

# Minutes of the Public Accounts Select Committee

Thursday, 30 November 2023 at 7.00 pm

In attendance: Councillors James Rathbone, Billy Harding, Mark Ingleby, Eva Kestner, Aisha Malik-Smith and Joan Millbank

Also joining the meeting virtually: Councillor Susan Wise

Also present: Timothy Andrew (Scrutiny Manager), David Austin (Acting Executive Director for Corporate Resources), Katharine Nidd (Acting Director of Finance) and Nick Penny (Head of Service Finance)

Also present virtually: Councillor Amanda De Ryk (Cabinet Member for Finance and Strategy) and Adam Almeida (Common Wealth)

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 21 September 2023

- 1.1 **Resolved:** that the minutes of the meeting held on 21 September 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. Annual social value report

- 4.1 Adam Almeida (Common Wealth) was invited to address the Committee. Adam set out the work carried out by Common Wealth on the development of a social value index for assessing social value – focused on a case study in Wards Corners, Tottenham (north London).
- 4.2 Adam Almeida responded to questions from the Committee – the following key points were noted:
  - Further work was taking place to assess the extended financial impact of the Wards Corner scheme.
  - The ‘themes, outcomes and measures’ (TOMS) framework was a paid for service for assessing social value. The Common Wealth framework was available in addition to TOMs.
  - The work was led by the desire to ensure that money spent in the local environment stayed in the local environment – rather than being extracted for profit. There was evidence that more money spent in locally owned businesses stayed in the local economy than that spent in large businesses.
  - The way in which businesses operated (and their set up) had a fundamental impact on the local economy.

- The specifics of the Wards Corner approach were place based – but the Common Wealth social value index could be used to assess a range of different environments.
- The design of the social value index was designed to be juxtaposed with the social value assessments provided by property developers.
- The six social value themes in the index arose from qualitative research with the local community in Tottenham.
- It was difficult to quantify some of the benefits – but the approach was firmly grounded in literature and research.
- There were additional ‘downstream’ community benefits that could not easily be quantified.
- Licensing responses to ‘modern slavery’ and trafficking had not been considered in the research for the social value index.
- Councils could bolster their approach to social value by adopting a robust framework for assessing value. This might include more work on development and planning.
- All the businesses in Wards Corner were micro-businesses. Work had been done by academics at the London School of Economics on the value density of small businesses – which would be of interest to Lewisham, with its relatively high number of very small businesses.

4.3 Katharine Nidd (Acting Director of Finance) introduced the Council’s social value annual report – noting the timeline for developing and delivering on the Council’s approach.

4.4 Katharine responded to questions from the Committee – the following key points were noted:

- The Council worked with other large public sector organisations in the borough at an annual ‘meet the buyer’ event to inform local businesses about the process of tendering for contracts.
- Information was also provided for small businesses about opportunities in the supply chain.
- The Council’s economy jobs, and partnership team supported local businesses to build their capacity to tender for public sector contracts.
- Further work with the community and voluntary sector would take place in future, potentially incorporating the grants programme.
- There was nuance in the distinction between commissioning and procurement.
- The new provider selection regime would make changes to the commissioning of health services, which would enable wider social value benefits.
- There were possible financial challenges involved in building social value into contracts. Contracts were considered on a case by case basis for the social value opportunities they could provide.
- Social value monitoring included all of the metrics that each contractor had agreed to (as part of the legal schedule of the contract). Where there was poor performance individual contract managers would take this up as part of regular contract monitoring.
- An annual compliance questionnaire was carried out – which included equalities monitoring. This was limited by available resources.
- There were challenges in assessing the downstream benefits of social value (including the availability of officer resources)
- Legislation (under the public contract regulations) set out the rules for the assessing and awarding contracts. Weighting, advantage, and benefit

could be focused through tender evaluation on policies and practices that the Council judged were of social value.

- The Lewisham Exchange was set up and run by Lewisham Local – which supported the work that was taking place in the Council.

4.5 In Committee discussions – the following key point was also noted:

- That it might be valuable to focus on place based social value initiatives.

4.6 **Resolved:** that the report be noted. It was also agreed that the committee's comments be referred to Mayor and Cabinet as follows:

- The Committee recommends that key social value targets be included in the corporate performance report (in the strong local economy section).
- It is also recommended that further consideration be given to tracking the equalities and socio-economic background of business owners and operators applying for opportunities in Lewisham's supply chain (with a view to increasing the representation of marginalised groups)

## 5. Financial forecasts

5.1 Nick Penny (Head of Service Finance) introduced the report – noting financial pressures on the Council – including: children's and adult social care demand, education services (specifically home to school transport), temporary accommodation (due to the lack of availability of long-term accommodation), and legal services (due to workloads and vacancy rates). Sustained pressures in the dedicated schools grant and housing revenue account were also noted.

5.2 Nick Penny, Katharine Nidd and David Austin (Acting Director for Corporate Resources) responded to questions from the Committee – the following key points were noted:

- The collection of business rates and council tax were a complex issue to budget for. Assumed amounts were built into the medium-term financial strategy. A collection fund reserve was kept to absorb potential shocks from year to year.
- Officers would be pursuing income owed from leaseholders.
- The change to the housing management system would enable a clear picture to be developed on the backlog of repairs and maintenance.
- The housing benefit limitation recharge controlled the amount of funding the Council could recover for households in temporary accommodation (and there was an increasing gap in the availability of benefit and the costs being paid by the Council).
- The numbers of children looked after was stable but there was an increase in high-cost placements.
- There was higher number of children presenting to the care system for the first time with high levels of need.
- Controlling the costs of placements for children in social care was highly challenging.
- It was also difficult to track and forecast the costs of children in high-cost placements.

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

## 6. Medium term financial strategy update

- 6.1 Katharine Nidd introduced the report – setting out the reasons for the revisions to the medium-term financial strategy as well as its principal elements.
- 6.2 Katharine Nidd and David Austin responded to questions from the Committee – the following key points were noted:
- Further information would be made available regarding the proposals needed to balance the budget. A number of the proposals were to control overspending rather than to make cuts to services.
  - The autumn statement removed the household support fund. Work was taking place to create a sustainable end to reliance on this funding.
  - Changes had been made to the business rates scheme – which would benefit small businesses.
  - The Chair of the pensions investment committee had been briefed on the changes to rules for pensions investments.
  - There would be ongoing fiscal constraint in local government.
- 6.3 In Committee discussion the following key point was also noted:
- Members would welcome full and robust scrutiny of proposals to manage the Council’s budget.

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

## 7. **Select Committee work programme**

- 7.1 The Committee discussed the work programme – noting that the draft budget would be coming to the Committee in January.
- 7.2 **Resolved:** that the work programme for the meeting on 23 January be agreed.

The meeting ended at 21:15

Chair:

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Date:

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