with chronic conditions and physical support needs continues to increase, with particular issues around stroke, brain injury, other accidents including violent crime and Alcohol-related brain damage and obesity. The weekly costs associated with these presentations can be as high as £2800 p/w over the last year the number of open 18-65 services where the primary support reason is Physical Support has increased by 6% and costs by 23%. This increase is significantly in excess of that assumed in budget planning; only £400k growth was assumed for non-transition demography, funded from the iBCF.



6.24 There are also pressures in relation to Mental Health Act Section 117, aftercare costs for people with mental health needs. There is an expanding local mental health care market that has developed partly due to the availability of suitable sized properties that are cost effective for this purpose. The expanding market tends to attract placements from other London boroughs. This increases the Sec117 costs for Lewisham as the responsibility for after care legally becomes the boroughs responsibility. Work is in progress with neighbouring boroughs to reduce this risk, but this relies on voluntary cooperation from these boroughs.

Deprivation of Liberty Safeguards (DoLS)

6.25 The number of applications increased by 10% in 18/19. Whilst it is expected that the Government will change the legislation by 2020, it is recognised that this may not decrease the pressure due to the ongoing monitoring and quality assurance that will remain a statutory duty of ASC. This has resulted in a current Cost Pressure of £800k. These figures include legal costs which has, in turn, resulted in an additional pressure on the legal budget. This is a result of an increase in the number of court cases (primarily Court of Protection), currently 24. This burden has never been properly funded by central government.

Trends in activity and cost

6.26 Reports are run from two sources – LAS and Controcc. LAS reports primarily for activity and Controcc primarily for cost. Small differences in data between the two systems mean that there are some differences in information from the two systems, although there are periodic reconciliations to ensure that differences are understood and corrected. Additionally, there are differences in the way services are counted in the two systems. Neither system holds data on mental health cases managed by SLaM.

6.27 Until 2017 not all services were recorded on LAS/Controcc and older information is less reliable than more recent reports. Some data quality issues remain but these are now less significant. (work to connect LAS and Controcc is now at an advanced stage of procurement.)

6.28 Reports based on Controcc data are attached in appendix 1 showing trends for April 2018 to date. Trends are shown for all services (18+) and for 3 types of service: nursing, residential and non-residential. In each case there are graphs showing movements in overall cost per week, service user numbers and weekly cost per service user.

6.29 Overall, numbers of service users show a reduction in 2018/19 reflecting the success of demand management strategies. In 2019/20 numbers have increased reflecting, in part, those pressures identified earlier in this section. Unit costs have increased however (£525 to £545) – partly due to the fact that as service user numbers dropped last financial year the services that remain are for individuals with higher needs and partly due to increases in hourly weekly costs.

6.30 Within this overall trend, numbers of service users per type of care show a similar pattern – reductions in 2018/19 offset by increases since April 2019. Costs per user show increases for nursing and non-residential care but reductions for residential.

7. Savings

7.1 The necessary action to savings has been taken in all but two cases. The two exceptions both relate to systems issues. The planned reduction in staffing budgets will not be possible until planned changes have been made to LAS and part of the income saving is dependent on auto-charging being enabled on Controcc.

7.2 In other cases the planned impact on costs and activity has already been seen but continued attention will be needed through the year to ensure that savings are delivered in full.

Our approach to cost control and savings

7.3 We have adopted the Local Government Association (LGA) framework to achieve efficiencies in adult social care by further refinement to the following:

- **Our approach to managing demand and assessment**, by taking into account what a person can do for themselves including the network of support that can be accessed from within the community.

- By making use of **prevention and short term targeted support**. This can be applied to a range of presenting enquiries and needs and can often delay and/or reduce the need for longer term care. For some people, good advice and information is sufficient to maintain health and well-being. This includes access to equipment including assistive technology to support independence. Short term re-enablement with a focus on recovery following a crisis is more appropriate to those people who may have had a hospital admission or to further prevent deterioration and promote independence.
- **A joined up approach** across health, mental health, social care, housing and with care providers. Our ambition is to reduce duplication, be responsive to the needs of our residents at an earlier stage so that we can promote every opportunity for good health and well-being and reduce the need for long term care and support whenever safe and appropriate.
- **Commissioning and developing a robust market place** that can respond to a range of needs with services that are of a high standard and are cost effective. We are reshaping some of our provision in order to provide a more personalised offer that supports people to remain within the community wherever possible. Commissioners have good links with counterparts in neighbouring boroughs and routinely benchmark costs.
- **Improving our approach to support young people who transition** from children's services to adult social care. The demographics of the borough are challenging in relation to effective transitions with a younger population, a more diverse background and higher than average levels of deprivation compared to the rest of England. We are working on a whole system approach to transition with a focus on improvements and good practice, as well as developing a border strategy to shape and inform commissioning of a range of services in Lewisham.
- **Applying resources proportionately and accurate charging**. There is good oversight in place to compliment the asset based approach to assessment. There are panels in place monitoring expenditure for care provision.

7.4 We have been working with colleagues in Customer Services, Finance and Transformation/Digital to develop an interface between Controcc and Accounts Receivable. This will allow invoices, to service users, to be amended across each billing period to reflect any changes in the level of care received and any changes in the financial circumstances of the service user. We also work with the CCG to ensure that all cases meeting Continuing Health Care criteria are identified promptly and that financial responsibility is transferred to health where appropriate.

Approach for 2020/21

7.5 2020/21 savings proposals are shown in Appendix 2. These were considered by Mayor and Cabinet on 30th October.

Risk

7.6 The level of savings required by the budget strategy assume significant reductions in both numbers of service users and average unit costs. Whilst costs have stabilised the current trend will not be sufficient to deliver the proposed savings. Adult Social Care working with both services users and staff to reduce demand, Commissioners are exploring further use of local resources to support people with independence and more cost effective care choices. Our largest risk areas are the support needed for people being discharged from hospital and those in Transition. The demographics of the borough are showing increase in the levels of complexity related to increasing frailness, complex Mental Health presentations and multiply diagnosed illness, the system pressure to release acute beds in hospital settings, continues to add to social care budget pressures.

7.7 The Council has a responsibility under the Care Act for market sustainability. In the absence of the Green Paper and clarity of long term funding for adult social care the market is showing signs of fragility with providers indicating that the current position is not sustainable. Over the past 6 months potential pressures of over £800k from local residential and nursing providers have emerged.

8 Summary:

8.1 The information provided within this report demonstrates the aspiration from ASC is to support more people to live independently and thus to achieve savings and to remain compliant with statutory requirements. Adult social care is demand led and it is therefore difficult to be precise and exact on reducing expenditure as whilst savings are being achieved, the landscape of pressures and trends have to be monitored and attended to.

8.2 The Joint commissioners work in collaboration with the core ASC assessment teams to stimulate a diverse range of care and support services to ensure that residents and their carers have a choice over how their needs are met and are able to achieve things that are important to them.

8.3 Preventative services- Budget management for adult social care is dependent on working with voluntary and community sectors, and on alliances with other parts of the health and care system. It is therefore important that we align the public health budget and voluntary sector investments to ensure there are a range of services available to residents that go some way towards preventing the need for longer term care.

8.4 Closer working with health, mental health, the voluntary sector, and housing partners is also essential to ensure there is a whole system approach to promoting and sustaining independence and well-being where possible.

9 Financial implications

9.1 The financial implications are contained in the body of the report.

10 Legal implications:

10.1 There are no further legal implications arising from the report. Specific budget proposals may require further reports with legal implications as to the process and proposals, including an Equalities Impact Assessment if required.

10.2 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

10.3 In summary, the Council must, in the exercise of its functions, have due regard to the need to: Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act. Advance equality of opportunity between people who share a protected characteristic and those who do not. Foster good relations between people who share a protected characteristic and those who do not.

10.4 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

10.5 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value.

The statutory code and the technical guidance can be found at:

<http://www.equalityhumanrights.com/legal-and-policy/equalityact/equality-act-codes-of-practice-and-technical-guidance/>

10.6 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

1. The essential guide to the public sector equality duty.
2. Meeting the equality duty in policy and decision-making.
3. Engagement and the equality duty.
4. Equality objectives and the equality duty.
5. Equality information and the equality duty.

10.7 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty, including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice.

