

Minutes of the Public Accounts Select Committee

Wednesday, 7 July 2021 at 6.30 pm

Present: Councillors Patrick Codd (Chair), Alan Hall (Vice-Chair), Jim Mallory, Joan Millbank, Joani Reid and James Royston and Paul Maslin

Also present: Councillor Mark Ingleby, Councillor James Rathbone, Councillor Amanda De Ryk (Cabinet Member for Finance and Resources), Timothy Andrew (Scrutiny Manager), David Austin (Director of Corporate Services), Kathy Freeman (Executive Director for Corporate Resources), Katharine Nidd (Strategic Procurement and Commercial Services Manager) and Selwyn Thompson (Director of Financial Services)

1. Confirmation of the Chair and Vice-Chair

- 1.1 **Resolved:** It was agreed that Councillor Patrick Codd be confirmed as Chair and that Councillor Alan Hall be confirmed as Vice-Chair of the select committee.

2. Minutes of the meeting held on 17 March 2021

- 2.1 **Resolved:** That the minutes of the meeting held on 17 March 2021 be agreed as an accurate record.

3. Declarations of interest

- 3.1 There were none.

4. Responses from Mayor and Cabinet

- 4.1 There were none.

5. Financial results 2020-21

This was the first substantive item (5).

- 5.1 Kathy Freeman (Executive Director for Corporate Resources) introduced the report - the following key points were noted:
- The final position at the end of 2020-21 was complicated due to the impact of the pandemic and the suspension of a number of 'business as usual activities'.
 - A number of areas of the Council were providing business as usual services and also responding to the pandemic.
 - The position of the general fund at the end of the financial year appeared positive (indicating a £200k overspend - compared to a predicted overspend of £10m in the autumn last year) - it also contained a significant number of risks.
 - The impact of the pandemic resulted in a £41m overspend - which was offset against £56m of covid grant income (from government).
 - The balance of the grant is being carried forward into the current year to support covid related overspending being incurred this year.

- The delivery of the cuts programme remains a significant risk. £7m of cuts remain outstanding from last year - and have to be made in addition to the £28m of cuts already agreed for 2021-22.
- The collection fund (for council tax and business rates) was negatively affected by the pandemic - and it is likely that there will be ongoing difficulties (and risks) with collection for a number of reasons.
- The dedicated schools grant was overspent by £5m.
- Significant risks remained in the adult social care budget due to the numbers of hospital discharges in the past year.
- A number of business as usual pressures remain.

5.2 Kathy Freeman responded to questions from the committee (including members attending under standing orders) the following key points were noted:

- Work is continuing to reduce overspending in children's social care - but it is a statutory service and there are limits to the level of savings that can be made. An assessment would be made regarding the level of savings that could be achieved before reconsidering the base budget for the service.
- Adult social care services underspent at the end of last year - partly due to additional funding for hospital discharges.
- A number of pressures were mounting on adult social care at the beginning of this financial year, which would need to be managed. Cuts of £7m had been agreed for the service - which would need to be made this year.
- Reductions in the costs associated with people with no recourse to public funds were as a result of improvements in the service.
- Variations in funding agreements with health services partners are regularly reviewed.

5.3 **Resolved:** That the committee note the report.

6. Medium term financial strategy

This item was considered after the financial results.

6.1 David Austin (Director of Corporate Services) introduced the report. He set out the rationale and process for developing the medium term financial strategy - highlighting the number of risks and uncertainties involved. It was also noted that there is an ongoing programme of cuts being delivered alongside delivery of business as usual and that the medium term financial strategy might need to be amended as further details of funding became available.

6.2 David Austin responded to questions from the committee (including members attending under standing orders). The following key points were noted:

- There are a considerable number of uncertainties and unknown factors influencing medium term financial planning.
- Uncertainty about inflation had been included in the assumptions informing the strategy.
- The capital budget is currently half of the revenue budget - nonetheless- the pressures on the capital budget might have an impact on revenue.
- There are more deferred or drawing members of the pension scheme than those contributing.
- Underspends from service areas are not carried forward from year to year.
- The new homes bonus was coming to an end - as had been anticipated.

- The government has given councils more local discretion on raising funding - but this is capped.
- Children's and adult social care were the council's two biggest budgets - and there is a national discussion taking place about how these services are funded. 90 percent of councils overspent on their children's social care budgets last year - and many will do so again this year.
- Work is taking place through the future Lewisham programme to re-focus and reprioritise the recovery from the pandemic.

6.3 Councillor de Ryk (Cabinet Member for Resources) addressed the Committee - noting the difficult financial circumstances facing councils and the uncertainty surrounding funding. She noted that the Council has to be 'brave and bold' and approach delivery of services differently.

6.4 In the committee discussion the following key points were also noted:

- Information could be made available regarding the financial benefit to the Council arising from new developments and regeneration.
- There was a difference of opinions about the benefits and drawbacks of regeneration.
- Officers were thanked for their work on the medium term financial strategy - in the context of acknowledged ongoing uncertainties.
- The Committee noted the high level of uncertainty regarding the assumptions informing the strategy.

6.5 **Resolved:** That the committee notes the risks with regards to current year financial cuts (with reference to the comments and concerns raised at the meeting) and -

- Notes the 2022-23 to 2025-26 medium term financial strategy and the outline approach being taken to identify cuts proposals required to meet the remaining estimated budget gap of £26m over the next four years.
- Notes the timetable for bringing forward cuts proposals and the 2022-23 budget to full Council in February 2022.

7. Draft contract management framework

7.1 Katherine Nidd (Strategic Procurement and Commercial Services Manager) introduced the report. The following key points were noted:

- It is importance to ensure there is rigour at all points of procurement and contract management - from letting contracts to lessons learnt and re-procurement.
- No other area of public services lets such a wide range of contracts for goods, works and services - which made it very challenging to have a 'one size fits all' approach to contract management in local government.
- The approach would be risk based and proportionate - to make best use of officer time and resources.
- There is lots of good contract management across the Council - but there isn't always consistency in how it is approached.
- The framework would enable an annual compliance check on all contracts.
- Contract management would remain with services (rather than being centralised) with additional support provided to managers with contracts at risk.

7.2 Katherine Nidd responded to questions from the committee. The following key points were noted:

- The framework would drive improvement - but there weren't any initial benchmarks regarding financial benefits that would follow from the new approach.
- Approaches to local contracting and spending were built into the procurement framework.
- There is more detail about the Council's ambition to 'grow the Lewisham pound' in the sustainable procurement strategy.

7.3 Kathy Freeman responded to a question regarding the capacity of the finance team. Noting that work was ongoing to address issues with resourcing. It was also acknowledged that the level of vacancies in the finance function was not sustainable in the long term.

7.4 **Resolved:** That the committee notes the intended contract management framework and the timetable for its delivery.

8. **Select Committee work programme**

8.1 **Resolved:** That the 2021/22 work programme for Public Accounts Select Committee be agreed.

The meeting ended at 8.15 pm

Chair:

Date:
