

Minutes of the Public Accounts Select Committee

Monday, 29 January 2024 at 7.00 pm

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

Also present: Councillor Rudi Schmidt (Chair of Overview and Scrutiny), Councillor Ese Erheriene (Vice Chair Overview & Scrutiny), Councillor Hau-Yu Tam (Independent), Councillor Jacq Paschoud, Councillor John Paschoud, Councillor Luke Sorba, Deputy Mayor (acting as Mayor) Brenda Dacres, Councillor Paul Bell (Cabinet Member for Health and Adult Social Care), Councillor Amanda De Ryk (Cabinet Member for Finance and Strategy), Timothy Andrew (Scrutiny Manager), David Austin (Interim Executive Director for Corporate Resources), Jeremy Chambers (Director of Law and Corporate Governance), Jennifer Daothong (Chief Executive), Gillian Douglas (Executive Director of Housing), Pinaki Ghosal (Executive Director for Children and Young People), Nazeya Hussain (Executive Director for Place), Katharine Nidd (Acting Director of Finance) and Nick Penny (Head of Service Finance)

Also present virtually: Councillor Chris Best, Councillor Bill Brown, Councillor Edison Huynh, Councillor John Muldoon, Councillor Stephen Penfold, Councillor James Royston, Councillor Aliya Sheikh, Councillor Liam Shrivastava, Councillor Chris Barnham (Cabinet Member for Children and Young People) and Councillor Louise Krupski (Cabinet Member for Environment and Climate)

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 30 November 2023

1.1 **Resolved:** that the minutes of the meeting held on 30 November 2023 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 Nick Penny (Head of Service Finance) introduced the report – noting the pressures facing the Council – including consistent overspending in a number of services (children’s social care, temporary accommodation, home to school transport, legal services and adult social care). Nick also highlighted overspending in the dedicated schools grant and the housing revenue account.

4.2 Nick Penny, Pinaki Ghosal (Executive Director for Children and Young People), David Austin (Acting Director for Corporate Resources) and Gillian Douglas (Executive Director for Housing) responded to questions from the Committee – the following key points were noted:

- Negotiating with care providers in the private sector for children's social care was very difficult.
- The Council was increasingly being forced to pay more than it deemed necessary for social care placements due to the lack of alternatives.
- Where possible, the Council negotiated with providers to manage these costs down.
- In the past ten years there had been a (national) average increase in education health and care plans of ten percent. This led to greater costs for home to school transport. Work was taking place to manage these costs.
- The shortfall in income from leaseholders resulted from disputes over the costs of major works with contractors. In future – the intention was to charge leaseholders for major works in advance, based on estimates.
- The collection rate (for council tax and business rates) was worsening – this was accounted for in the development of the budget. Work was taking place to ensure that debts could be collected.
- Once off funding for health services was to support discharge from hospitals to care services – it was not clear whether this funding would continue into next year (or subsequent years)
- The late notification of rent increases that occurred last year could not be remedied this year (due to the in-sourcing of Lewisham Homes) but would be corrected in 2025.
- Local housing allowance levels were set on 2011 figures. The Council's temporary accommodation reduction plan was based on creating alternatives to expensive nightly paid accommodation.

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

5. Draft Council Budget 2024-25

- 5.1 Councillor Dacres (Deputy Mayor (Acting as Mayor)) was invited to address the Committee. She thanked officers and colleagues for their work on the draft budget. Cllr Dacres also noted the pressing financial situation facing the Council – and set out the key elements of the proposed budget for the upcoming year.
- 5.2 Jennifer Daothong (Chief Executive) was invited to address the Committee. Jennifer noted the tough financial situation facing all councils and the difficult decisions being taken to develop the Council's budget for the upcoming year – including the proposal to draw down reserves to set a balanced budget.
- 5.3 David Austin (Acting Executive Director for Corporate Resources) introduced the report. David outlined the budget cuts proposals (totalling £7.9m), noting the timeline for making decisions and the process for their implementation. David noted that any cuts that were not made would have to be covered from the Council's reserves.
- 5.4 David Austin, Pinaki Ghoshal, Jeremy Chambers (Director of Law and Corporate Governance), Gillian Douglas (Executive Director for Housing), and Jennifer Daothong responded to questions from the Committee on the cuts proposals – the following key points were noted:
- A number of the proposals needed additional consideration and development (subject to agreement by Mayor and Cabinet) This included detailed business cases for those proposals that related to the development of assets.

- Savings related to transitions were expected to be less than initially estimated. Work was taking place between social care teams to realise this proposal successfully.
- A great deal of work had taken place in adult social care to understand the needs of service users and to work with providers to manage costs.
- Further information would be provided on the public health funded schemes that would cease as a result of the neighbourhood community partnerships proposal.
- Competition in the private rented sector had limited the number of properties available through Capital Letters – the reduction in resources reflected this.
- This year's budget setting process had been unusual due to the expectation of growth – which resulted in the amendment of the mid-term financial strategy in year.
- The broader financial context remained volatile – which made controlling spending and making forecasts difficult.
- Work was taking place to make sure resources and assets were more effectively aligned in future.
- It was intended that the conversation around the budget with members remained ongoing – rather than at defined points in the year.
- Scrutiny had given consideration to a report on equalities monitoring earlier in the year.
- Training on the implementation of the equalities framework had been delivered for senior managers.
- There were very few substantive restructures proposed in the budget. Where there were proposals then these would be subject to the Council's human resources policies, which would take into account the roles of agency staff.
- The grant programme from government seemed to mostly focus on adult social care, even though many councils were experiencing pressures in children's social care. This would be specifically highlighted in the budget report.
- Additional funding was going into capital funding to enable schemes that should take pressure off revenue funding.
- In terms of the confidence of proposals related to homelessness and temporary accommodation – officers were assured that the targeting of the funding was correct – but levels of homelessness fluctuated and so the delivery of savings was more difficult to predict.
- Work was taking place to reduce the number of empty homes in the borough.
- Consideration was given to converting agency staff to permanent staff.
- Councils facing 114 notices had to stop all non-statutory spending.
- Some councils had been on a difficult journey in order to try to balance their budgets – including large increases in council tax and the sale of capital assets whilst also restructuring and reviewing the delivery of services.
- Work was taking place in the extended leadership team to consider how best to maintain moral and to sustain work under pressure.
- There were risks involved in trying to increase income – some councils had been severely affected by the investments made in risky projects.
- Consideration would be given to members concerns about communication with residents via Lewisham Life and ebulletins.
- Charges for filming were not included in the sales fees and charges report because costs were agreed on a case-by-case basis.
- The deletion of a post in policy and scrutiny was of a currently vacant post.
- The Council was always looking to make better use of data.

- There had been informal discussions with families about travel support for eligible children – the early figures for savings were estimated. There would not be pressure to change arrangements, but it was believed a number of families would welcome the opportunity to change.
- It was anticipated that any future increase in funding from government would offset the requirement to draw down reserves.

5.5 In Committee discussions – the following key points were also noted:

- Some of the councils that were facing the most severe financial problems had also engaged in risky financial investments and speculation.
- There was a suggestion that select committees should all have a standing item on budget monitoring.
- The Committee recognised the pressures facing local government and the difficult financial situation across the Council's directorates.
- Sponsorship should be sought to subsidise some of the discretionary services being provided by the Council (including the youth games and annual fireworks)
- Consideration should be given to the reduction in the offer to sponsors that would result from reducing the number of physical issues of Lewisham Life. Further work should take place to determine how effective the ebulletin version was.
- Members would welcome the distribution of the financial forecasts to all select committees.
- Members highlighted the desire to consider proposals for the disposal of assets – with the expectation that any disposals would be in line with the Council's emerging corporate approach to asset management.

5.6 Councillor de Ryk (Cabinet Member for Finance and Strategy) addressed the Committee – noting the detailed and responsive work that had been carried out by officers in preparation of the budget cuts proposals. Cllr de Ryk also noted:

- The importance of the period monitoring reports to the ongoing scrutiny of Council finances.
- The Council could have been much more cautious and put forward cuts proposals earlier in the year but the broad financial context in which the Council was operating made this difficult to time and manage.
- Until there was a needs-based analysis of local government funding then Lewisham would have to make difficult choices about the delivery of services.
- The work that the Council had carried out with businesses in the borough to achieve social value.
- The Council was taking more risks than it ever had due to the year-on-year requirement for cuts.

5.7 David Austin introduced the remainder of the budget report. David highlighted the proposals to set a balanced budget for the upcoming financial year – noting that there would be growth in the Council's budget. Additionally, David noted the pressures and risks facing the dedicated schools grant and housing revenue account. He also indicated that the level of internal borrowing planned through the treasury management strategy was higher than it had been previously – with a doubling of funding for the delivery of the capital programme anticipated in the coming years.

5.8 David Austin, Jennifer Daothong and Katharine Nidd (Acting Director of Finance) responded to questions from the Committee – the following key points were noted:

- The debt level in the HRA business plan matched the proposed programme for house building.
- A full housing condition survey was being commissioned – which might lead to the reprioritisation of the programme for the delivery the housing programme.
- Savings that had been proposed but not fully tested had not been built into the budget process.
- Future decisions for Mayor and Cabinet would be open to scrutiny.
- The proposal to reduce funding to the London Youth Games had been withdrawn.

5.9 **Resolved:** that the report be noted. Members also noted their formal thanks for officers' and councillor colleagues' work on the budget. The Chair highlighted the impact of year-on-year cuts proposals on the Council and recognised that each year setting a balanced budget became more difficult.

6. **Select Committee work programme**

6.1 The Committee discussed the work programme for its meeting in March. It was agreed that consideration would be given to the housing revenue account and to cost pressures in temporary accommodation.

6.3 **Resolved:** that the work programme be agreed.

The meeting ended at 21:30

Chair:

Date:
