

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Monday, 16 December 2019 at 7.00 pm

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

APOLOGIES: Councillors Tauseef Anwar and Juliet Campbell

ALSO PRESENT: Councillor Kevin Bonavia (Cabinet Member for Democracy, Refugees & Accountability), Councillor Amanda De Ryk (Cabinet Member for Finance and Resources), Timothy Andrew (Scrutiny Manager), David Austin (Acting Chief Finance Officer), Adam Bowles (Director of OD & HR), Fiona Colley (Director of Strategy and Communications), John Johnstone (Group Finance Manager, Resources and Regeneration), Robert Mellors (Finance Manager, Community Services and Adult Social Care), Theron Newman (Group Finance Manager, Customer Services), Georgina Nunney (Principal Lawyer) and Selwyn Thompson (Director of Financial Services)

1. Minutes of the meetings held on 24 September 2019 and 6 November 2019

- 1.1 Timothy Andrew (Scrutiny Manager) informed the Committee that – further to the discussion regarding the refuse service budget at the previous meeting – a clarification had been added to the minutes of the meeting on 24 September.
- 1.2 **Resolved:** that the minutes of the meetings held on 24 September 2019 and 6 November 2019 be agreed as accurate records of those meetings.

2. Declarations of interest

- 2.1 Councillor Ingleby declared a non-prejudicial interest in relation to item six as a Director of Lewisham Homes.

3. Responses from Mayor and Cabinet

- 3.1 There were none.

4. Strategy and communications budget briefing

- 4.1 Fiona Colley (Director of Communications and Strategy) introduced the report – the following key points were noted:
 - The report focused most closely on the communications budget – because that was where the most significant changes were taking place.
 - The service had made significant cuts over the past few years.
 - The Committee had requested that the report should include some information about the trial of the shared service with LB Lambeth. A trial was carried out in 2016 – starting with a shared head of service.

- It had been hoped that the shared service would save money – with the potential for skills developed in the service to provide a future source of income.
- The trial ended in January 2017 - it saved £50k. However – overall it was not a success. It was reported that the arrangement resulted in a lack of leadership and management attention.
- Additional resources had been added to the communications budget in 2018-19 in order to enable the migration of the website and to pay for software licenses. Future support for the website would be provided by the shared IT service.
- In 2019-20 additional funds were provided in order to increase staffing in the communications team. It was recognised that previous cuts had been too deep and that additional staff members were needed to meet the level of service required by Council departments.
- Temporary posts were put in place – to support change and transformation projects across the Council – as well as marketing support for delivery of priorities in the new corporate strategy. This was particularly needed for those projects that required a high level of community engagement (including the Democracy Review and the public health approach to violence prevention).
- She and the new Head of Communications had been meeting with senior officers and cabinet members as well as the Chair of Overview and Scrutiny – in order to understand expectations and to inform a wide ranging review of the service.
- Comments that had been made at scrutiny committees had been taken on board – for example that communications was not strategic enough and that it did not represent councillors’ priorities.
- She had also spent time with the team to see how it was working. A number of visits had also been carried out to other boroughs to see how their communications teams were set up.
- Detailed consideration had been given to the findings of the Democracy Review – and the new corporate strategy. It was understood that councillors wanted to engage more effectively with residents – particularly the ‘seldom heard’.
- There was also a new focus on campaigning for positive change and investment into the borough in order to support the Council’s ambitious aims for the borough.
- To deliver this work- a set of communications objectives had been created (as set out in the report).
- Some improvements to communications had taken place – but there was still work to do. The team was currently in the midst of a restructure - to align resources in the team with the new objectives.
- In future – there would be focus on areas in which communications could have a real impact.
- Future campaigns would not be about promoting the Council but rather getting residents involved in delivering positive change (such as improving the environment and tackling climate change).
- The work of the Economy and Partnerships team had been subject to scrutiny at Sustainable Development Select Committee (the report to that

Committee was appended to the report). The team had been very successful at securing external funding to deliver its work.

- A large proportion of the remaining budget was allocated to apprenticeship salaries.
- The nature of the funding of the team meant that it could be difficult to retain staff (a number of whom were employed on short-term contracts linked to external pots of funding).
- It was intended to develop a new inclusive growth strategy in the coming months.
- There were six officers in the Mayor and Cabinet office including two political advisers and two officers who supported the young mayor and the young advisors.
- Following the election in 2018 – the Mayor and Council agreed to delegate the majority of decision making powers from the Mayor to the Mayor and Cabinet as part of a commitment to becoming more collaborative and inclusive in decision making.
- Cabinet members now had far greater responsibilities – which they were trying to fulfil in only two days a week.
- The corporate strategy had committed the Council to increased openness and transparency – as well as enhanced levels of collaboration and accountability.
- To facilitate the new role of cabinet members – the Chief Executive agreed to the appointment of two new cabinet support officers. The budget was increased by £150k to cover this cost as well as some previous underfunding for the young mayor's elections. The funding also enabled a review of job descriptions in the team (which had not been reviewed for more than a decade).

4.2 Fiona Colley responded to questions from the Committee – the following key points were noted:

- A number of temporary roles had been made in communications in 2019-20. This required additional funding of £200k – which would also cover the cost of the transformation work that was currently taking place.
- Interviews for the restructure were currently being carried out. The team would be in transition up until the end of the financial year.
- Officers worked flexibly and collaboratively – particularly across the areas of strategy and policy (managed by the Director of Corporate Policy and Governance).
- Most Council officers could be called on to work on projects outside of their own areas. One example was Lewisham's bid to become borough of culture – which was supported by officers from communications, corporate policy and the Mayor's office.
- She worked closely with the Director of Corporate Policy and Governance – and the officers in that division.
- The Mayor and Cabinet office and communications teams worked closely together. Cabinet support officers helped to field questions and answer questions about policy. There was also a weekly meeting between the two teams at which opportunities for positive press coverage were discussed. Some communications work was also carried out by the political assistants – in specific circumstances.

- The new website was capable of more functions than the old site. It was hoped that this would reduce the number of externally commissioned micro-sites (and the cost of licenses) for Council projects. However, there were some instances in which external sites were appropriate (such as the bid for the London borough of culture, which had its own branding).
- Section 106 funding could be used for employment and training projects in the borough. Work was taking place to ensure that future projects were being developed to make the best use of the available funding.
- The Sustainable Development Select Committee had proposed that community infrastructure levy funding could be allocated towards employment and training projects- however- the current focus was on spending the section 106 funding that was available.
- As section 106 funding declined – further consideration would be given to the use of community infrastructure levy spending.
- Income in the Economy and Partnerships was largely gained from grants and multi-year external funding that was spent incrementally – rather than as a steady source income.
- The Mayor and Cabinet office primarily supported the Mayor and Cabinet Members. The office also had a role supporting Council appointed champions. The political assistant for the Labour Group supported non-executive councillors.
- There were two additional posts in the Mayor and Cabinet office (in contrast to the previous administration).

4.3 Councillor Kevin Bonavia (Cabinet Member for Democracy, Refugees and Accountability) responded to questions from the Committee – the following key points were noted:

- Cabinet support officers provided support to Council appointed champions – although this was primarily through the support provided to the cabinet member to respond to issues raised by champions.
- The role of Cabinet Members had been expanded. The Cabinet was making significant progress in implementing the new corporate strategy.

4.4 Councillor Amanda de Ryk (Cabinet Member for Finance, Jobs and Skills) addressed Committee – the following key points were noted:

- It would not be appropriate or fair for the Director of Strategy and Communications to respond to questions about the potential rationalisation of work (or teams) between her area and that of the Director of Corporate Policy and Governance. Organisational structure was a matter for the Chief Executive.
- There were a small number of officers who reported directly to the Chief Executive.
- A report was due to be published on community wealth building – which would support the development of the inclusive growth strategy.

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

- There were comments about the reliability of the staffing structure chart (and contact details) provided to members. It was highlighted that there were a number of officers who had left the Council – but whose details still appeared on the chart.

- Council appointed champions did not receive direct support from officers in the cabinet office.
- Members questioned what the additional funding being spent in the Mayor and Cabinet office was intended to achieve. And – in particular – a question was raised about the comparative benefit of spending this additional sum on street sweeping.
- Members reiterated support for the work being carried out by the Economy and Partnerships team.

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

5. Commercial culture and training

5.1 Adam Bowles (Director of Organisational Development and Human Resources) introduced the report – the following key points were noted:

- The report followed on from the update by Katherine Nidd on income generation and commercialisation at the last meeting.
- It outlined the development of the new ‘Lewisham Way’ behaviours for managers and training being developed for employees to support commercialisation.
- The ‘Lewisham Way’ behavioural framework had been in place for 15 years. It was being refreshed to take account of changes over that period.
- Officers drew on: relevant research; sessions with cabinet members; workshops with staff; the findings of the democracy review and feedback from the staff survey to inform the development of the renewed Lewisham Way.
- The new Chief Executive had decided to carry out a further round of engagement before finalising the new framework.
- It was intended that the new behaviours would be embedded in the Council’s performance management and human resources processes and policies (from induction, to hiring processes and performance management).
- A number of new imperatives relating to commercialisation had been included in the new behavioural framework, including: ‘create and innovate’ – ‘measure and evaluate’ – ‘think broadly and find solutions’ (which had previously only included the impetus to ‘think broadly’) and – ‘maximise value’ which had previously been ‘maximise public value’.
- The intention was to create new training processes relating to each of the new behaviours. In some cases, however, the training would relate to a number of the behaviours.
- Courses would be developed for senior managers and for group managers.
- The “leaders” course would be based on case studies and would focus on strategic approach to commercialisation.
- The course for group managers would be longer and more in depth. It would be delivered in partnership between training providers and council officers in the strategic procurement and commercialisation team.

5.2 Adam Bowles responded to questions from the Committee – the following key points were noted:

- It was recognised that leadership was important to embedding a commercial mindset in the Council. It was also important that people at all levels recognised their own capacity to develop new ideas and effect change.
- There were three 'linking words' which formed part of the new Lewisham Way: 'changing lives' – 'working together' and 'maximising value'.
- Culture change in organisations took many years – and was difficult to do successfully.
- Not everyone was going to be trained on every element of the new behaviours straight away. Specific training was being developed on commercialisation.

5.3 In Committee discussions – the following key points were also noted:

- It was clear from the work carried out by the Committee to date that the Council's approach to commercialisation had to be led from the top.
- It was important that the Council's approach to commercialisation continued to reference social value.
- Members would welcome the opportunity to be further involved in reviewing the training (and determining whether it might be helpful for other Councillors to partake in it).

5.4 Councillor Amanda de Ryk addressed the Committee – the following key points were noted:

- One of the key elements of a commercial mindset was developing an understanding of how much your services cost to deliver and then how much you could raise income to meet those costs.
- The discipline and rigour of carrying out the analysis of fees and charges was the foundation of all future commercialisation work. The training would help with this.
- Benchmarking with other councils could be used to understand the cost of delivering Lewisham's services. This had to be carried out by services – with an understanding of the differences and similarities between delivering services.

5.5 **Resolved:** a) that the Committee would take part in a pilot of the commercialisation training being developed by officers; b) that a further update on the implementation of the new 'Lewisham Way' would return to the Committee in the next municipal year (with a specific emphasis on progress – including relevant examples - that had been made in developing the Council's commercial culture).

6. Financial forecasts

6.1 Selwyn Thompson (Director of Financial Services) provided an overview of the key points in the report.

6.2 Selwyn Thompson and David Austin (Acting Chief Finance Officer) responded to questions from the Committee – the following key points were noted:

- It was expected that the financial settlement for local government would be announced in January. It had been delayed by the general election.
- Councils' working assumption was that the spending announced by the chancellor in September 2019 would be followed through until next year.
- The Council had advanced a loan facility to Lewisham Homes for its housing acquisition programme. However, Lewisham Homes was currently using its reserves to acquire the new homes.
- Indications from government were that that funding would continue for the 'Troubled Families' programme. If the funding was discontinued it would create a budget gap of a million pounds and there would have to be a review of which parts of the programme the Council should continue and where the funding should come from.
- Pressures in children's services remained. Funding for next year would be made available from the additional social care grant.
- It was assumed that the government had recognised that there was a funding gap for social care – and that the future funding settlement for local government would reflect this.
- Not all of the overspending in the children and young people directorate related to social care (a proportion was for transport – and troubled families).
- Some of the overspend would have to be met from reserves.
- Some proposals for commercialisation included a 'stretch' – to push services to challenge their ways of working.
- A number of processes were in place to monitor and manage costs in areas that were overspending.
- There were six years in which the Council used its reserves to balance its budget (averaging £3.5m a year). More than £20m of the reserves were used in this time.
- Council tax collection tended to improve toward the end of the year.
- The capital programme was revised towards the end of the year. By the end of last year 82% of the revised budget was spent.
- The capital fund for the general fund was expected to spend closer to its revised budget than the housing revenue account. Some elements of the housing programme were taking longer to implement than had been anticipated but it was expected that the programme would accelerate next year.
- There were not significant implications on the general fund from the delay in the delivery of the housing programme.

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

- Members expressed concern about the remaining gap in children's services following the 'once off' injection of additional funds.
- Concerns were raised about the underachievement of income from commercialisation proposals in the environment division.
- Members asked about the condition of the Council's reserves (officers agreed to provide an update on the previous briefing).

6.4 **Resolved:** that the report be noted, with reference to the alarms and concerns raised during the discussion.

7. Select Committee work programme

7.1 The Committee noted that the draft budget was the only item on the agenda for the next meeting. Members were also reminded about the budget briefing on 13 January – as well as the meeting that had been arranged with officers from the London Borough of Waltham Forest – to discuss commercialisation and culture change.

8. Referrals to Mayor and Cabinet

8.1 There were none.

The meeting ended at 9.15 pm

Chair:

Date:
