

Minutes of the Public Accounts Select Committee

Thursday, 27 January 2022 at 7.00 pm

In attendance: Councillors Mark Ingleby (Chair), Alan Hall (Vice-Chair), Jim Mallory and James Royston

Also joining the meeting virtually: n/a

Apologies: Councillor Joan Millbank

Also present: Councillor Paul Maslin (Chair of Overview and Scrutiny), Mayor Damien Egan (Mayor) and Councillor James Rathbone (virtual) Timothy Andrew (Scrutiny Manager), David Austin (Director of Finance)(virtual), Kathy Freeman (Executive Director for Corporate Resources)(virtual), Katherine Nidd (Head of Financial Strategy, Planning and Commercial)(virtual) and Kim Wright (Chief Executive)(virtual);

NB: Those Councillors listed as joining virtually were not in attendance for the purposes of the meeting being quorate, any decisions taken or to satisfy the requirements of s85 Local Government Act 1972

1. Minutes of the meeting held on 1 December 2021

1.1 **Resolved:** that the minutes of the meeting held on 1 December be agreed as an accurate record.

2. Declarations of interest

2.1 There were none.

3. Responses from Mayor and Cabinet

3.1 There were none.

4. Budget reductions report

4.1 Mayor Egan was invited to address the Committee. He noted the extent of the Government cuts faced by the Council over a period of years and the difficulty of responding to the issues caused by the pandemic. He also noted the Council's resilience in the face of challenges and its priorities.

4.2 Kim Wright (Chief Executive) was invited to address the Committee. She noted the impacts of austerity and of the covid-19 pandemic and highlighted the importance of managing the Council's finances effectively to achieve the best outcomes for residents.

4.3 Kathy Freeman (Executive Director for Corporate Resources) introduced the budget reductions report - noting the pressures and uncertainties facing the Council as well as the challenges of bringing forward savings proposals in the context of the continued response to the pandemic.

- 4.4 Kathy Freeman and David Austin (Director of Finance) and Katherine Nidd (Head of Financial Strategy, Planning and Commercial) responded to questions from the Committee – the following key points were noted:
- It could not be guaranteed that the Council would not have to draw on reserves in the next year – given the uncertainties around the savings proposals and other cost pressures. However, the budget had not been set using reserves.
 - It was recognised that rates of inflation were very volatile – Lewisham had maintained its in line with other London authorities.
 - Festive lighting was not part of the private finance initiative (PFI) for street lighting. Officers would seek reputable corporate sponsors to finance future festive lighting (beginning with the provider of the PFI).
 - Work was taking place to manage overspending and implement the sufficiency strategy in children’s social care.
 - The ratio of agency to permanent social workers in children’s social care had improved but there were still workforce challenges.
 - Work was ongoing to improve the numbers of Lewisham foster carers.
 - The adult social care review was ongoing. There were a number of different work streams considering the delivery of a range of services.
 - Overspending in the Public Realm division had been managed down – and additional savings had been identified for the coming year.
- 4.5 In Committee discussions the following key points were also noted:
- The Committee welcomed the comments of the Sustainable Development Select Committee and reemphasised the importance of taking a strategic approach to the management of the commercial estate.
- 4.6 **Resolved:** that the Committee would refer its views to Mayor and Cabinet as follows –
- The Committee recognises the difficult task facing officers in bringing forward cuts proposals, especially in the context of ongoing economic uncertainty and a prolonged period of austerity.
 - Members welcome the comments of the Sustainable Development Select Committee – particularly in relation to the ‘theme D’ *asset optimisation proposals*. Members would welcome further careful, strategic consideration of the approach to the use of Council assets - in order to maximise both the social and economic benefits for the people of Lewisham.
 - The Committee recommends that – in relation to proposal E-15 (seek corporate sponsorship for festive lights) the initial approach should be to the providers of the Council’s current street lighting private finance initiative.

5. Capital report

- 5.1 David Austin introduced the report – noting the additional work that had taken place in relation to the housing revenue account. He also outlined the other key elements of the report – highlighting the importance of careful management of the capital programme and some of the risks associated with

its delivery. He noted the different breakdown of the funding for the housing revenue account programme – and the rest of the capital programme.

5.2 David Austin responded to questions from the Committee – the following key points were noted:

- Further work was taking place on a business plan for the housing revenue account. The financial modelling enabled consideration of the risks and priorities for the capital programme.

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

- Committee would welcome further information about the approach to managing risks and the options for the dynamic reprofiling of the housing revenue account programme as it was developed.

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

6. Treasury management strategy 2022-23

6.1 Katherine Nidd introduced the report – noting the training session and update on the strategy that was provided for members in the autumn. She highlighted the key elements of the report and noted the revisions to the financial code of practice (and that an update would be provided to members on this in the new financial year).

6.2 Katherine Nidd responded to a question about business case modelling – noting that the Council followed best practice.

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

7. Budget report

7.1 Kathy Freeman introduced the report – noting the change to the report format in comparison with previous years. She outlined the key elements of the report as well as key risks and pressures (including the costs of responding to the coronavirus pandemic).

7.2 Kathy Freeman responded to questions from the Committee – the following key points were noted:

- There was a shortage of in-borough placements for children with special educational needs – which meant the Council was required to find placements outside of the borough. Additional capacity was being created – but this would take time to implement.
- The Council had considered a number of the pressures associated with the response to the pandemic – and had factored these into the budget. However, some anticipated pressures remained unknown or were difficult to quantify with the information currently available.
- No covid-19 pandemic response funding had yet been returned to government. However, some funds would be returned where there were very specific relating to expenditure by partner organisations or through contracts (such as the infection control grant)

- Further information could be provided on the pilot ‘drugs pilot’ being run by the Children and Young People Directorate.
- There would be an 8% increase in the levy from the Greater London Authority on Council tax.

7.3 In the committee discussions the following key point was also noted.

- The Committee had not seen the section 25 statement on the reserves in advance of considering the budget.

7.4 **Resolved:** that the Committee would refer its views to Mayor and Cabinet as follows –

- The Committee wishes to place on record its thanks and appreciation for the hard work and dedication of Council officers. In particular, it recognises the level of dedication, professionalism and determination demonstrated by officers in the Corporate Resources Directorate, led commendably by Kathy Freeman (Executive Director for Corporate Resources) and supported by the Directors of Finance and the Head of Strategic Finance. Members recognise the difficult task facing officers in producing a well-considered and balanced budget in the context of uncertainty and ongoing austerity. The Committee asks Mayor and Cabinet to recognise and thank all of the officers who contributed to the delivery of the budget report.
- The Committee recommends that further detail should be provided to Mayor and Cabinet on the possible unallocated budget pressures arising from the Council’s response to the pandemic (and its associated consequences). It notes that there is the potential for significant overspending across a number of services. And, whilst officers’ intended approach to monitoring and managing these risks is acknowledged – the Committee believes that the budget report should further highlight and delineate the potential for significant in-year pressures and overspending, should the ongoing impact of the pandemic be greater than anticipated or healthcare partners unable to assume responsibility for the costs.

8. **Select Committee work programme**

8.1 The Committee discussed the work programme for the final meeting of the administration – noting the limited committee time available and pressures on officer time and resources. It also considered the proposal from the Overview and Scrutiny Committee to appoint a climate emergency champion.

8.2 The following items were proposed for the meeting on 17 March 2022:

- The Council’s approach to zero based budgeting
- Performance of payments to suppliers
- Local supply chains
- Section 106 spending

8.3 **Resolved:** that the Chair would work with the Executive Director to finalise the work programme for the next meeting. And – that Councillor Royston be appointed as the Committee’s climate emergency champion.

The meeting ended at 9.35 pm

Chair:

Date:
