

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Thursday, 30 June 2022 at 7.00 pm

IN ATTENDANCE: Councillors James Rathbone (Chair), Rudi Schmidt (Vice-Chair), Eva Kestner, Joan Millbank, John Paschoud and Mark Ingleby (Chair of Overview and Scrutiny)

ALSO JOINING THE MEETING VIRTUALLY: Councillor Susan Wise

APOLOGIES: Councillor Eva Stamirowski

ALSO PRESENT: Timothy Andrew (Scrutiny Manager), David Austin (Director of Corporate Services), Kathy Freeman (Executive Director for Corporate Resources) and Nick Penny (Head of Service Finance)

ALSO PRESENT VIRTUALLY: Councillor Amanda De Ryk (Cabinet Member for Finance and Strategy) and Salena Mulhere (Assistant Chief Executive)

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. Election of the Chair and Vice-Chair

- 1.1 **Resolved:** that Councillor James Rathbone be Chair of the Select Committee – and that Councillor Rudi Schmidt be Vice-Chair of the Select Committee.

2. Minutes of the meeting held on 17 March 2022

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

3. Declarations of interest

- 3.1 Councillor Susan Wise declared an interest in relation to any discussion regarding the housing revenue account – as a Director of Lewisham Homes.

4. Responses from Mayor and Cabinet

- 4.1 There were none.

5. Financial outturn report 2021-22

- 5.1 Kathy Freeman (Executive Director for Corporate Resources) introduced the item (and its relation to the following two items). She noted the positive end of year (2021-22) financial position and highlighted the £26m of once off expenditure (and lost income) that had been funded by the Government in response to the pandemic.

- 5.2 Nick Penny (Head of Service Finance) introduced the report noting financial pressures, overspends and areas of focused management action in the general fund, housing revenue account, dedicated schools grant and capital programme (general and housing revenue account). He also provided an overview of the collection fund and outstanding debts.

- 5.3 Nick Penny responded to questions from the Committee – the following key points were noted:
- The number of repairs (and the cost of those repairs) by Lewisham Homes was higher than usual.
 - There was no direct link between the Newton/Empowering Lewisham Programme (in adult social care) and the resident experience programme.
 - Measures were in place to oversee the different work streams and trial approaches in the Empowering Lewisham programme. The benefits of the programme over time were anticipated to be £8.6m in savings.
 - The debt figures in the report had accumulated over a number of years. The Council had a debt write off process to forego some debts and focus on those which it was most likely could be recovered.
 - Work was taking place to develop a debt prevention strategy – which would focus on encouraging proactive recovery of costs for services.
 - There was a new debt and income manager at the Council – who was focused on preventing future debts and collecting income.
 - Lewisham had been one of the top performing boroughs in London for the collection of business rates.
 - There had been a dip in business rate collection performance over the last couple of years – due to the impact of the pandemic (and the associated increase in burdens on officers dealing with local businesses).
 - Performance on Council tax collection was less robust. Work was taking place to understand why – and to put in place new measures to improve collection.
 - Work was taking place to manage the £10m deficit in the dedicated schools grant.
 - Government recognised that there were significant costs in relation to the provision of special educational needs – and had put in place programmes to support local authorities to manage costs.
 - It was estimated that approximately £5m of savings which were due to be delivered this year would not now be delivered. This would have an impact on the savings requirements for subsequent years.
 - Officers in finance were working closely with senior staff across the organisation to address and mitigate shortfalls in savings proposals.

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

6. Financial monitoring 2022-23

- 6.1 Kathy Freeman introduced the report – noting that the form of the report had changed so that known overspending was reported separately from risks.
- 6.2 Nick Penny provided an overview of the content of the report – noting the gross monitoring risk of £10.1m as well as the mitigation from pandemic related funding and reserves held for corporate risks. Nick also highlighted overspending (and unachieved savings) in children's social care, passenger transport, adult social care, temporary accommodation and on energy costs for corporate buildings. Key areas of potential risk and future pressures were also identified.
- 6.3 Kathy Freeman, Nick Penny and David Austin (Director of Corporate Services) responded to questions from the Committee – the following key points were noted:
- Finance officers worked closely with officers in children's and adult social care to monitor and manage costs.

- Reviews were taking place in both social care services to understand and manage costs – however, there remained significant demand and cost pressures.
- The reported overspend would be varied during the year – depending on the level of risk associated with service improvements and savings delivery.
- More prominent information would be provided in future reports regarding undelivered savings and risks.
- Comments on the Copperas Street development and the approach to the capital programme would be reported to the Director of Inclusive Regeneration.
- Staff productivity savings across the organisation (£3m) were achieved from improved practices, reductions in use of agency staff and improvements in productivity.

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

7. Medium term financial strategy

- 7.1 Kathy Freeman introduced the report –noting the process for setting a legally balanced budget by March 2023 as well as highlighting the estimated budget gap of £36m over the next three years with high levels of uncertainty in the financial position. She also outlined some of the potential risks regarding income and expenditure.
- 7.2 Kathy Freeman and David Austin responded to questions from the Committee – the following key points were noted:
- Different positions on pay negotiation had been modelled by officers – if the pay award was higher than expected, authorisation would be sought to use reserves until the budget position could be realigned.
 - The financial cases that had been modelled made allowance for differing levels of achievement of savings proposals.
 - The need for savings could come from reducing expenditure or improving income – this did not always involve reducing services.
 - It was important that the Council tightly and effectively managed demand and intervened at the appropriate points to make the most of spending.
 - Officers would be giving consideration to the delivery of services – including an assessment of which were statutory and at what levels.
 - Reserves could be used to stabilise the budget – the Council had a good level of reserves and was in a strong financial position – despite high levels of uncertainty and risk.

- 7.3 Councillor Amanda de Ryk addressed the Committee – noting the ongoing high levels of uncertainty in local government finance which were affecting all councils.

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

8. Select Committee work programme

- 8.1 The Committee discussed the work programme report and priorities for the upcoming year.
- 8.2 **Resolved:** that items on adults and children's services be considered at the September meeting. It was also agreed that the Chair would discuss the

options for an item on alternative budget models with officers – and that the work programme be approved for submission to the Business Panel.

The meeting ended at 8.45 pm

Chair:

Date:
