# MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

**Thursday, 21 September 2023 at 7.00 pm**

In attendance: Councillors Billy Harding, Mark Ingleby, Eva Kestner and Joan Millbank

Also joining the meeting virtually: Councillor James Rathbone

Apologies: Councillors Aisha Malik-Smith and Susan Wise

Also present: Timothy Andrew (Scrutiny Manager), David Austin (Acting Executive Director for Corporate Resources), Patrick Dubeck (Director of Inclusive Regeneration) and Katharine Nidd (Acting Director of Finance)

Also present virtually: Councillor Ese Erheriene and Kplom Lotsu (Head of Property, Estates and Capital Programmes)

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 28 June 2023

1.1 **Resolved**: that (subject to a minor correction) the minutes of the meeting held on 28 June 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. Financial forecasts

4.1 Katharine Nidd (Acting Director of Finance) introduced the report. Katharine noted the Council's worsening financial position against the approved budget as well as highlighting specific areas of overspending and cost pressures. It was also noted that this overspending was broadly consistent with other local authorities - which were also experiencing pressures in temporary accommodation and children's social care.

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

- There was a risk that the financial position would continue to worsen. Temporary accommodation was of particular concern - due to the lack of long-term accommodation and the impact of costs and inflation in the housing market.
- For next year, work was already taking place to control and manage anticipated pressures.

- For the savings that had not been delivered (set out in the tracker in the appendix to the report) the activity to deliver the saving had taken place but sustained pressures (demand and inflation) had negated the anticipated financial benefit.
- There were also some savings where services had not been able to deliver anticipated changes.
- There were increased demand and cost pressures facing a number of services – this was particularly acute in the placements market for children's social care.
- In future reports there would be an enhanced focus on present and future delivery of services and savings (as opposed to looking backwards – to a time when the financial climate was different)
- Work was taking place to ensure that savings that had been agreed could be delivered.
- Further consideration may need to be given alongside the setting of the 2024-25 budget to making further savings. Work was taking place to update the assumptions in the medium-term financial strategy.
- Additional modelling would be carried out to understand how the level of demand in children's social care would change in the coming years. Children's social care budgets were very susceptible to fluctuations due to the high (and variable) costs of individual placements.
- There was more funding available from health services for adult social care than there was for children's social care. There were also pressures in children's services as a result of academisation (and the availability of funding from the dedicated schools grant)
- The expectation was that the costs associated from legal services would be limited. There were additional costs this year as a result of the insourcing of Lewisham Homes. There were also plans to increase the provision of in-house legal services.
- There were varied and sustained pressures on the availability of housing – a number of measures were in place to control these costs.

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

## 5. Capital programme management and delivery

5.1 Patrick Dubeck (Director of Inclusive Regeneration) introduced the report. Patrick noted the key elements of the report – highlighting the distinction between the general fund programme and the housing revenue account capital programme. It was also noted that the programmes were dynamic – and subject to regular adjustment.

5.2 Patrick Dubeck, David Austin and Kplom Lotsu (Head of Property, Estates and Capital Programmes) responded to questions from the Committee – the following key points were noted:

- Inflation in the construction industry had been increasing for a sustained period. This made the viability of some schemes challenging. There were some means of combatting this – including by acquiring assets rather than developing them.

- Work was also taking place to managed procurement in multiple stages and to move decision making closer to the supply chain to fully understand and control costs.
- Partnerships were also being developed with those already working in housing delivery (such as registered providers) which were able to achieve greater economies of scale.
- A decision had been taken to outsource some of the repairs and maintenance of the new stock that had been acquired – there were also steps in place to ensure that the Council was only acquiring good quality (and energy efficient) stock.
- Acquiring stock was a strategy with both opportunities and challenges.
- Capital planning assumed a longer horizon than the medium-term financial strategy.
- Work was taking place on the development of an asset management strategy. This would join a number of different pieces of work related to assets and building on the requirements of services across the Council.
- The development of the east section of Beckenham Place Park was a key part of the capital programme.
- Prudential borrowing in the capital programme would be from the public works loans board – and would be in line with the requirements of the prudential code. Funding of the borrowing was incorporated into the long-term risk and viability assessment of the different schemes.
- There was 90m of borrowing (subject to minimum revenue provision criteria) for the general fund capital programme – and 217m of funding for the housing revenue account (which was not subject to minimum revenue provisions).
- Reprofiling took place during the year – in line with committed and projected spending.
- Decent homes funding was spent on the areas with the most pressing need.
- Lewisham Homes’ programme for repairs and maintenance was built on a measured plan. There were some remaining risks associated with estate regeneration and the delivery of new legislative requirements.
- No properties had been identified with prefabricated concrete (in reference to the recent issue identified in school buildings) – but emerging risks were kept under review.
- There was a considerable revenue budget for delivering repairs and maintenance.
- Recent figures indicated that there had been an increase in insolvency of contractors in the construction sector. There were various reasons for this.
- The Council had limited means to protect against the collapse of contractors.

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

## 6. Treasury management strategy (mid-year review)

6.1 Katharine Nidd (Acting Director of Finance) introduced the report – highlighting the process for agreeing the treasury management strategy –

setting out the key elements of the report and providing a summary of the context in which the report was set.

6.2 Katharine Nidd and David Austin responded to questions from the Committee – the following key points were noted:

- The Council held its cash balances intentionally – with consideration of the need for the availability of funding over different timeframes. Funds that were available on an immediate basis attracted very low rates of return. Plans were in place to make best use of funding to achieve the highest rates of return (whilst maintaining a hierarchy of security, liquidity, and return)
- The Council was not currently anticipating any equal pay claims. The Council remained alert to emerging risks and challenges.
- Provision was made in the accounts to deal with issues and claims as they were identified.

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

## 7. Select Committee work programme

7.1 Members discussed the work programme – including the agenda for the meeting on 30 November 2023.

7.2 **Resolved**: that the agenda for the meeting on 30 November be agreed.

The meeting ended at 20:40

Chair: ---------------------------------------------------

Date: ---------------------------------------------------