Further information and resources are available at:

<http://www.equalityhumanrights.com/advice-and-guidance/publicsector-equality-duty/guidance-on-the-equality-duty/>

11 Crime and Disorder Implications:

11.1 There are no specific Crime and Disorder implications arising from this report and its recommendations.

12 Equalities Implications:

12.1 There are no specific Equalities implications arising from this report and its recommendations.

13 Environmental Implications:

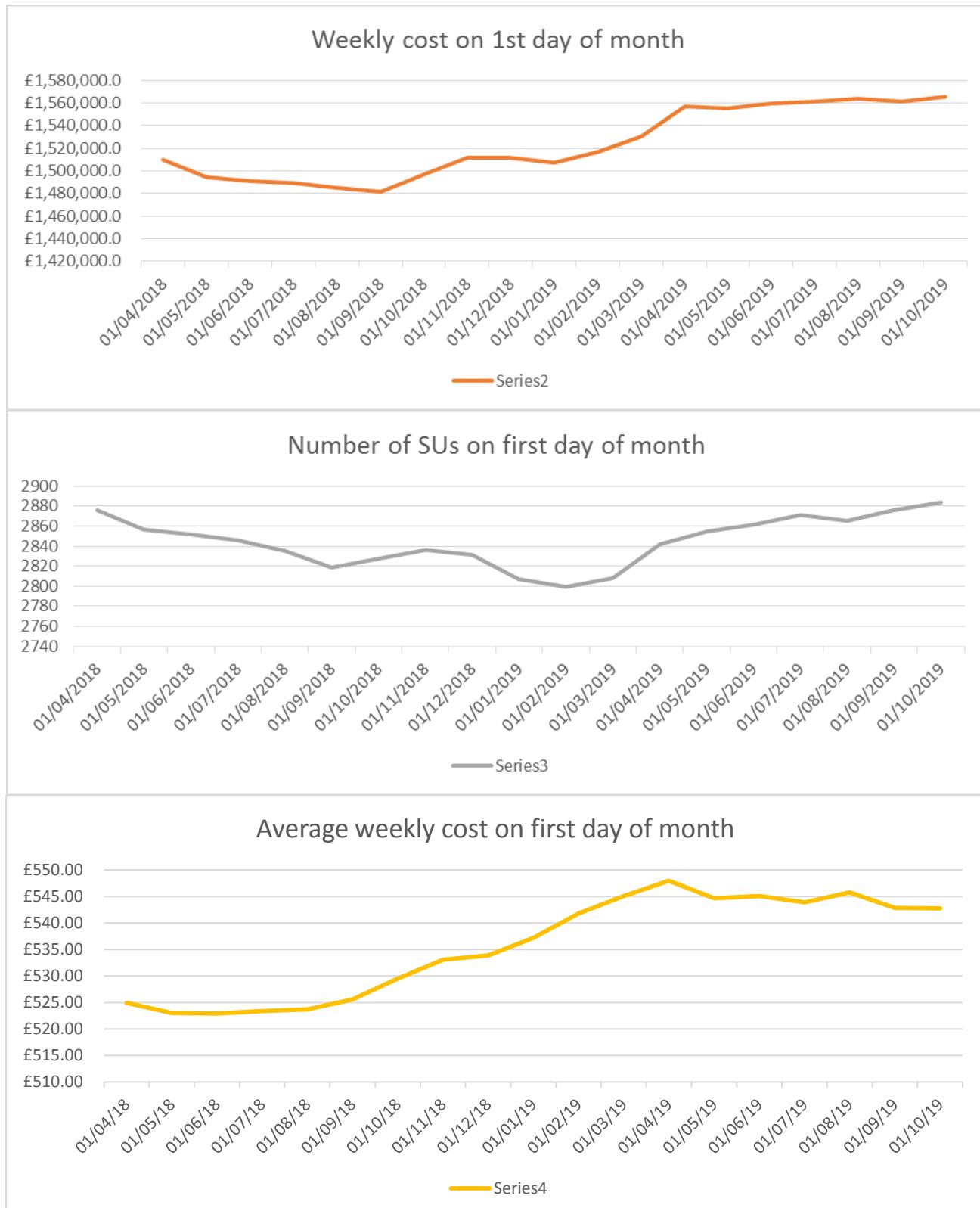
13.1 There are no specific Environmental implications arising from this report and its recommendations.

Background Documents

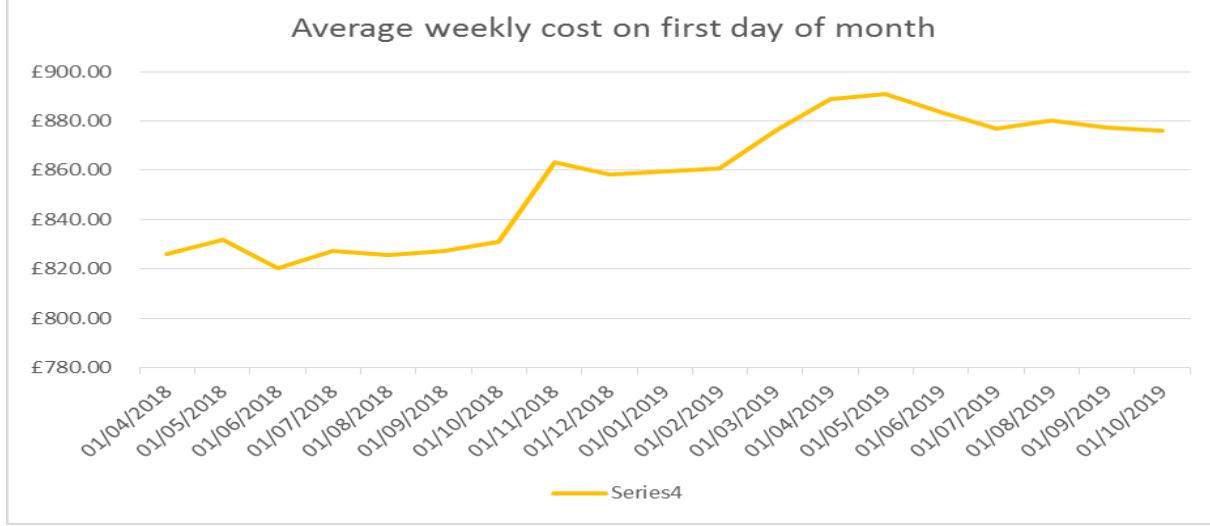
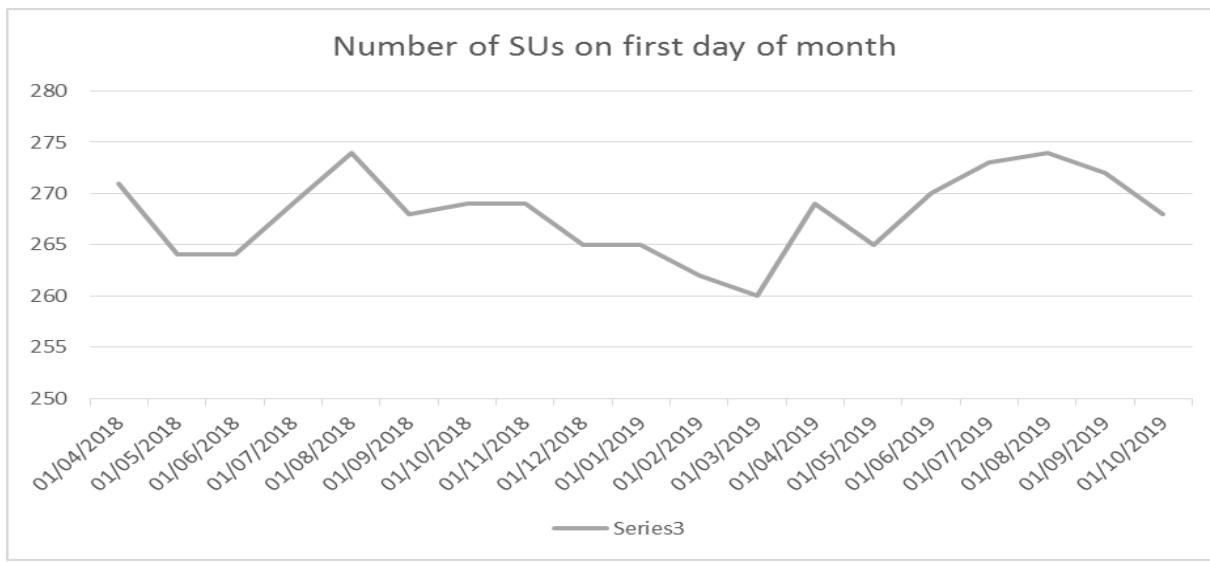
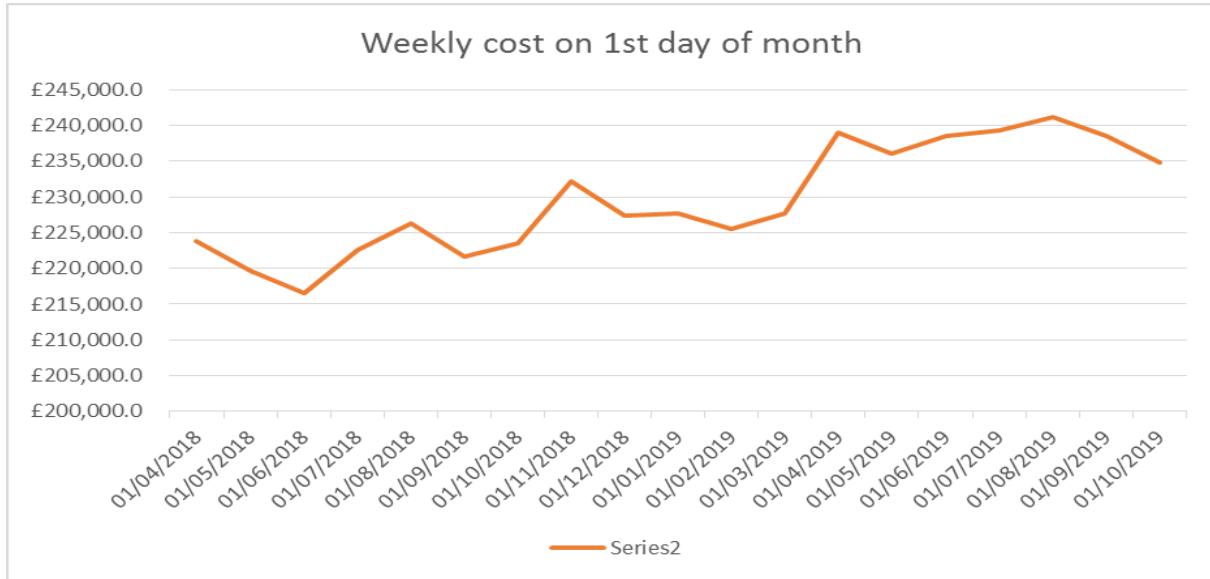
If there are any queries on this report please contact Joan Hutton, Head of Adult Social Care (Tel: 020 8314 8364) or Robert Mellors, Group Finance Manager on 020 8314 6628

Appendix 1

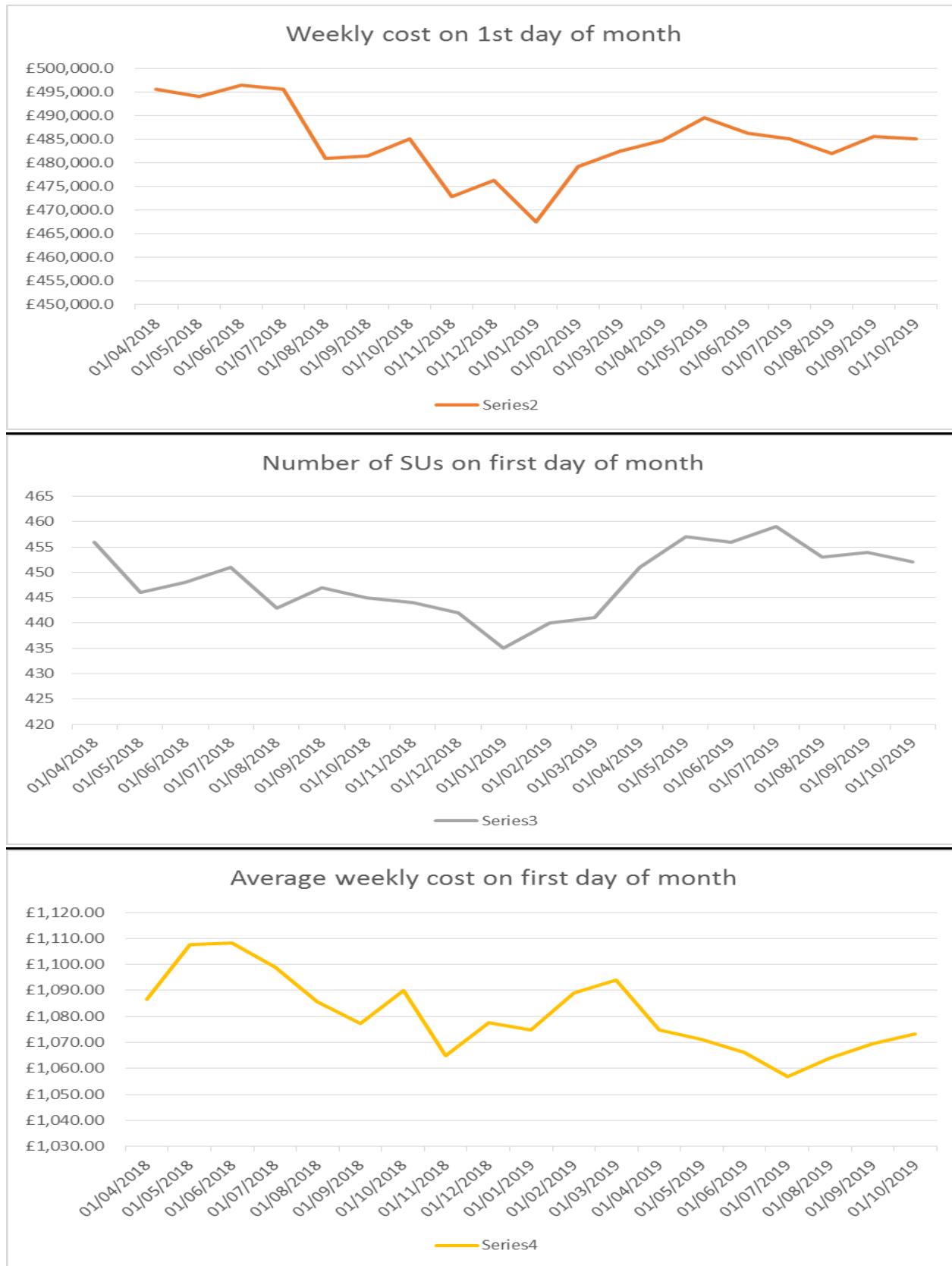
Weekly costs and service user numbers for all PSRs, age 18+, All services



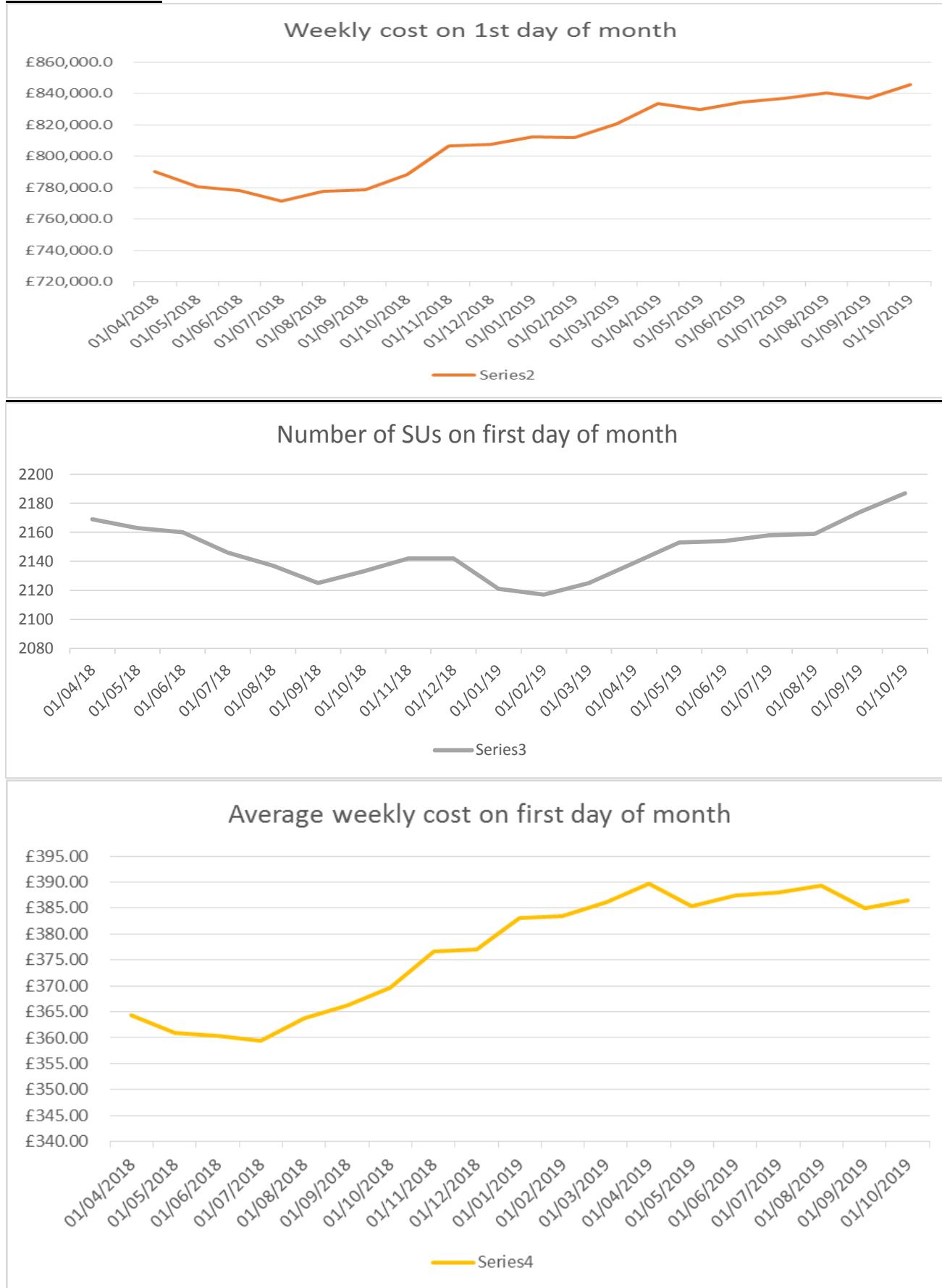
Nursing Placements



Residential Placements



Non-residential



Appendix 2

1. Cuts proposal	
Proposal title:	Adult Social Care
Reference:	COM1a, COM2a, COM3a and COM18
Directorate:	Community Services
Director of Service:	Director of Operations Adult Social Care, Joan Hutton & Director of Joint Commissioning, Dee Carlin.
Service/Team area:	Adult Social Care (ASC)
Cabinet portfolio:	Cabinet Member for Health and Adult Social Care – Cllr Chris Best
Scrutiny Ctte(s):	Healthier Communities Select Committee

2. Decision Route			
Cuts proposed:	Key Decision Yes / No	Public Consultation Yes / No	Staff Consultation Yes / No
a) COM1a Managing demand at the point of access to adult social care services: £1.0m	Yes	No	No
b) COM2a Ensuring support plans optimise value for money: £500k	Yes	No	No
c) COM3a Increase revenue from charging Adult Social Care clients: £500k	Yes	No	No
d) COM18 funding inflationary increase from within the ASC Grant £2.0m	No	No	No

3. Description of service area and proposal	
Description of the service area (functions and activities) being reviewed:	COM1a & COM2a COM3a
The two main points of access to adult social care are 1) the community via the Social Care Advice and Information Team (SCAIT), and 2) the acute hospitals via the Hospital Discharge Team. The principles of the Care Act 2014 regarding assessment and eligibility criteria are applied to determine the appropriate response to these contacts and referrals. Adult social care have been piloting differing approaches to deliver both effective outcomes for residents who make contact for support, and effective management of demand and the use of resources. This is known as the 3 conversation approach strength and asset based approach to assessment. This approach places the use of prevention and early intervention that can promote self management, independence, rehabilitation and recovery at the heart of practice. If a person has needs that are not eligible at that time, there is support available to access information and advice or preventative services.	

3. Description of service area and proposal

The approach used builds further on the arrangements that have been put in place to manage demand appropriately and effectively. It is complemented by the Council's commitment to community development that links those with care needs to opportunities that are available from universal services and the third sector organisations within the community.

The four neighbourhood assessment teams established across the borough and a team that work specifically with adults who have a learning disability provide the main assessment and support planning function for those with care needs. In accordance with the approach to integration across health and social care and by building on the "Care at home" approach to multi-disciplinary working we will ensure the right support is in place to individuals and work to reduce duplication where possible.

As part of the assessment process and in accordance with the national 'fairer charging policy framework', people in receipt of care and support are financially assessed to ascertain the level of contribution they need to make towards the cost of their care.

Whilst adult social care is chargeable, healthcare is free at the point of delivery. For those people who have support for their healthcare needs there are arrangements in place for the Council to recharge the CCG.

The Adult Social Care budget is divided into two areas of expenditure, care costs £76.4m and staffing costs £11.2 m. There are annual inflationary increases and uplifts which amount to approximately £2.2m, these will be covered using the ASC base grant.

Attached in Appendix 1B is further detailed information relating to these proposals.

Cuts proposal*

COM1a - £1m COM2a - £0.5m

We have considered good practice identified from benchmarking the use of resources, using a focused analysis of our spend by the Association of Directors for Adult Social Services (ADASS), Local Government Association (LGA) and Independent Peer Challenge (IPC).

This has estimated that a local authority shouldn't spend more than 15% of the domiciliary care budget on a person for 10 hours or less per week, as this level of care can often be accessed by other means particularly ensuring that the correct levels of benefits are in place. Support is provided to people from the staff within the SCAIT team to connect them to these resources and solutions. The proposal would reduce ASC spend from 15.5% of the budget currently, in line with the 15% recommended.

The £1.0m identified under COM1a is an extension of the £122k identified and achieved under the 19-20 COM1 cut by piloting new ways of working that "Manage demand for Social Care effectively using the (3 conversations) strength based approach to practice".

There are approx. 3,175 adults receiving care at any one time. By managing demand and reducing this number by 100 to 3,075 there will be an anticipated cost cut of £1m.

The approach will:

3. Description of service area and proposal

- Connect people at an early stage to support them to get on with their lives independently;
- Identify when people are at risk and apply solutions to make them safe;
- provide a fair and proportionate personal budget that considers where sources of funding come from which includes the persons own resources or health funding if this is appropriate;
- Identify people who are self-funders at an earlier stage and provide them with information and advice so that they can make their own arrangements; and
- provide short term intervention such as rehabilitation, recovery, recuperation and reablement, including therapeutic help, for people who contact the service from within the community via self-referral or from the GP as well as when discharged from the hospital.

In accordance with social care best practice and Care Act requirements, there will be continued reassessments of support plans using the strength asset based approach. This will include the following actions:

- All care packages will be based on medium term goals that assist a person where possible to move to greater independence;
- Continuing Health Care decisions to be completed within national timeframes; and
- Commissioners will continue to work with the care market to ensure that the social care investment used is the most cost effective and of good quality.

COM3a - £0.5m

This proposal relates to an increase in income generation rather than a budget cut and involves joint working between Adult Social Care, Customer Services and Resources and Regeneration.

Since January 2018, corrective work has been carried out to bring everyone's charges up to date, resulting in provisional estimates of additional income of £25k weekly.

Further corrective work and an earlier financial assessment along with the introduction of auto-charging and the provider portal to the financial system, will provide more accurate billing and invoice processing to both the service users who are charged and more accurate payments to the range of care providers who are commissioned.

COM18 - £2m

The approach will rebaseline adult social care budgets to reflect the continuation of grants. The service will fund inflationary uplifts by using existing ASC grant budget.

4. Impact and risks of proposal

Outline impact to service users, partners, other Council services and staff:

COM1a and COM2a

This has required a cultural shift to practice for staff who deal with contacts and assessments. The approach is supported by a learning and development programme led by the Principle Social Worker (PSW).

The approach may reduce or delay the need for care and support provided or commissioned by ASC. It promotes self-management which can have a positive impact on an individual's psychological wellbeing and promotes independence where possible.

The approach may not always meet the initial expectations that residents have from ASC and as a consequence, it is likely, there may be an increase in complaints.

4. Impact and risks of proposal

The approach is dependent on there being a range of services available that people can access from the voluntary and community sector, particularly for those who focus on support for vulnerable adults. In addition, council run or commissioned universal services will need to be accessible to individuals where appropriate.

This is set out in more detail in the separate paper to the Healthier Select Committee for their meeting of the 3 September. The Lewisham Offer, is a summary of the strength and asset based approach that is used to manage demand and resources effectively.

COM3a

Some service users may cancel their care due to the financial contribution they are assessed to pay. They will be supported on an individual basis to ensure they have access to any benefits that they are eligible for.

COM18

By using the grant to fund inflationary increases, there is a risk that providers will request an increase that is higher than we can afford. The Council remains committed to paying the London Living Wage.

Outline risks associated with proposal and mitigating actions to be taken:

In relation to the new cuts being offered, as these are extensions of those previously agreed, the main risks for each area are as follows:

- People will choose not to purchase the care and support they need. This can be mitigated by maximising their take up of welfare benefits;
- There is a risk that community based solutions become less available as funding restrictions impact on voluntary sector partners; and
- Delays in publishing the Green Paper and the longer term care integration and funding proposals for adults social care mean uncertainty regarding the management of pressures going forward.

There will be comprehensive risk assessments undertaken as part of the assessment process.

5. Financial information				
Controllable budget: General Fund (GF)	Spend £'000	Income £'000	Net Budget £'000	
	64,869	11,261	53,588	
HRA	n/a	n/a		
DSG	n/a	n/a		
Health				
Cuts proposed*: 2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000	
COM1a		1,000		1,000
COM2a		500		500
COM3a		500		500
COM18		2,000		2,000
Total		4,000		4,000
% of Net Budget	%	7.4%	%	%
Does proposal impact on: Yes / No	General Fund	DSG	HRA	Health
	Y	N	N	N

5. Financial information				
If DSG, HRA, Health impact describe:				

6. Impact on Corporate priorities

Main priority	Second priority	Corporate priorities
5	3	<ol style="list-style-type: none"> 1. Open Lewisham 2. Tackling the Housing Crisis 3. Giving Children and young people the best start in life 4. Building an inclusive local economy 5. Delivering and defending: health, social care & support 6. Making Lewisham greener 7. Building safer communities 8. Good governance and operational effectiveness
Impact on main priority – Positive / Neutral / Negative	Impact on second priority – Positive / Neutral / Negative	
Neutral	Neutral	
Level of impact on main priority – High / Medium / Low	Level of impact on second priority – High / Medium / Low	
N/A	N/A	

7. Ward impact

Geographical impact by ward:	No specific impact / Specific impact in one or more wards
	No specific impact
	If impacting one or more wards specifically – which?

8. Service equalities impact

Expected impact on service equalities for users – High / Medium / Low or N/A

Ethnicity:	N/A	Pregnancy / Maternity:	N/A
Gender:	H	Marriage & Civil Partnerships:	N/A
Age:	H	Sexual orientation:	N/A
Disability:	H	Gender reassignment:	N/A
Religion / Belief:	N/A	Overall:	N/A

For any High impact service equality areas please explain why and what mitigations are proposed:

Most people who contact ASC are vulnerable due to age, frailty or disability. Individuals are risk assessed to make sure they remain safe, supported and as independent as possible. Often the care can be provided by partners or family members if deemed appropriate which can fall disproportionately on women. Carers often provide informal support to service users and are considered as part of the strength and asset approach to assessment. It is important that they are offered and encourage to accept a Carers assessment in their own right that takes into account their Health, Wellbeing and supports them in their caring role.

For all of the proposed cuts areas the same cohort of services users with the same needs and protected characteristics will be effected. Impact assessment above covers all proposals. We will complete separate EIA's in areas where there are changes to provision.

Is a full service equalities impact assessment required: Yes / No	No
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9. Human Resources impact

Will this cuts proposal have an impact on employees: Yes / No

No

10. Legal implications

State any specific legal implications relating to this proposal:

The Care Act 2014 replaced and clarified the role and responsibilities of Local Authorities in terms of supporting and assisting adults in the community to understand and plan, for their current care needs and into the future. It shifted the emphasis completely from that of the NHSCC Act of 1990, which required Local Authorities to consider which services they should provide, post assessment to adults, to a consideration of what support the adult needed, post assessment, and the possible sources of that support.

This has meant that the most significant service provided by the expertise of the Local Authority is one of assessment; and the duty to assess (unless an assessment is refused by a capacitated adult) remains with a low threshold. However, thereafter, the adults needs , personalised preferences, existing sources of support, and desires ,and possible/ achievable outcomes, are considered in a very open and transparent model of working with the adult, and their carers, if applicable.

Eligibility for services are considered against nationwide criteria for the first time, and adults are advised as to all of their identified needs, whether or not those needs are eligible for consideration for support from the Local Authority. Thus adults are signposted to suitable universal services, which may be of assistance; given advice about strategies and support to avoid or delay deterioration in their situation, and open discussions are conducted to look at the adults own resources, and sources of strength and support.

Following an assessment, the eligibility criteria identify those needs for which a service should be arranged; unless in very complex cases, that support is now arranged through the calculation and provision of a suitable level of Direct Payments, allowing the adult to organise a level of support on a personalised basis.

The results of assessments for both adult and any carer/s are provided in writing, and shared as directed by the subjects concerned.

The Care Act lays a very clear emphasis on the role of personalised planning, and the duty upon the Local Authority to signpost to widely available sources of support and help, which are of course external to the Authority itself, as well as universal services. Hand in hand with this is an expectation that the Local Authority will endeavour to support and assist the development of a diverse and robust care service environment in the community, representing value for money and reasonable cost, to assist adults to have and be able to exercise choice.

Once eligible needs are identified, and a care package agreed, it remains the case that the Local Authority retains the discretion as to how eligible needs are to be met, and may therefore, whilst having regard to an adults preferences, make the final support decision themselves, taking into account available resources, proportionality in terms of levels of service and outcomes. This discretion has been confirmed by the Courts in McDonald v RLB Kensington and Chelsea 2011, Davey v Oxfordshire 2017, and VI v LB Lewisham 2018.

The principle also remains that care plans should be reviewed regularly or as necessary, and service plans cannot be changed without such re assessment (RADAR v Gloucestershire.) However, care plans may be reduced, if an adults condition improves, e.g. following a short term intervention such as a reablement package of support, and, if upon assessment, the adults identified eligible needs are already met by arrangements in place, there is no duty to replace them or change that support, unless for some reason it should cease. Local Authorities may and should

10. Legal implications

have regard to issues of value for money and best use of available resources when considering any support to be provided, following assessment.

As the right to an assessment is now extended to a far greater population of adults, many of whom will not develop eligible needs for considerable periods, if ever, a fresh approach to monitoring equalities impact assessments has had to be devised. Thus the Council records the numbers of enquiries dealt with and satisfied by way of signposting and information, those requiring a more in depth approach, and of course, the deepening level of involvement required by more complex presentations. The Council can adopt a lawful approach of proportionate involvement, as the Care Act assessment duty extends over such a wide spectrum of necessary involvement, from information, to 'light touch' to full detailed assessment. Similarly, to ensure this service is suitable to meet the needs of the wide population to which it now applies, follow up sampling is carried out, to ensure the information and support provided has been relevant, of assistance, and has met the needs and expectations of the adult. Similarly, detailed records are kept and reviewed concerning numbers of presentations resulting in more complex responses, and analysis of user groups supported in the community, all of which is used to assist forward planning. Planned specific services changes will require EIA analysis.

Adult Social Care is fully aware that service pathways are likely to alter and the client groups, although also including those who may use the services in the future and are therefore difficult to capture, will also comprise existing or proximate users, and these statistics are carefully monitored.

The cost of Social Care services is subject to financial assessment and charging. Health services are free at the point of delivery. The respective roles of Social Care and Health partners (eg in s117 support plans) must be clearly agreed and implemented. Local Authorities have a duty to seek to balance budgets and work in a financially responsible framework when planning and delivering services. Timely and accurate financial assessments should be undertaken , with a suitable level of information provided to the adult concerned as to methods of payment , to enable charges to be levied, and collected ,promptly, avoiding unnecessary debt and promoting efficient collection of sums due.

11. Summary timetable

Outline timetable for main steps to be completed re decision and implementation of proposal – e.g. proposal, scrutiny, consultation (public/staff), decision, transition work (contracts, re-organisation etc..), implementation:

Month	Activity
May to July 2019	Proposals prepared (this template and supporting papers – e.g. draft public consultation paper, equalities assessment and initial HR considerations)
August 2019	Proposals submitted to Scrutiny committees leading to M&C Full Delivery Plans developed and monitoring arrangements in place
September 2019	Scrutiny meetings held with consultations ongoing
October 2019	Proposals to M&C, including Equality & HR assessments
November to December 2019	Consultations undertaken and full decision reports (where required) prepared
January 2020	Decision reports return to Scrutiny at the latest
February 2020	Final decisions at M&C with the Budget
March 2020	Cuts implemented

APPENDIX 1 B - ADULT SOCIAL CARE CUTS CONSIDERATION 20/21

1. Planned Cuts Position:

Title	Cuts Target 2019-20	May 2019 Update
Managing demand for Social Care (3 conversations) strength based approach to practice	£122k	Cut now full achieved
Ensure support plans optimise VFM	£250k	Cut now fully achieved
Increase revenue from ASC charging	£159k	Cut now fully achieved despite auto charging and configuration still not complete – prospect to improve charging in 20/21
Reducing unit costs for LD in line with London benchmarking companies	£600k	Work in progress – full achievement expected
Increase Personalisation	£60k	Work in progress – full achievement expected
Reduction in ASC contribution to MH Integrated Community Services	£100k	Cut now full achieved
Reduction of MH residential care costs	£300k	Work in progress – full achievement expected
Increase use of shared lives	£200k	Cut now fully achieved
Develop a more cost effective model for transitions Cost reduction target	£300k	Work in progress – partial achievement expected in 19/20

Proposed Cuts £2.091m

Achieved Cuts £1.891 m

Difference £200k with work continuing

2. End Year Position 18/19

Adult Social Care finished the year with a £1.1m underspend

Ongoing Budget Pressures

- **DoLS**

DoLS numbers increased by 10% in 18/19. Whilst it is expected that the Government will change the legislation by 2020, it is recognised that this may not decrease the pressure due to the ongoing monitoring and quality assurance that will be still be a statutory duty of ASC. Current Cost Pressure £750k

- **Transitions**

Transitions care cost are expected to increase in 19/20 due to the numbers of young adults transferring from Children's Services, with each an expected weekly cost of approx. £1,500. The Majority of these costs will impact on the Learning and Disability (LD) budget. There are additional cost pressures associated with the cohort of young people who transition to adult services with a dual diagnosis of autism and LD who often have complex needs and challenging behaviour.

- **Hospital Discharges**

The level of care required for residents who have been discharged from hospital and the impact of a reduced length of stay continue to put pressure on the adult social care budget.

Approximately 30 people are discharged from hospital a week through a process known as Discharge to Assess. This approach aims to reduce of length of stay within an acute hospital setting by 3 nights. On average a person leaving hospital through Discharge to Assess receives 6 extra hours of care to support them to return home, this cost pressures amounts to £168.5k per year ($30 \times 6 \times £18 = £3,240$ per week and $£3,240 \times 52 \text{ weeks} = £168,500$)

The figure above does not include other discharge pathways where people with more complex needs are supported to leave hospital with more complex packages. We are working on defining the cost pressure for these people leaving hospital following a shorter stay.

- **Managing demand and Complexity**

Adult social care is a demand led service where there is a continued increase in the age and complexity of clients who need support, for example, there are often high Costs associated with supporting residents who have complex Dementia and are unable to live on their own or where the family Carer is also funding it difficult to cope. There is also an increasing cohort of older people whose increasing frailty and declining mobility requires the support of 2 carers to manage their personal care.

There is increased pressure regarding the support required for people with Mental Health, challenging behaviour and physical disabilities. Often the only option available to manage these complex needs is long term placements that can often be expensive.

- **Market stability.**

Lewisham saw no growth in the provider market and it is unlikely that there will be any significant growth in 19/20. There is little opportunity for further cost negotiations due to overall market conditions and the commitment to the London Living Wage and ethical care charter.

In 19/20 Lewisham lost one of its lead domiciliary care providers. This has put extra pressure on the current market providers that are also faced with the challenges of meeting care standards and maintaining a consistent workforce

In terms of the availability of Care homes, the market remains fragile. Locally there were no Residential or Nursing home beds lost during this period but there are a small number of homes that require improvements to meet CQC inspection standards. Recently a very large national care home provider

Four Seasons, went into administration, for Lewisham, this means 5 people are likely to need a new placement.

Locally pressure on the market has increased due to a planned home closure in a neighbouring borough. This will ultimately have an adverse impact on bed availability, particularly for people with dementia. In addition, any embargoes in neighbouring boroughs will impact on bed capacity.

3. Current Proposed Cuts for 20/21

Title	Amount ('000)	Proposed Delivery
Continue to manage demand through the front door of the Council /community and manage the demand from acute hospitals.	£250	<ul style="list-style-type: none"> - Restructure that will add capacity and enhance skill mix at the point of contact so that initial enquiries can be resolved. - Linking people with community solutions and Prevention - Better Support Planning and Monitoring - Consultation with Health Partners regarding the restructure has been undertaken.
Reduce unit costs for LD in line with benchmarking reports	£700 £100	<ul style="list-style-type: none"> - Further work on implementing the recommendations from the ADASS/LGA "Use of Resources" Report - Review Day Service and Transport use including undertaking Consultation on proposed changes with current service users - Transforming Care (National agenda to reduce out of borough placements for LD) - Better management of resources and voids
Increase Personalisation	£112	<ul style="list-style-type: none"> - Increase no. of PA's to support Direct Payments and Personal Health Budgets
Ensure short term intervention are effective optimises independence	£164	Increase the productivity of Enablement to enable more rehab thus reducing the need for long term care where possible.
Reduce ASC contribution to MH integrated Community Services	£50	<ul style="list-style-type: none"> - Reduce management costs - Reduce non-direct costs
Reduce MH residential care costs	£200	<ul style="list-style-type: none"> - Review all Section 117 support to determine eligibility. - De-registering a number of CQC registered home and support providers to provide care in more cost effective supported living placements where people are offered tenancies.

Title	Amount ('000)	Proposed Delivery
Increase the use of Shared Lives	£370	<ul style="list-style-type: none"> - Increase number of Shared Lives Carers. As this offer is more cost effective and personalised and less restrictive and institutionalised and can reduce the need for placements or support living. -
Develop a more cost effective model for transitions	£200	<ul style="list-style-type: none"> - Further develop local model offer to reduce Transitions costs in relation to out of borough placements and colleges. - Mapping exercise to be undertaken to identify gaps in local market provision. This may necessitate further consultation with Service Users, Parents and Carers.
Deliver 19/20 predicted unachieved cuts	£200	<ul style="list-style-type: none"> - Linked to new transitions approach.
TOTAL	£2.246m	

4. Areas for further consideration 20/21

In 18/19 ASC used Care Analytics and some focused London Benchmarking Data on the use of resources and care costs. The recommendations within these reports confirms the continuation of existing strategies that are in place to manage resources effectively. The following areas were identified for potential cuts and reflect the recommendations from these reports:

a. Further improvements to the management of demand at the front door to the council from the community and from acute hospitals - £1m

The staffing restructure will be fully embedded and there will be more capacity and a wider staff skill mix that will enhance the development of how contacts and enquiries for ASC are managed. The approach is dependent on utilising solutions from within the community and focusing on what a person can do for themselves. Early identification of people who are able to self-fund is essential as they can be supported to identify how their support needs can be met by providing good access to information and advice. Effective use of short term interventions such as Enablement, rehabilitation and recovery is also important as this can reduce or delay the need for longer term care by providing assistance to regain independence. Supporting family Carers to remain healthy and able to continue to provide care and support, should they want to, is also important in terms of managing demand for services.

Measure: The intention is to continue to reduce the numbers of adults accessing long term care and support:

There is a baseline of 3,175 adults receiving care at any one time. By reducing this number by 100 to 3,075 adults at any one time, using the average cost of £200 a package of care per week: = 100 x £200 = £20,000 x 52 = £1.04m

b. Reducing costs in high spend areas - £500k

Benchmarking data suggests that we have higher costs associated with some placements and packages of care for:

- People with a Learning Disability;
- Working age adults with physical disabilities;
- Older people who are Elderly Mentally Ill (EMI);
- Older Adults who are frail and elderly; and
- Mental Health placements.

These changes have to be dealt with on a case by case basis. The cuts are dependent on more cost effective solutions being accepted and the possibility of commissioning more cost effective options that meet outcomes and take account of any risk management issues.

Measure: Reduce costs by 5% in line with benchmark intelligence.

For example: adults 18-65 Placements & Mental Health Working Age Adults

c. Charging, generating Income and reducing debt- £500K

In line with the Charging Policy, we will ensure that following an Financial Assessment that determines what people can afford to pay, we will charge fully (where applicable) for the care that is being provided to Service Users . This will include Residential & Nursing placements, Day Services, Extra Care Housing care element costs, Respite, Telecare, Personal and Domestic Care and Transport.

We are also exploring Local Authority costs associated with Mental Health Section 117 services to ensure that the LA and NHS are sharing the cost of care for individuals.

Implementing changes to the IT systems that support assessment. Charging and the purchasing of care will provide an opportunity to increase revenue and make payments for care reflect accurately the care that has been provided.

Identifying people who can self-fund their care, and giving people information at an early stage who are chargeable will go some way to reduce further debt.

The following tasks will be improved through digital enhancements to the 3 systems that support the customer journey:

- Faster notification of Financial Assessments and outcomes;
- Accurate and timely charging;
- Improve uplift of costs of services;
- Deliver Auto Charging;
- Improvement in provider invoices process;
- Reduction of debt including support for Self Funders; and
- Improved debt collection.

Measure: Reduce numbers of Self Funders where we pay for their care then recharge when we eventually identify them. Provide more timely information so people can make an informed choice regarding the potential cost of care following a financial assessment in line with national guidance:

Implement national guidance on charging for the management of care for self-funders by Introducing a charge for managing Self Funders services = 300 x £300 = £90k 9 (Band3)

Decreasing time taken between Financial Assessment and Billing (average. 6 weeks) = $150 \times £1,500 = £225k$

Increase numbers being charged by introducing Auto-Charging = $50 \times 5,200 = £260k$
($50 \times £100$ per week x 52 Extra Care, Day Care, LD and MH) (Band 11)

Further work is being undertaken to confirm the measures and indicative figures above, we will use these to monitor and deliver the cuts proposed.

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Agenda Item 7

Public Accounts Select Committee		
Title	Select Committee work programme	
Contributor	Scrutiny Manager	
Class	Part 1 (open)	6 November 2019

1. Purpose

- 1.1 To advise members of the Committee's work programme for the 2019/20 municipal year and to agree the agenda items for the next meeting.

2. Summary

- 2.1 The Committee drew up a draft work programme at the beginning of the municipal year for submission to the Business Panel for consideration.
- 2.2 The Business Panel considered the proposed work programmes of each committee on 7 May 2019 and agreed a co-ordinated overview and scrutiny work programme.
- 2.3 The work programme can, however, be reviewed at each Select Committee meeting to take account of changing priorities.

3. Recommendations

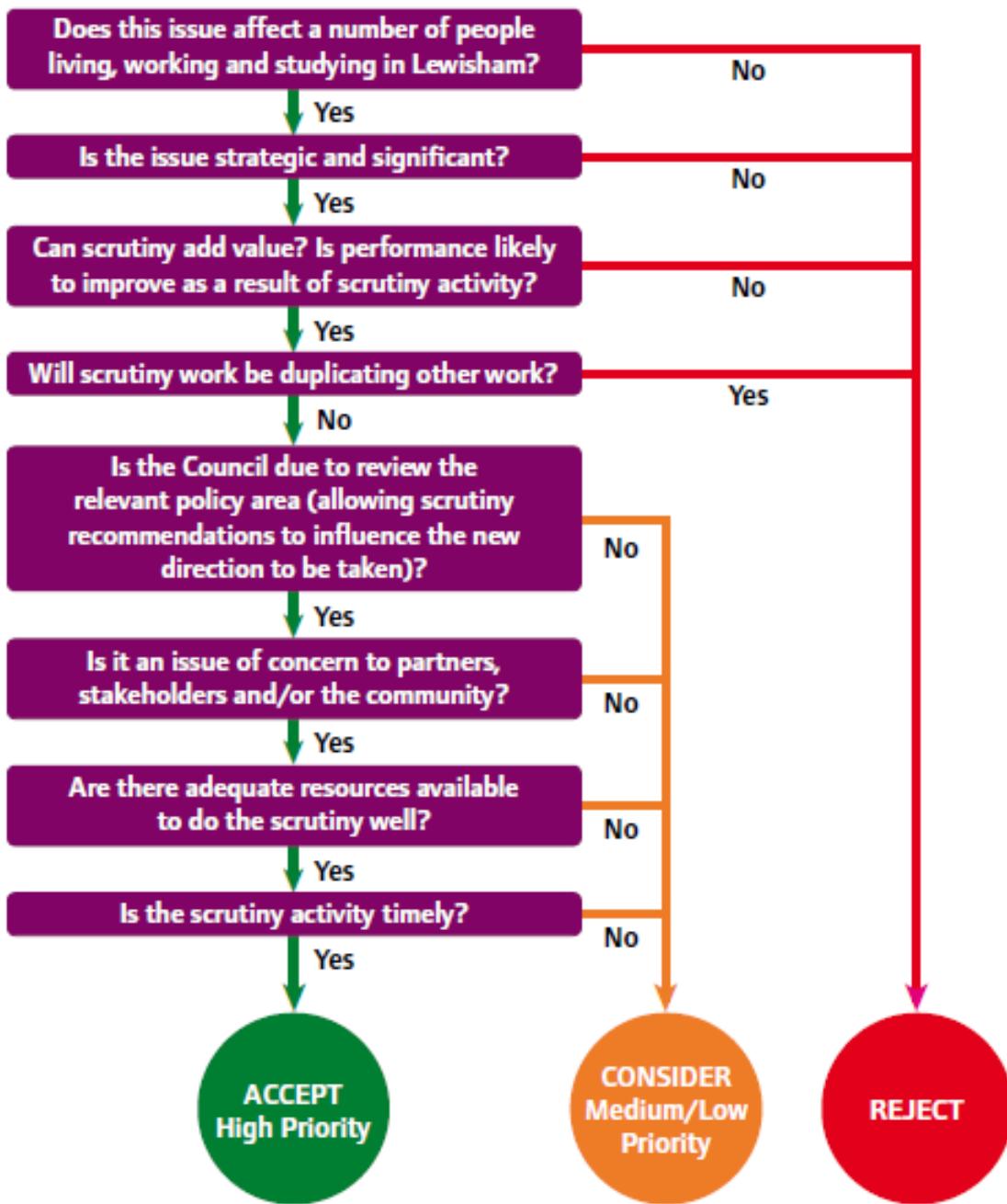
- 3.1 The Committee is asked to:
 - consider the work programme attached at **Appendix B** – and discuss any issues arising from the programme
 - consider the items scheduled for the next meeting – and specify the information the committee requires to achieve its desired outcomes
 - review the forthcoming key decisions set out in **Appendix C** – and consider any items for further scrutiny

4. The work programme

- 4.1 The work programme for 2019/20 was agreed at the meeting on 9 May 2019.
- 4.2 Members are asked to consider if any urgent issues have arisen that require scrutiny and if any items should be removed from the work programme.
- 4.3 Any additional items should be considered against the prioritisation process before being added to the work programme (see flow chart below).
- 4.4 The Committee's work programme needs to be achievable in terms of the meeting time available. If the committee agrees to add additional items, members will also

need to consider which lower-priority items should be removed to create sufficient capacity.

Scrutiny work programme – prioritisation process



- 4.5 Items within the committee's work programme should be linked to the priorities of the Council's Corporate Strategy.
- 4.6 The Council's Corporate Strategy for 2018-2022 was approved at full council in February 2019.
- 4.7 The strategic priorities of the [Corporate Strategy for 2018-2022](#) are:
1. ***Open Lewisham*** - Lewisham is a welcoming place of safety for all, where we celebrate the diversity that strengthens us.
 2. ***Tackling the housing crisis*** - Everyone has a decent home that is secure and affordable.
 3. ***Giving children and young people the best start in life*** - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.
 4. ***Building an inclusive local economy*** - Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
 5. ***Delivering and defending: health, social care and support*** - Ensuring everyone receives the health, mental health, social care and support services they need.
 6. ***Making Lewisham greener*** - Everyone enjoys our green spaces, and benefits from a healthy environment as we work to protect and improve our local environment.
 7. ***Building safer communities*** - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

5. The next meeting

- 5.1 The following items are scheduled for the next meeting.
- 5.2 The committee is asked to specify the information and analysis it requires for each item, based on the outcomes it would like to achieve, so that officers are clear about what information they need to provide.

Agenda item	Review type	Relevant Corporate Priority	Priority
Financial forecasts	Performance monitoring	All	High
Income generation and commercialisation	In-depth review	All	High

7. Financial implications

There are no financial implications arising from the implementation of the recommendations in this report.

8. Legal implications

In accordance with the Council's Constitution, all scrutiny select committees must devise and submit a work programme to the Business Panel at the start of each municipal year.

9. Equalities implications

- 9.1 The Equality Act 2010 brought together all previous equality legislation in England, Scotland and Wales. The Act included a new public sector equality duty, replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 9.2 The Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.

- 9.3 There may be equalities implications arising from items on the work programme and all activities undertaken by the Select Committee will need to give due consideration to this.

Background documents

Lewisham Council's Constitution

Centre for Public Scrutiny: the Good Scrutiny Guide

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Public Accounts Select Committee Work Programme 2019/20

Programme of work

Work Item	Type of item	Priority	Corporate priority	Delivery deadline	09-May-19	13-Jun-19	10-Jul-19	24-Sep-19	06-Nov-19	16-Dec-19	04-Feb-20	18-Mar-20
Catford regeneration partnership	Standard item	High	All	May								
Income generation and commericalisation	Standard item	Medium	All	June								
Final outturn 2018/19	Performance monitoring	Medium	All	July								
Children's social care	Performance monitoring	High	CP3	November								
Adult social care	Performance monitoring	High	All	December								
Financial forecasts 2019/20	Performance monitoring	High	All	March								
Medium term financial strategy	Performance monitoring	Medium	All	July								
Mid-year treasury management review	Performance monitoring	Medium	All	September								
Budget cuts	Performance monitoring	High	All	November				Cuts				
Cost pressures in the environment division	Performance monitoring	Medium	All	September								
Annual budget 2019/120	Standard item	High	All	February							Budget	
Asset management	Standard item	Low	All	March								
Audit Panel update	Constitutional Requirement	Low	All	March								
Income generation and commericalisation	In-depth review	High	All	December			Scope		Evidence	Evidence	Report	

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FORWARD PLAN OF KEY DECISIONS

Forward Plan November 2019 - February 2020

This Forward Plan sets out the key decisions the Council expects to take during the next four months.

Anyone wishing to make representations on a decision should submit them in writing as soon as possible to the relevant contact officer (shown as number (7) in the key overleaf). Any representations made less than 3 days before the meeting should be sent to Kevin Flaherty 0208 3149327, the Local Democracy Officer, at the Council Offices or kevin.flaherty@lewisham.gov.uk. However the deadline will be 4pm on the working day prior to the meeting.

A “key decision”* means an executive decision which is likely to:

- (a) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates;
- (b) be significant in terms of its effects on communities living or working in an area comprising two or more wards.

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
October 2019	Ladywell Playtower: progress update	30/10/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Mayor Damien Egan, Mayor		
August 2019	Cleaning Contract Extension	30/10/19 Mayor and Cabinet	David Austin, Acting Chief Finance Officer and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
August 2019	Security Contract Extension	30/10/19 Mayor and Cabinet	David Austin, Acting Chief Finance Officer and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
August 2019	Domiciliary Care Provision	30/10/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for Health and Adult Social Care		
August 2019	CCTV Monitoring Contract	30/10/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
May 2019	New Cross Area Framework + Station Opportunity Study	30/10/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	Supplementary Planning Document		Housing, Regeneration & Environment and Mayor Damien Egan, Mayor		
October 2019	Surrey Canal Triangle Design Framework Draft Supplementary Planning Document	30/10/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Mayor Damien Egan, Mayor		
October 2019	2020/21 Budget Cuts	30/10/19 Mayor and Cabinet	David Austin, Acting Chief Finance Officer and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
October 2019	Community Toilets Scheme Contract	30/10/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for Health and Adult Social Care		
October 2019	Lewisham Gateway - Variations to the Development Agreement	30/10/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Mayor Damien Egan, Mayor		
October 2019	Instruments of Government	30/10/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Performance and Children's Services		
October 2019	Contract Award Report for Extra Care Service at Conrad Court	30/10/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for Health and Adult Social Care		
October 2019	Early Help Support Services - Review and Permission	20/11/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
October 2019	Recommissioning Older Adults Day Services	20/11/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for Health and Adult Social Care		
February 2019	Insurance Renewal	12/11/19 Executive Director for Resources and Regeneration	David Austin, Acting Chief Finance Officer and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
October 2019	Award of Contract for an Integrated Housing IT System	12/11/19 Executive Director	Kevin Sheehan, Executive Director for		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
		for Customer Services	Housing, Regeneration & Environment and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
October 2019	Old Town Hall works - permission to tender	20/11/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Mayor Damien Egan, Mayor		
October 2019	Acquisition of land at Pool Court. parts 1 & 2	20/11/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Mayor Damien Egan, Mayor		
August 2019	Consultation: Proposal to Transfer Management of 5 Community Centres to Lewisham Homes	20/11/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Jonathan Slater, Cabinet Member for Community Sector		
June 2019	Disposal of former Wide Horizon Sites in Wales & Kent'	20/11/19 Mayor and Cabinet	David Austin, Acting Chief Finance Officer and Mayor Damien Egan, Mayor		
May 2019	Performance Monitoring	20/11/19 Mayor and Cabinet	David Austin, Acting Chief Finance Officer and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees &		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Accountability		
April 2019	Contract Award Tier 2/3 Drug Services/Shared Care	20/11/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
October 2019	Retention of Right to Buy Receipts	20/11/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		
October 2019	Adoption of Draft Conservation Area Appraisal, Boundary Change and Article 4 Direction for Deptford High Street and St Paul's Conservation Areas	20/11/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Mayor Damien Egan, Mayor		
October 2019	School Meals Provision	20/11/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
October 2019	Delegation of powers for dockless bikes	20/11/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
October 2019	NHS Commissioning Arrangements in Lewisham	20/11/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for Health and Adult Social Care		
October 2019	Polling District Review	27/11/19 Council	Kath Nicholson, Head of Law and Councillor Leo Gibbons		
October 2019	Dockless Bikes bye-law	27/11/19 Council	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
October 2019	Constitutional Update	27/11/19 Council	Kath Nicholson, Head of Law and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
October 2019	Preferred Tender for Travel and Transport Programme	11/12/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration &		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Environment and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
October 2019	Re-commissioning of Healthwatch & NHS Complaints Advocacy Services	11/12/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for Health and Adult Social Care		
October 2019	Contract Award for Stage 2 of Greenvale School Expansion Project	11/12/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
October 2019	Schools Minor Works Programme 2020	11/12/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
October 2019	Contract extension Tier 2/3 Drug Services for adult substance misuse services	11/12/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Health and Adult Social Care		
October 2019	Expansion of Drumbeat School & ASD Service	11/12/19 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Chris Barnham, Cabinet Member for School Performance and Children's Services		
October 2019	Building for Lewisham New Homes Programme parts 1 & 2	11/12/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		
October 2019	Response to TfL consultation on Bakerloo Line Extension	11/12/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
October 2019	State of the Highways Infrastructure and Update on Asset Management Strategy	11/12/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
October 2019	PLACE/Ladywell parts 1 & 2	11/12/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		
October 2019	Contract award Violence against Women and Girls service	11/12/19 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Joani Reid, Cabinet Member for Safer Communities		
October 2019	Achilles Street Update parts 1 & 2	11/12/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		
October 2019	Parking Policy Update	11/12/19 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
October 2019	Private Sector Housing Borough-wide Licensing	15/01/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration &		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Environment and Councillor Paul Bell, Cabinet Member for Housing		
June 2019	Adopting a Residents Charter for Lewisham	15/01/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		
October 2019	Lewisham Draft Housing Strategy	15/01/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		
October 2019	Housing Strategy and Homelessness Strategy	15/01/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		
October 2019	Precision Manufactured Housing (PMH) Procurement	15/01/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		

FORWARD PLAN – KEY DECISIONS					
Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
October 2019	Mayow Road Supported Living Service Parts 1 & 2	15/01/20 Mayor and Cabinet	Tom Brown, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for Health and Adult Social Care		
October 2019	Highway Contract Tendering strategy for 2021 award	15/01/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Brenda Dacres, Cabinet Member for Environment and Transport (job share)		
October 2019	NHS Commissioning Arrangements in Lewisham	22/01/20 Council	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Deputy Mayor and Cabinet Member for Health and Adult Social Care		
October 2019	Budget 2020-21	05/02/20 Mayor and Cabinet	David Austin, Acting Chief Finance Officer and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
October 2019	Renewal of Social Care software systems	05/02/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Kevin Bonavia,		

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			Cabinet Member for Democracy, Refugees & Accountability		
October 2019	Renewal of revenue and benefits software systems	05/02/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
	Renewal of Oracle Licensing arrangements	05/02/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Kevin Bonavia, Cabinet Member for Democracy, Refugees & Accountability		
October 2019	Budget Update	12/02/20 Mayor and Cabinet	David Austin, Acting Chief Finance Officer and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
October 2019	Precision Manufactured Housing (PMH) Procurement Process Outcome and Decision	12/02/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Paul Bell, Cabinet Member for Housing		

FORWARD PLAN – KEY DECISIONS					
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October 2019	Budget 2020-21	26/02/20 Council	David Austin, Acting Chief Finance Officer and Councillor Amanda De Ryk, Cabinet Member for Finance and Resources		
October 2019	Lewisham Climate Emergency Action Plan	11/03/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Sophie McGeevor, Cabinet Member for Environment and Transport (job share)		
October 2019	Air Quality Action Plan	11/03/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Councillor Sophie McGeevor, Cabinet Member for Environment and Transport (job share)		
October 2019	Adoption of the Catford Regeneration Masterplan Framework	25/03/20 Mayor and Cabinet	Kevin Sheehan, Executive Director for Housing, Regeneration & Environment and Mayor Damien Egan, Mayor		

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