

# MINUTES OF THE OVERVIEW AND SCRUTINY BUSINESS PANEL

Tuesday, 19 July 2022 at 7.05 pm

PRESENT: Councillors Mark Ingleby, Chris Best, Ayesha Lahai-Taylor, Joan Millbank, Stephen Penfold, James Rathbone, James Royston and Luke Sorba

MEMBERS ALSO JOINING VIRTUALLY:  
Councillors Ese Ertheriene; and Eva Stamirowski.

OFFICER(S) JOINING THE MEETING VIRTUALLY:  
Director of Finance; and Assistant Chief Executive

OFFICER(S) PRESENT IN PERSON:  
Head of Overview & Scrutiny; and Senior Committee Manager

There was no apologies for absence

## 1. Minutes

RESOLVED that minutes of the Meeting of the Overview and Scrutiny Business Panel held on 28 June 2022 be confirmed as an accurate record, subject to the following:

Subject to the following amendments:

- Item 5, Line 6 – to add “and income generation opportunities after “wellbeing in the borough”
- Item 6 “Scrutiny Report” – to revise
  - Paragraph 4 to state: “Councillor Millbank asked when was the democracy review going to be reviewed?”
  - Paragraph 5 as follows: “Councillor Sorba stated that he was not in favour of task and finish group continuing until there had been a review within the scrutiny setting”

On matters arising, Councillor Chris Best followed up on information provided to the Panel that officers would seek legal advice on the need to undertake formal consultation on a report considered in ‘closed session’ relating to the Leisure Management contract.

## 2. Declarations of Interest

There were no interests declared at the meeting.

## 3. Open Session - Decisions by Mayor and Cabinet on 6 July 2022

Councillor Mark Ingleby, Chair of the Panel, informed Members that he had received a request from Councillor Chris Best to address the meeting on decisions taken by the Mayor and Cabinet on 6 July 2022 relating to the budget proposals.

Councillor Best asked questions on aspects of the decisions, which were summarised by the Director of Finance as follows:

1. General discussion around inflation, which was also considered at the Public Accounts Select Committee prior to the decisions by the Mayor and Cabinet; and
2. Specific point around some of the adults' social care activities, in the context of the scale of those budgets for social care across adults and children being close to over two-thirds of the Council's spending.

The Chair stated that the context for the questions were in relation to:

1. Statements that the Council's Medium Term Financial Statement (MTFS) had identified the need to make up to £36m of budget reductions over the next four years, on top of the £3.6 and £0.9m already put forward in 2021/22 and for 2023/24 and 2024/25; and
2. The Council's review of adult social care expenditure that had identified opportunities for making savings.

In response, the Director of Finance informed the Panel as follows:

1. The proposals upon which the Mayor and Cabinet decisions were based were written in May/June 2022 after the Government's spending review announcement. The Council's financial risks were modelled on assumptions made in January/February 2022. Thus, in terms of inflation, part of the assumption was that the Council would require services to manage contract negotiations with its suppliers. How much of that cost would be directly passed onto the Council's budget rather than dealt with at source would become clearer when considering pay settlements in the public sector context, and perhaps less in relation to running costs.
2. Discussions and negotiations were on-going, either as the Council retain and negotiate the contracts, or more specifically in adults social care space with the 'fair cost of care' consultation that would conclude in the autumn. So, there is a risk because the inflation figures are low, but the corresponding point would be to accept them at the point of negotiations by building them into the Council's budget. To some extent it is a circular challenge because if the Council spends the money, it will overspend this year and then commence by making bigger savings than already forecasted.
3. The Council have not had the delayed local authority settlement. The £10m savings that the Council had currently identified would have a few variables, and need to keep the MTFS under review through the autumn. Thus, the initial focus in this financial year would be to better understand how those costs would feed through for a clearer picture when monitoring. Monitoring will conclude in the autumn of 2022.
4. Inflation is clearly around pay and non-pay activities. There is a risk across all service areas. If the Council do not negotiate those figures down, it will put up the savings gap, but in this financial year, the budget management challenge is very much on doing everything it could to deliver those commitments it has already made within the budget. If the Council can do

that, there will be some mitigations for 2023/2024 budget to off-set the inflationary pressures and keep the gap of £10m and could even hopefully reduce it.

5. In terms of the allocation, the assumptions to be used are updates from the 2013/2014 indexes, even though the Council have now had the 2021 census.
6. Local authorities are lobbying the Government for funds due to financial pressures. Those pressures are not dissimilar to a particular service area. Therefore, the Council aim to use the £10m to respond to growth and manage the increase in demand for its services. Thus, there would be nothing particularly to adults' social care. However, discussions have highlighted some provisions around public-sector pay, adults' social care and utility cost for providers.
7. The Government has announced a move to a two-year settlement. The Council may get a two-year view in the autumn but at present, it is operating on a rolling one-year update. The Council will start to learn more about the accuracy of those numbers and how they will unfold in the local government settlement as it goes through the autumn budget to build towards the settlement in December. That will be late for delivering the budget in January 2023 for approval by Members in February/March 2023. However, the Council, as do other local authorities, will have to work with the timetable issued by the Government.

In response to the specific point relating to adults' social care, the Director of Finance advised the Panel as follows:

1. The Council's decision to engage Newton Europe to do its benchmarking estimated a £26m pressure. There is already a £10m gap. Monitoring of that is currently focussing on the £2m overspend in the 2022/2023 period. A large part of that relates to some delayed savings on the Newton Europe work that is ongoing, which would probably adapt the £2m overspend to be achieved the following year.
2. The way that the Council sets its budget is when a saving is agreed, as the Newton Europe one was, it would take the cash out of its budget at the start of the year. If there happens to be a problem in 2022/2023, the Council will see that pressure. If the Council is unable to deal with the pressure or they cannot be met from the corporate provisions that have been set aside in the £6m, the pressure would be carried forward into next year. The savings, if delivered into next year, will provide a balanced budget. However, the Council will have to find the overspend this year, potentially from reserves, and that point was made by the S151 Officer in a discussion at a meeting of the Public Accounts Select Committee.
3. In the short term, around delayed savings, or additional pressures, the Council will have to use its reserves to get through 2022/23, given the level of volatility in this year's budget.
4. The Council will deal with the volatility when setting its budget in January/February for 2023/2024, the timetable of which will coincide with the "fair cost of care" consultation
5. In the autumn, the Council will ensure that the range which different providers are putting towards some of these services at 3-15% are moderated in terms of their evidence to achieve consistency. From that

work, the Council will be able to model and revisit its Medium Term Financial Strategy.

Councillor Best thanked the Director of Finance for a comprehensive response. In a follow up comment about the tightness of the Government's timetable, the Director of Finance confirmed that processes were in place to minimise the impact because prior to the report going back to Mayor and Cabinet in the autumn, an updated version would have been considered by the Council's Executive Management Team, and thereafter presented to the Public Accounts Select Committee for scrutiny. The Panel also received confirmation that the Council was represented in the Government's lobbying network by virtue of the appointment of the Cabinet Member of Finance and Strategy as the London Labour Party Lead on these matters.

Councillor Rathbone commented that the Director of Finance had provided a comprehensive assessment of the budget. It was confirmed that the modelling around the assumptions was one of the lines of enquiry discussed at the Public and Accounts Select Committee, and there is obviously a significant risk. However, if inflationary pressures are greater than anticipated, officers have modelled for that risk because the Council was holding on to £20m of earmarked reserves to deal with unexpected pressures in year.

Commenting on concerns expressed at previous meetings about the high cost relating to the Newton Europe's investments, Councillor Sorba sought assurance about the forecasted savings on the contract considering the current budget figures. In response, the Director of Finance informed the Panel that fees were significantly capped. The latest monitoring report showed that the Council was on track to achieve anticipated savings in the range of £8m to £12m. Projected savings around the £12 mark will take longer, depending on decision-making in the future regarding cashable and cost-avoidance elements.

RESOVED that the report be noted.

#### **4. Scrutiny Work Programme Report**

The Head of Overview and Scrutiny reported as follows

- The select committees have all met and the work programmes they are putting forward are contained in the meeting pack.
- I think they present a broad and varied programme of scrutiny over the course of the year and are focussed on key policy issues.
- The panel is asked to review and agree them and make sure they don't duplicate each other in any way, so a co-ordinated overall programme is agreed.
- From this meeting onwards, you will be asked to review them at each meeting so progress can be checked.

The following were also noted at the meeting:

- **Housing** – Selective licensing item will be brought forward to September
- **CYP** – Will be doing more engagement at meetings now we are post pandemic; and will be looking at the cost of living in November (once it has been considered at OSC at a strategic level in September) and is likely to consider things like the household support fund and eligibility for free school meals.
- **HCSC** – Will be doing engagement between meetings, including on the Healthcare and Wellbeing Charter
- **SDSC** – Has prioritised and tried to stick to no more than two substantive items per meeting but will look to do things between meetings
- **PASC** – Chair has met with senior officers in overspending areas in the run up to the next meeting and will keep the Chairs of relevant committees updated (CYP and HCSC)
- **SSCSC** – Consideration of the Safe Lewisham Plan will include an update on VAWG strategies.

RESOLVED that the report be noted

The meeting closed at 8.20p.m.

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Chair