
Overview and Scrutiny

Public Accounts Select Committee end of administration report

Spring 2018

Membership of the Public Accounts Select Committee 2014-18:

2014-15

Councillor Jamie Milne (Chair)
Councillor Mark Ingleby (Vice-Chair)
Councillor Abdeslam Amrani
Councillor Chris Barnham
Councillor Ami Ibitson
Councillor Roy Kennedy
Councillor Helen Klier
Councillor Jim Mallory
Councillor John Muldoon
Councillor Crada Onuegbu

2015-16

Councillor Jamie Milne (Chair)
Councillor Mark Ingleby (Vice-Chair)
Councillor Abdeslam Amrani
Councillor Chris Barnham
Councillor Maja Hilton
Councillor Ami Ibitson
Councillor Roy Kennedy
Councillor Helen Klier
Councillor Jim Mallory
Councillor Crada Onuegbu

2016-17

Councillor Jamie Milne (Chair)
Councillor Chris Barnham (Vice-Chair)
Councillor Abdeslam Amrani
Councillor Brenda Dacres
Councillor Amanda De Ryk
Cllr Ami Ibitson/Cllr Sue Hordijkenko
Councillor Mark Ingleby
Councillor Roy Kennedy
Councillor Jim Mallory
Councillor Crada Onuegbu

2017-18

Councillor Maja Hilton (Chair)
Councillor Chris Barnham (Vice-Chair)
Councillor Paul Bell
Councillor Brenda Dacres
Councillor Amanda De Ryk
Councillor Carl Handley
Councillor Simon Hooks
Councillor Mark Ingleby
Councillor Roy Kennedy
Councillor Sophie McGeevor

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2. Overview

Meetings

2.1. In this administration:

- The Committee met six times in 2014-15;
- It met eight times in 15-16, 16-17 and 17-18;
- In all there were 30 Committee meetings in 2014-18. The average meeting lasted just over two hours;
- The Committee has considered more than 180 reports totalling almost 4500 pages. The average length of an agenda was 160 pages;
- The Committee made 10 referrals to Mayor and Cabinet.

Terms of reference

2.2. The Public Accounts Select Committee has these specific terms of reference:

To exercise all the functions and roles of the overview and scrutiny committee in relation to the following matters:

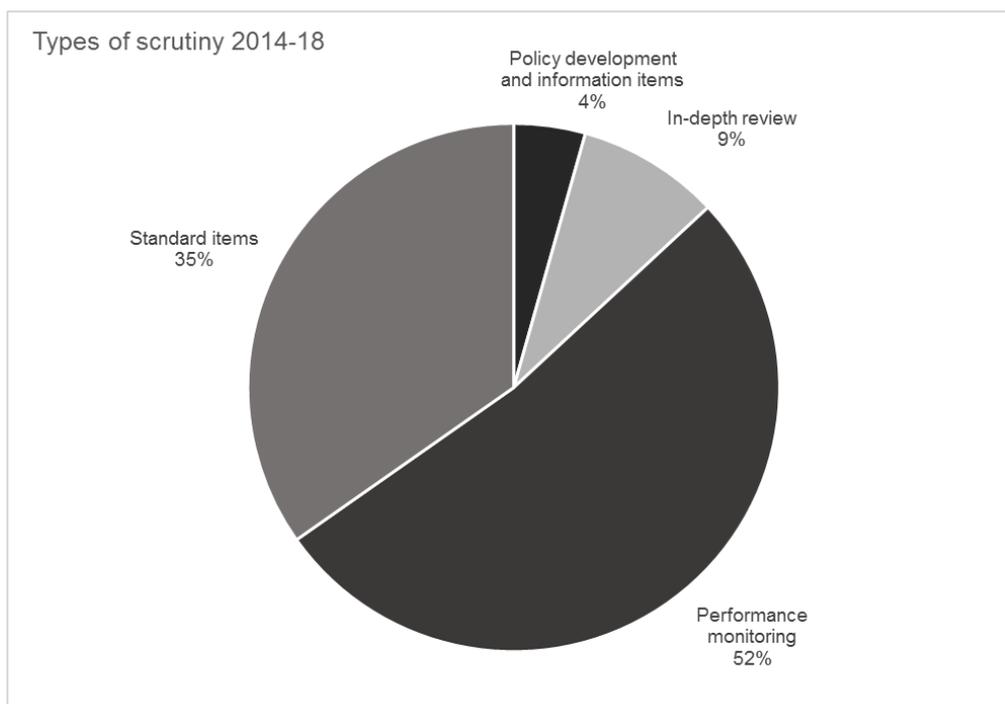
- To make reports and recommendations to the Council or the Executive which promote the better custodianship of the Council's finances and to make recommendations for best financial practice across the authority.
- To investigate the possibilities for improving the Council's financial management practice and to make reports and recommendations to Executive or Council as appropriate.
- To encourage the highest standards of financial custodianship where necessary overseeing training activity for all members in this area.
- To consult on and to comment on and make recommendations to the Executive in respect of the actual and proposed contents of the Council's budget and without limiting the general remit of the committee, to hold the Executive to account for its performance in respect of all budgetary matters.
- To receive reports as appropriate from the Audit Panel in respect of their overview of contract procedure rules and financial regulations.
- To make recommendations and reports for consideration by the Executive or Council to improve procurement practice.
- To scrutinise the effectiveness of the Audit Panel.

Leadership

2.3. Councillor Jamie Milne (Evelyn ward) was the Chair of the Select Committee for the first three years of the administration (2014-17). Councillor Maja Hilton (Forest Hill ward) was Chair for the final year of the administration (2017-18). There have been two Vice Chairs: Councillor Mark Ingleby (2014-16) and Councillor Chris Barnham (2016-2018).

Deciding on the work programme

- 2.4. At the beginning of each year of the administration, the Committee considered a range of topics for its upcoming work programme. This was comprised of:
- items the Committee was required to consider by virtue of its terms of reference;
 - issues of importance to residents;
 - the capacity for adding items to each meeting;
 - suggestions already put forward by Members;
 - issues arising from previous scrutiny;
 - follow up to Committee referrals and reviews.
- 2.5. The Committee prioritised its work programme using:
- criteria for selecting and prioritising topics developed from best practice;
 - the context for setting the work programme and advice from officers.
- 2.6. At the end of each meeting the Committee reviewed the programme for upcoming meetings and decided on how the topics it had identified should be scrutinised. The Committee agreed at each meeting which items only required an information report to be provided and which others required performance monitoring data or analysis to be presented. Typically, the majority of items took the form of standard single meeting items, where members:
- (a) agreed what information and analysis they wished to receive in order to achieve their desired outcomes;
 - (b) received a report presenting that information and analysis;
 - (c) asked questions of the presenting officer or guest;
 - (d) agreed, following discussion of the report, whether the Committee would make recommendations or receive further information or analysis before summarising its views.
- 2.7. The chart below provides a breakdown of the different types of scrutiny the Committee has carried out in this administration. It is based on the number of agenda items that have been allocated to each of the different categories:



Guests at Committee meetings

2.8. In line with the Committee's focus on the Council's budget and resources the most frequent guests at Committee meetings have been the Mayor of Lewisham and, most regularly, the Cabinet Member for Resources. Other guests and experts have attended to contribute to in depth reviews and on performance monitoring:

Date	Name	Role	Item attended in relation to
09-Jul-14	Cllr Kevin Bonavia	Cabinet Member for Resources	
05-Nov-14	Cllr Kevin Bonavia	Cabinet Member for Resources	Lewisham Future Programme
05-Nov-14	Sir Steve Bullock	Mayor of Lewisham	Lewisham Future Programme
05-Nov-14	Cllr Paul Maslin	Cabinet Member for Children and Young People	Lewisham Future Programme
05-Nov-14	Cllr Rachel Onikosi	Cabinet Member for the Public Realm	Lewisham Future Programme
05-Nov-14	Cllr Chris Best	Cabinet Member for Health Wellbeing and Older People	Lewisham Future Programme
05-Feb-15	Sir Steve Bullock	Mayor of Lewisham	Lewisham Future Programme
05-Feb-15	Cllr Kevin Bonavia	Cabinet Member for Resources	Lewisham Future Programme
10-Mar-15	Steve Iles	Head of Streets, Croydon Council	Contract monitoring - street lighting
27-May-15	Cllr Kevin Bonavia	Cabinet Member for Resources	
12-Jul-15	Tim Smith	Finance and Commercial Director, IP&E Ltd	Income Generation Review
13-Jul-15	Martin Key	Operations Manager, IP&E Ltd/Shropshire County Council	Income Generation Review
14-Jul-15	Aktar Chowdary	Operational Director Planning & Regeneration, Brent Council	Income Generation Review
29-Sep-15	Cllr Kevin Bonavia	Cabinet Member for Resources	
29-Sep-15	Sir Steve Bullock	Mayor of Lewisham	Lewisham Futures Savings proposal
28-Oct-15	Cllr Kevin Bonavia	Cabinet Member for Resources	
27-Jan-16	Sir Steve Bullock	Mayor of Lewisham	2016/17 Budget
01-Jun-16	Cllr Kevin Bonavia	Cabinet Member for Resources	
01-Jun-16	Cllr Joe Dromey	Cabinet Member for Policy and Performance	
22-Sep-16	Sir Steve Bullock	Mayor of Lewisham	Lewisham Future Programme
22-Sep-16	Cllr Kevin Bonavia	Cabinet Member for Resources	Lewisham Future Programme
30-Nov-16	Cllr Kevin Bonavia	Cabinet Member for Resources	Income generation
25-Jan-17	Sir Steve Bullock	Mayor of Lewisham	Budget 2017-18
25-Jan-17	Cllr Kevin Bonavia	Cabinet Member for Resources	Budget 2017-18/ICT strategy update
19-Apr-17	Cllr Kevin Bonavia	Cabinet Member for Resources	Management report
13-Jul-17	Cllr Kevin Bonavia	Cabinet Member for Resources	
27-Sep-17	Cllr Joe Dromey	Cabinet Member for Policy and Performance	Communicating the Council's budget
28-Sep-17	Cllr Chris Best	Cabinet Member for Health Wellbeing and Older People	Adult social care budgets
16-Nov-17	Cllr Kevin Bonavia	Cabinet Member for Resources	Lewisham Future Programme

3. Pre-decision scrutiny

3.1. One of the Committee’s important functions is to lead on the development of emerging Council policy and to make recommendations to Mayor and Cabinet with Committee views, recommendations, concerns and endorsements. The Committee’s principal focus in the past four years has been on the management of the Council’s funding and resources. It has devoted a considerable amount of time to pre-decision scrutiny- some notable examples include:

Lewisham Future Programme savings proposals

3.2. The Committee led on the scrutiny of Lewisham Future Programme savings proposals in this administration. In each of the four years officers have developed a report of savings proposals from across the Council’s budget to take to scrutiny committees before decisions have been made by the executive. The programme below sets out the scrutiny process for 2014:

Lewisham Future Programme Proposals						
October/November 2014						
Scrutiny navigation sheet						
Overview & Scrutiny:	Monday 29 September 7.30pm					
Housing:	Wednesday 1 October 7.30pm					
Children & Young People:	Thursday 02 October 6.30pm					
Healthier Communities:	Tuesday 21 October 7.00pm					
Sustainable Development:	Thursday 30 October 7.00pm					
Safer Stronger Communities:	Monday 3 November 7.00pm					
Public Accounts:	Wednesday 5 November 7.00pm					
(Mayor and Cabinet)	Wednesday 12 November					
Savings required	2015/16	2016/17	2017/18	Total		
£m	39	26	20	85		
Review of Savings proposals	Children & Young People	Healthier	Housing	Public Accounts	Safer Stronger	Sustainable
Select Ctte.	2 Oct	21 Oct	1 Oct	5 Nov	3 Nov	30 Oct
M&C	12 Nov	12 Nov	12 Nov	12 Nov	12 Nov	12 Nov
Select Ctte.	15 Dec	2 Dec	17 Dec	10 Dec	3 Dec	9 Dec
M&C	14 Jan	3 Dec	14 Jan	14 Jan	14 Jan	14 Jan
Select Ctte.	4 Feb	14 Jan	28 Jan	5 Feb + Budget	22 Jan	20 Jan
M&C	11 Feb	11 Feb	11 Feb	11 Feb + Budget	11 Feb	11 Feb

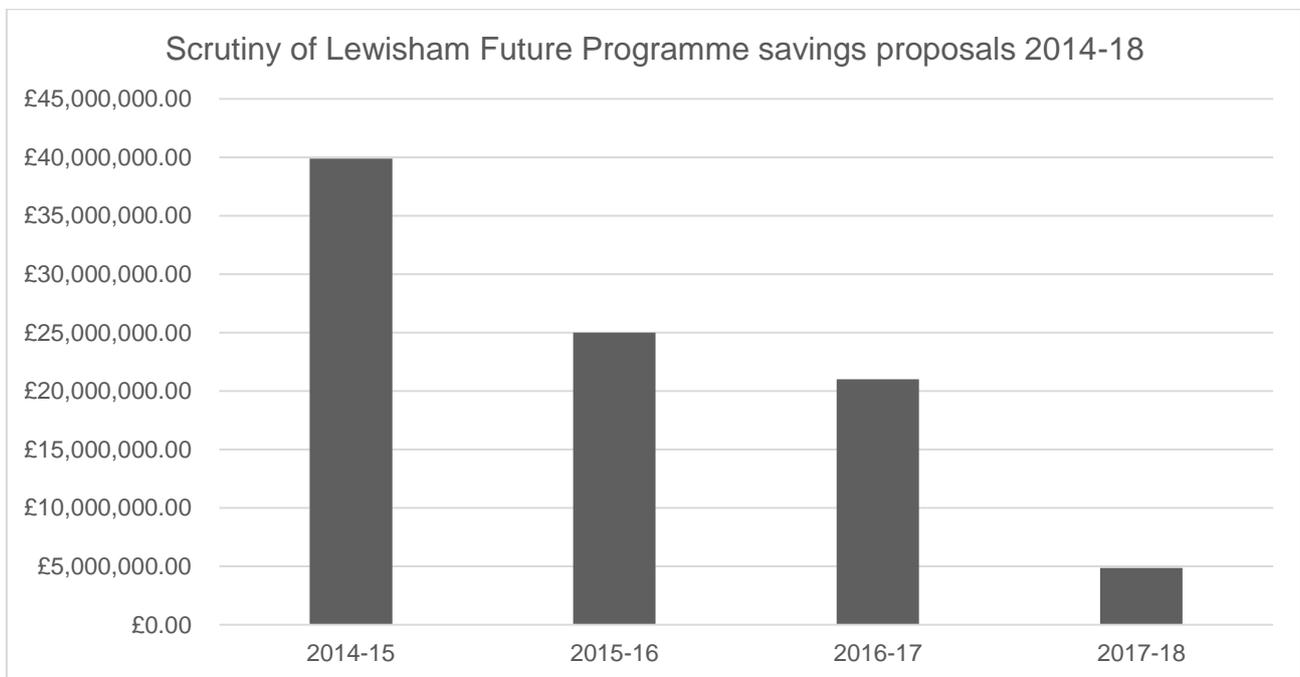
3.3. Each year the programme followed a similar process, with select committees meeting in sequence in order to make comments to the Public Accounts Select Committee for review before submission of the Lewisham Future Programme report to Mayor and Cabinet for decision.

3.4. The Lewisham Future Programme has been guided by senior officers of the Council on the Lewisham Future Programme Board, who have identified key areas of Council spending from which savings are identified, these are:

- Smarter and deeper integration of social care and health
- Supporting people
- Efficiency review
- Asset rationalisation

- Management and corporate overheads
- School effectiveness
- Drugs and alcohol
- Culture and community services
- Strategic housing
- Environmental services
- Public services
- Planning and economic development
- Early intervention and safeguarding.

3.5. The Public Accounts Select Committee has used its role of oversight of the Council's finances in order to provide a strategic vision of the savings proposals over the four years of the administration. The chart below sets out the total savings proposals put forward by officers as part of the Lewisham Future programme approach over the past four years. In total, the Committee has overseen the scrutiny of nearly £100m of proposals since 2014.



3.6. In each of the four years of the administration the Committee has invited the relevant Cabinet Member as well as senior officers to answer questions about the formulation of the savings proposals as well as the likely overall implications for the Council's delivery of services.

3.7. The Committee has overseen the scrutiny of a number of difficult savings proposals over the course of the administration, including a proposals to charge for the administration of blue badges for accessible parking. The Committee ensured that thorough analysis of the proposals was carried out before a decision was taken to Mayor and Cabinet¹. Scrutiny was also required to consider: reductions in

¹ See minutes of the meeting of Mayor and Cabinet on 11 February 2015, online at: <https://tinyurl.com/y9elg4f8>

discretionary funding for local assemblies; proposals to mutualise the borough's youth services and significant savings required from the Public Health budget.

- 3.8. Also - in the first two years of the administration the Committee supported scrutiny carried out by the Sustainable Development Select Committee as Members reviewed proposals to reduce the level of street sweeping and cleansing in the borough. Both Committees felt that the proposals would undermine confidence in the Council and lead to unintended consequences.
- 3.9. In the most recent Lewisham Future Programme update to the Public Accounts Select Committee, it was reported that there was a significant gap in the level of savings that had been delivered across Council directorates for 2017/18. As set out in the chart below, the level of unachieved savings is particularly acute in the Customer Services and Children and Young People's directorates:

Directorate	Savings Agreed for 2017/18	Forecast Delivery	Variance	
	£m	£m	£m	%
Children & Young People	3.9	3.0	0.9	23%
Community Services	9.1	8.1	1.0	11%
Customer Services	4.1	2.7	1.4	34%
Resources & Regeneration	2.5	2.4	0.1	4%
Corporate	2.6	2.6	0.0	0%
Total	22.2	18.8	3.4	15%

- 3.10. The Council's medium term financial strategy in July 2017 projected that £22m of savings would need to be found in 2018/19 in order to put the Council on a sustainable financial footing. The Lewisham Future Programme proposals for 2018/19 amount to less than £5m so the Council will need to draw on its reserves to balance the budget. The Committee has recognised that the use of reserves on an ongoing basis is not sustainable. At the end of 2017 it requested additional analysis of Council's available reserves and questioned the Head of Corporate Resources and the Executive Director for Resources and Regeneration about the management processes in place to oversee the use of the Council's resources.
- 3.11. The Committee recognised that, given the level of unachieved savings, adding a further set of savings proposals to the Lewisham Future Programme might well be unmanageable. Nonetheless, the Committee will be required to regularly revisit the savings programme in the next administration. Fortunately, it has established a thorough approach to scrutinising proposals being put forward by officers, which is founded in its understanding of the Council's financial position, strategy and approach to budgeting.

The Budget

- 3.12. Each year before the budget is agreed by the executive and presented to full Council, the Mayor has attended Public Accounts Select Committee to give an account of the budget decision making process.

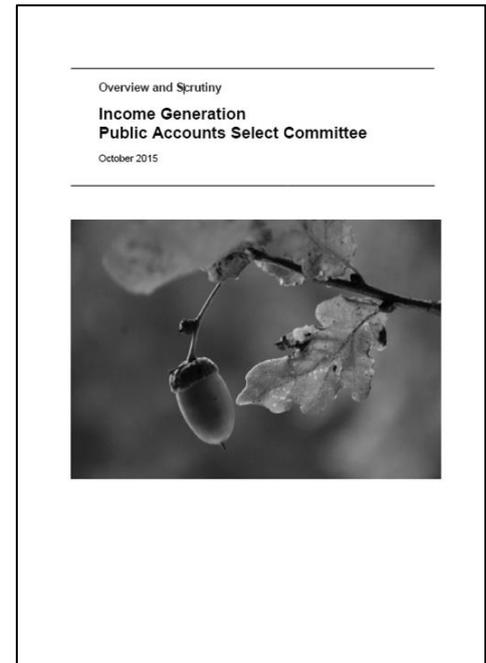
- 3.13. In 2017/18 the Committee carried out a focused piece of scrutiny in order to consider the strategy for communicating the Council's budget position to residents. Members were concerned about the year on year reductions in funding for services and the potential medium to long term impact on the capacity of the Council to meet residents' expectations.
- 3.14. The Committee heard that a number of key messages were promoted by the Council to communicate the challenging situation that government austerity, demographic change and demand for services had placed on all Councils. These messages² were:
- What would you do if your salary was cut by nearly two thirds as your household bills increased? That is the difficult position we find ourselves in following the government's decision to cut 63% of its funding for Lewisham Council (2010 - 2020).
 - The Government's 63% funding cut for Lewisham Council (2010 - 2020) meant we were forced to increase council tax by 1.99% in 2017/18 to fund vital services and 3% for social care. The increase was equivalent to 114p a week for a Band D property.
 - Between 2010/11 to 2017/18 we have found savings of £160million. We have to find a further £32million of savings to bridge a funding gap for 2018/19 and 2019/20 caused by 63% government cuts and rising pressures on our services (population growth, ageing population, household growth and impact of government policy).
 - We will continue to urge the Government to provide fairer funding for local government to support vital local services in Lewisham, particularly in adult and children's social care.
 - Despite the Government's decision to cut 63% of its funding for Lewisham Council, we remain committed to making Lewisham the best place in London to live, work and learn.
- 3.15. The Committee remained concerned that these key messages were not reaching all Lewisham households. It highlighted the first-hand experience Members had of the impact of budget savings on the delivery of services in Lewisham – and the continued impact savings were likely to have in the foreseeable future. As a result of this scrutiny, the Committee put forward a recommendation to Mayor and Cabinet that officers be tasked with developing a forceful communications campaign that focused on the use of hoardings and billboards in innovative, large and visually captivating ways in order to reach Lewisham residents with messages about the budget. This recommendation was agreed by Mayor and Cabinet.
- 3.16. The Cabinet Member for Resources has regularly attended Committee meetings to answer questions or provide additional information about the use of the Council's financial resources. In addition, Lewisham's Mayor, Sir Steve Bullock, has attended the Committee on a number of occasions to answer questions about the Council's financial performance and to set out his priorities and vision. In particular, the Mayor has been invited a number of meetings to discuss the Council's progress with the

² See 'Communicating the Council's budget position' Public Accounts Select Committee 27 September 2017, available online at: <https://tinyurl.com/yazlcy9w>

implementation of the Lewisham Future Programme. Each year, the Mayor has also been invited to present his annual budget for scrutiny in advance its approval by the Mayor and his cabinet in before submission to full Council.

Income generation and commercialisation

- 3.17. From the outset of the 2014-18 administration, the Committee was aware of the significant financial pressures facing local government. The Committee noted that London, in particular, had been hit hard by government austerity in combination with increasing demographic pressures, the high cost of accommodation and the disproportionate impact of welfare cuts. The Committee was recognised that councils had already made substantial savings through efficiencies but that extent of the austerity imposed by central government meant that local government had to consider different options for the delivery of services.
- 3.18. Through the 'income generation review' the Committee considered examples of good practice and evidence from a number of councils and it researched methods of income generation regionally and nationally, with the aim of finding strategies and techniques that could be successfully replicated or adapted to use in a Lewisham context to help protect local services.
- 3.19. The review focused on commercialisation strategies and information was gathered from approaches used at other local authorities. The Committee emphasised the importance of developing an entrepreneurial and commercial culture at the Council that would enable officers to develop ideas into potential sources of income. The Committee's recommendations on commercialisation emphasised the extent to which it felt this was an area of real significance.
- 3.20. The Committee has received regular updates on the Council's approach to income generation and commercialisation. At the end of the 2017-18 year it heard that a new procurement team had been established at the Council, which would also provide expertise on commercialisation and contract management. Further support and analysis of potential strategies and techniques for income generation has also been sought from external sources.



4. Holding decision makers to account

- 4.1. The Committee has an important role in overseeing the processes and systems for the management of the Council's finances. In meeting the requirements of this role it challenges decision makers on the decisions they have taken. It also scrutinises the development of policy and include scrutiny of the Council's delivery of services in a particular area. Some examples from this administration include:

No recourse to public funds

- 4.2. The Committee noted that local authorities across the country were experiencing ongoing and increasing demand for support from people who had no recourse to public funds (NRPF). It saw that the problem was particularly acute in London and was an issue of significant concern to Lewisham Council. Supporting people with NRPF is expensive and the Public Accounts Select Committee was therefore keen to review the proactive work being undertaken by a new pilot team to drive down costs. In particular, it wanted to ensure that the new systems being put in place were both robust and fair.
- 4.3. The Committee heard that numbers of people with no recourse to public funds being supported in Lewisham had increased sharply in the years to 2015. It was conscious that there was no statutory policy guidance covering how councils should respond to people with NRPF and that Council staff did not generally have the necessary expertise to deal with NRPF cases effectively. It was concerned that the law governing this area of work was complex and interpretation of the law regularly changed as a result of developments in case law. The Council was also exposed to potential legal challenges, which could be costly. This was a pressing piece of work because the support put in place for people with NRPF was frequently often long-term in nature, due to the length of time it took the Home Office to resolve cases.
- 4.4. It was clear to Members of the Committee that a strong strategic response to the issue was required and that the NRPF pilot had demonstrated that a clear, consistent and firm approach could bring down the costs of dealing with NRPF clients considerably and in a way which was both equitable and unlikely to result in successful legal challenge. It was for this reason that the Committee recommended mainstreaming the pilot and making sure that high cost and long-term 'legacy' cases in particular, were thoroughly reviewed with a view to bringing down costs and, where appropriate, withdrawing support. In addition, the possibility of developing a shared service with other London local authorities should be explored to reduce management and administrative costs and combine and strengthen expertise.

Overview and Scrutiny

No Recourse to Public Funds Review

Public Accounts Select Committee

February 2015

Membership of the Public Accounts Select Committee in 2014/15:

Councillor Jamie Milne (Chair)
Councillor Mark Ingleby (Vice-Chair)
Councillor Abdeslam Amrani
Councillor Chris Barnham
Councillor Ami Ibitson
Councillor Roy Kennedy
Councillor Helen Klier
Councillor Jim Mallory
Councillor John Muldoon
Councillor Crada Onuegbu

The Council's Information and Communications Technology Strategy

4.5. In this administration there have been a number of issues that required the Committee to review initial proposals as well as results of consultation (where appropriate) before a change was implemented- and then to review the implementation of a scheme once it a decision had been taken.

Digital programme

The digital programme is a key element of the Council's plans to deliver savings as overseen by the Lewisham Futures Programme Board. Currently there are over 20 live projects across four main work streams:

- adults': mobile working, implementing digital front door, automating back office payments, end-to-end service redesign;
- children's: mobile working, implementing Multi Agency Safeguarding Hub (MASH), automating back office payments, end-to-end service redesign;
- customers services: putting environmental services online, automating Revs and Bens, simplifying the complaints procedures; and
- Digital Council: paperless Council meetings, digital courtroom, agile working / re-stack, ERP implementation.

As previously identified in our IT strategy work the improvements we're are making to our IT infrastructure and our IT support arrangements have been key drivers for the digital programme.

4.6. The Committee was concerned about the effectiveness of the Council's information and

Digital programme



communications technology (ICT) strategy. Councillors had experienced first-hand the poor performance of Lewisham's computer systems and technology. They had also heard from officers that their work was being hampered by antiquated systems and processes. For that reason, the Committee was interested in the plans to share ICT services with the London Borough of Brent.

4.7. In joining the shared service the Council hoped that it would benefit from sharing expertise as well as key systems and disaster recovery processes. The shared service also provided opportunities for developing new systems and new ways of working that would save money.

4.8. The Shared Service has resulted in the implementation of new technology (including iPads and iPhones which enable mobile working and reduce the reliance on office space for mobile workers.

4.9. The Public Accounts Select Committee became one of the first Council committees to embrace paperless working. The average Public Accounts Select Committee agenda is 160 pages and at each meeting the Committee required a printed run of 50 agendas. This meant that each meeting would use 4000 sheets of paper (printed double sided) – or approximately 32000 sheets a year. The move to paperless working means that this paper (and the associated printing costs) are now being saved. Multiplied across the Council's committees and working groups as well as informal meetings the move to paperless working is expected to result in a significant saving.

4.10. As a forerunner for the move to digital services, the Committee has also been keenly aware of the delivery of ICT services to their fellow councillors. It has on a number of occasions asked the Cabinet Member for Resources to give an account of the systems and processes used to manage councillors ICT equipment and services. As a result of the Committee's intervention there has been an increase in the uptake of training opportunities and direct support for councillors with their ICT provision.

4.11. The move to provide increasing levels of Council services online has resulted in some challenges. Members recognise the imperative to achieve savings but the Committee has expressed concern that some residents have been unable to contact the Council as a result of unfamiliarity with IT or lack of access to online services. In its scrutiny of the Council's complaints and casework system the Committee has regularly reiterated the importance of ensuring equity and accessibility in the Council's contact with residents. Members have expressed their intent to further scrutinise the operation of the Council customer service systems in the next administration.

5. Performance monitoring

- 5.1. Scrutiny regularly uses performance information and data to examine the effectiveness of services. The Public Accounts Select Committee has specific responsibility to review the Council's overall performance – it fulfils this responsibility through the scrutiny of the management report. As noted above the Committee has devoted the majority of its agenda items over the past four years to performance monitoring.
- 5.2. The Committee also receives regular financial monitoring reports from the Executive Director of Regeneration and Resources. This has most often been presented by the Head of Financial Services along with the relevant group finance managers for the four Council directorates.
- 5.3. Along with its regular review of the management report and financial updates the committee receives periodic updates on other performance issues this includes an annual complaints report, which provides an assessment of each directorates performance in relation to complaints received from residents.

The management report

- 5.4. The Council's executive management team uses the management report to review the overall delivery of services in line with the Council's corporate priorities. These are:
 - Community Leadership
 - Young people's achievement and involvement
 - Clean, green and liveable
 - Safety, security and a visible presence
 - Strengthening the local economy
 - Decent homes for all
 - Protection of children
 - Caring for adults and older people
 - Active, healthy citizens
 - Inspiring efficiency, effectiveness and equity
- 5.5. The management report draws on data from:
 - performance indicators
 - project monitoring information
 - risk register assessments
 - financial reports.
- 5.6. The management report allows the Committee to examine areas of persistent underperformance. Alongside information about current performance, the report provides a history of the performance of the relevant indicator.

Overall Summary: Performance

Summary of performance indicators in this report.

Priority 2 - Young People's Achievement and Involvement				Priority 2 - Young People's Achievement and Involvement				Across all performance indicators in this report				Across all performance indicators in this report			
Overall Performance				Direction of Travel				Overall Performance				Direction of Travel			
▲	●	★	Total	▲	→	↗	Total	▲	●	★	Total	▲	→	↗	Total
2	0	0	2	1	0	1	2	6	3	10	19	10	1	8	19
Priority 3 - Clean, Green and Liveable				Priority 3 - Clean, Green and Liveable											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↗	Total								
1	1	1	3	2	0	1	3								
Priority 6 - Decent Homes for All				Priority 6 - Decent Homes for All											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↗	Total								
0	0	1	1	0	0	1	1								
Priority 7 - Protection of Children				Priority 7 - Protection of Children											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↗	Total								
1	0	2	3	2	1	0	3								
Priority 8 - Caring for Adults and Older People				Priority 8 - Caring for Adults and Older People											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↗	Total								
0	0	3	3	2	0	1	3								
Priority 9 - Active, Healthy Citizens				Priority 9 - Active, Healthy Citizens											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↗	Total								
1	0	0	1	1	0	0	1								
Priority 10 - Inspiring Efficiency, Effectiveness and Equity				Priority 10 - Inspiring Efficiency, Effectiveness and Equity											
Overall Performance				Direction of Travel											
▲	●	★	Total	▲	→	↗	Total								
1	2	3	6	2	0	4	6								

Performance

This report contains July 2017 performance data, and finds that 13 indicators are reported as green or amber against target which is 2 more than the previous report. In July 2017, 6 indicators are reported as red against target, which is 2 less than the previous report. There are no indicators with missing data in July 2017, which is 4 less than the previous report.

Direction of Travel

A total of 8 indicators are showing an upward trend in July 2017, which is 1 more than the previous report. There are 10 indicators with a red direction of travel, which is 2 less than the last report. 1 indicator has remained the same.

N.B. direction of travel is the change in performance and is measured against the previous year. Therefore changes to targets from one year to the next will affect this.

- 5.7. The performance measures in the management report not only provide a picture of Council performance at a specific point in time but they also allow for the tracking of performance across time. The report provides analysis of the direction of travel of its performance measures as well as figures for the number of consecutive periods that a performance measure has been off target.
- 5.8. Sections of the report provide summaries of areas for management attention as well as areas good performance. From scrutinising the management report the Committee recognised that the Council's performance on completion of education, health and care plans was below target. It requested that the relevant managers attend the meeting to give account for the performance of their service.

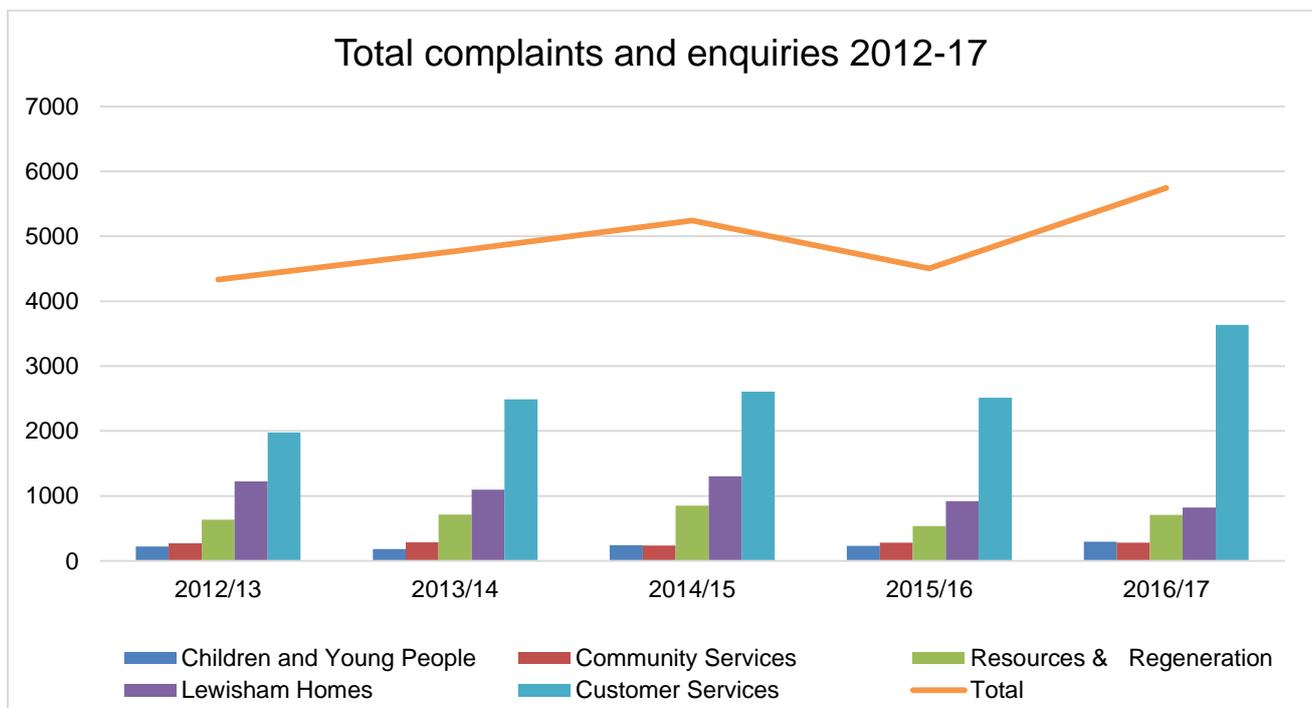
Financial forecasts

- 5.9. The financial forecast report provides the Committee with the opportunity to review the financial performance of each of the Council's four directorates between annual budget reports. Over the course of this administration, the Committee has considered 12 of these reports and questioned officers on areas of detail within each of the respective directorates.
- 5.10. Recent reports indicate that there are significant financial pressures facing a number of services. Particular amongst these are the pressures in children's and adults' social care. The Committee's response to the pressures in these services is explained in more detail below – however – it should be noted that the regular financial monitoring of services through the financial forecasts highlighted this issue to the Committee for further scrutiny.

5.11. The financial forecast also enables the Committee to consider the potential impact of future cost savings on the delivery of services. As set out in the previous sections of this report – the Committee has an important role in considering the implications of Lewisham Future Programme savings proposals. With the regular information gathered through the financial forecasts the Committee can develop a fuller picture of the performance of Council services in advance of its scrutiny of savings proposals and other significant management decisions.

Annual complaints and casework report

5.12. In each year of this administration the Committee has requested performance data on complaints and casework. The annual complaints report provided the Committee with the opportunity to review performance over time and to identify areas of concern as well as opportunities for improvement. The chart below provides an overview of the complaints and enquiries data over the administration (including the latter years of the last administration):



5.13. Councillors on the Committee are in a privileged position to compare the data available from the Council’s official sources with their individual experiences of living and working within the communities they serve. Recent representations from the Committee have highlighted the impact of the increased use of digital customer services. Whilst recognising and critiquing the trends in the data Committee members have also been able to provide first hand experiences of using the Council’s automated switchboard and their attempts on behalf of residents to contact specific officers or teams within the Council.

5.14. The Committee has recognised the increased pressure on Council services that has occurred as a result of sustained reductions in funding from central government. The Committee has also noted that the number of staff able to deal with complaints and

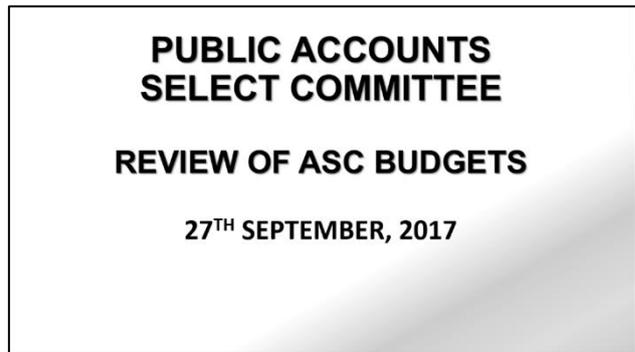
case work has been reduced in-line with the Council's year on year reductions in the number of Council staff available to deliver services and to provide back office support.

- 5.15. The Committee's role has been to act as a critical friend – challenging poor performance in instances it has concerns and complementing Council officers when they have demonstrated ability to continue with the provision of quality services in difficult circumstances.

6. Responding to emerging issues

Cost pressures in children's and adults' social care

- 6.1. In advance of their consideration of the final year of Lewisham Future Programme savings proposals (in this administration), the Committee decided to scrutinise two significant areas of service delivery that were experiencing intense cost pressures. It noted overspends in children's and adults' social care in the financial results for 2016-17 and the financial forecasts it reviewed for the first quarter of 2017-18. The Committee asked for additional performance data for the two services including:



- the relationship between activity numbers and costs;
- trends to date and for future demand;
- benchmarking with other London boroughs.

- 6.2. The Committee wanted to better understand the reasons for the ongoing cost pressures in these services as well as the statutory boundaries for delivery and potential options for delivering services differently. It also wanted to understand whether there were other examples of authorities doing things differently and with impact.
- 6.3. Members of the Children and Young People Select Committee were also invited to attend the meeting to ensure that the scrutiny was as comprehensive as possible. Directors of Children's and Adults' social care were invited to attend the meeting alongside the Executive Directors for Children and Young People, Community Services and Resources and Regeneration in order to give account for decisions they were taking in relation to the cost pressures in these services.
- 6.4. The Committee recognised the balance that needed to be sought between providing quality services for Lewisham's most vulnerable residents whilst ensuring that that delivery of those services was carried out with the best stewardship of Council funds. The Committee wanted to better understand the factors that were driving costs in the most critical areas, as well as the actions taken by comparable local authorities to control those pressures. Specifically, the Committee queried the levels of assessment activity in children's social care in relation to the activity in other boroughs. It also sought to better understand the costs of residential and nursing

care. The Committee heard that the costs of residential care in some other London boroughs (including those neighbouring Lewisham) were less than those in the borough. Accordingly, the Committee recommended that further work should take place to explore options for working with other London boroughs in order to share services and determine whether there were ways of managing or offsetting future costs.

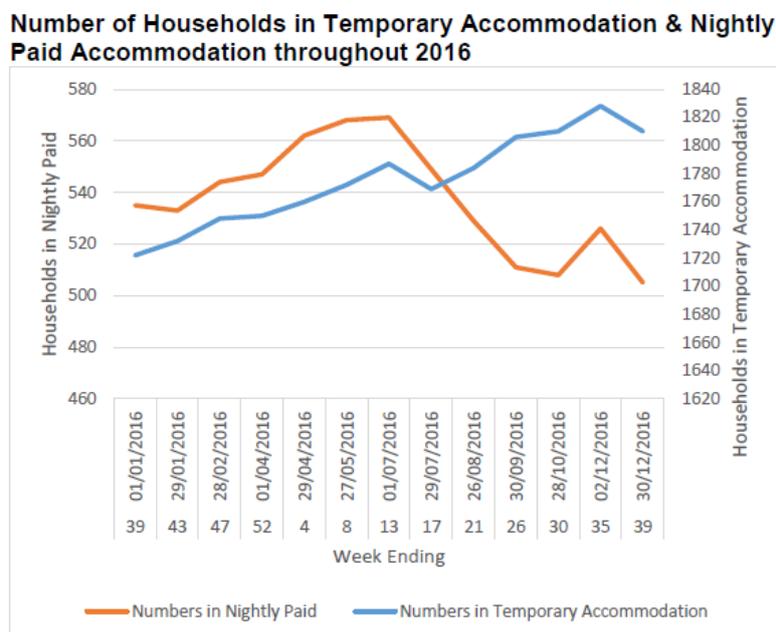
- 6.5. At the end of 2017/18 the adult service division was forecast to overspend by £1.7m due to variances in placement budgets, costs of new transition cases and the difficulty in achieving savings. The children's social care division was forecast to overspend by £6m as a result of placement costs for looked after children and budget pressures across the division, including difficulties achieving previously identified savings.. Given the importance of these services and the Council's expressed intention to protect services for the most vulnerable residents – as well as the intensifying pressures on Council budgets – the Committee will need to revisit these issues in the next administration.

Temporary accommodation pressures

- 6.6. Another example of the Committee fulfilling its performance monitoring role is its questioning of officers about temporary accommodation pressures. As part of the Committee's regular monitoring of Council resources it noted an increasing pressure on the temporary accommodation budget. A particular concern arose in 2015 when a forecasted £2.4m overspend was reported in the Strategic Housing service for 2015/16, solely relating to expenditure on nightly paid temporary accommodation³.
- 6.7. During the Committee's initial questioning of officers, it was noted that the pressure on temporary accommodation was a London-wide issue and that the Council was undertaking a variety of activities to manage housing demand, increase supply and to reduce the costs in this area. The Committee heard that this included participating in a pan-London scheme intended to restrict the ability of landlords to charge excessive rents to boroughs procuring temporary accommodation. Public Accounts Committee recognised that collaboration with other boroughs was needed to tackle this issue.
- 6.8. When developing its 2016/17 work programme the Committee ensured that officers would be required to return before it to give an account of the work they had carried out to secure sustainable housing for households in need of temporary accommodation and to ease the pressure on the strategic housing budget.
- 6.9. At a follow up meeting (in early 2017) the Committee heard that the demand for temporary accommodation had increased by 89% in the period since 2011. At the same time supply (the number of homes available for homeless households and other households in need) had reduced by 40%. This combination of factors presented a significant challenge for the borough's strategic housing services.

³ See the 'Temporary accommodation pressures and pan-London working update' report to Public Accounts Select Committee 25 January 2017, which is available online at: <https://tinyurl.com/yau3yasl>

- 6.10. The Committee was assured that the Council was working in a coordinated way across directorates to rise to the challenge and that work taking place included: managing demand by preventing homelessness; increasing overall housing supply and; developing options for stable and less costly options for temporary accommodation across London.
- 6.11. The Committee also heard about the inter-borough accommodation deal, which had helped to control the costs of temporary accommodation. It was noted that, if the Council had continued to pay for nightly accommodation at the same rate as in September 2015, there would have been an additional £900k cost pressure on the strategic housing budget. The Committee also heard that the Council's efforts had reduced the number of households in temporary accommodation below 500 for the first time in a number of years.
- 6.12. Nonetheless, the Committee recognised that there were emerging pressures, including the homeless reduction bill, reduced access to the private sector leasing scheme and the ongoing impact of welfare reform that might impact on the ability of the Council to manage demand and reduce pressure on the strategic housing budget.
- 6.13. The graph below outlines the ongoing increase in the number of households in temporary accommodation arranged by Lewisham in 2016 and the reduction in the use of nightly paid accommodation over the same period.



- 6.14 The Committee commended officers for the proactive and innovative approaches that had been taken to reducing the demand for temporary accommodation and it reiterated its expectation that work would continue to develop solutions in partnership with other London boroughs.

7. Future challenges

7.1. Leaving the EU

7.2. The Committee has heard from officers on a number of occasions that the current policy environment is one of continuing uncertainty. The significance of this is demonstrated by the scale of the uncertainty inherent in the UK's negotiations to leave the European Union (EU). The Committee recognised that as the implications of this change are felt nationally they will reverberate within London and within the London boroughs. In particular, there are potential implications for London's jobs market, which is global in its diversity and scale and is made up of a significant proportion of international workers. The implications for London's financial centre might also impact within Lewisham due to its proximity to the financial centres of the City of London and Canary Wharf.

7.3. The Committee requested an assessment from Council officers of the possible impact on Lewisham of the UK's decision to leave the EU. The report was well received by the Committee, however, it was noted that the prevailing feature of the coming years is a picture of uncertainty and lack of clarity on key issues, including unresolved question about the impact in Lewisham, such as⁴:

- *People* – in London some 20% of the population were born abroad, many in the EU. Where will the numbers and skills come from to supply the workforce needed in the future?
- *Costs* – given the complexity of supply chains and business interconnections with Europe there will almost certainly be unintended consequences from Brexit. This will have implications for the cost of doing business, the access to global investments for pension funds, returns from London registered operations, and other changes to asset valuations (in particular in respect of property prices in London).
- *EU funding for research and economic development*. A number of aspects of medical research, university study, skills training are currently funded by EU programmes. How these are funded in the future has to be resolved and against what priorities. For example; London is recognised as a congested and polluted city but will the UK post Brexit hold it to the same standards. At a more local level will schemes such as the Erasmus one to provide exposure to learning and culture in Europe continue to give young people in Lewisham the same opportunities as they currently have?

Household budgets

7.4. The picture of ongoing uncertainty in the midst of economic, political and legislative change led the Committee to consider the potential impact on Lewisham households. In particular, it was interested to understand how changes in the economy such as the unpredictability of increases in inflation might impact on household incomes. The Committee considered a scoping report for a review early in 2017-18 and it also heard from officers about the work of Lewisham's poverty commission. The Chair of

⁴ See the officer report on leaving the EU at the meeting of Public Accounts Select Committee on 15 March 2017 online here: <https://tinyurl.com/ybfe3qx2>

the Committee also met with the Chair of the poverty commission to explore areas of mutual interest.

- 7.5. Following the review of the available information and updates on the work of the poverty commission, the Committee resolved to receive analysis about household budgets in Lewisham alongside information about the minimum income standard (which was developed by the Joseph Rowntree foundation and the Trust for London in order to assess basic household living costs). The Committee recognised that the ongoing impact of inflation and wage restraint combined with the high costs of living in London (the cost of housing in particular) might be combining to make households with middle incomes feel increasing pressure on their incomes.
- 7.6. The discussion of the issues having an impact on household budgets provided an opportunity for the Committee to consider how it might develop its future work programme. It also enabled it to further understand the effect of future changes in Council policy on different households. The prevailing financial climate means that further budget savings will be required in future years, this analysis forms part of the background to the Committee's understanding of the local economy and it has increased members' knowledge.

The Medium Term Financial Strategy

- 7.7. The Medium Term financial strategy provides a set of projections for the Council's financial position in the coming years. It forms part of the foundation for the annual budget setting and savings programmes. In each year of the administration the Committee has considered an update of the strategy, which sets out:
- the expected resource envelope that the Council's General Fund must operate within in each following year.
 - service and other spending projections (e.g. Housing Revenue Account, Capital Programme, Dedicated Schools Grant, and other funding streams) and the main factors that may affect these.
 - projections of the Council's general fund budget gap, which is the difference between the resource envelope and spending projections.
 - the measures the Council needs to take to address the budget gap through the Lewisham Future Programme.
 - attempts to project funding in future years, and identifies the main factors that might affect this.
- 7.8. As noted above, the strategy⁵ sets out potential scenarios for Council funding in future years. In 2017/18 the Committee heard that the projections for future years were particularly susceptible to uncertainty and change. Accordingly, projections for future years include some sensitivity analysis for optimistic, main and pessimistic projection for each year. Depending on the assumptions made, the main case represents the most likely outcome:

⁵ See the 2018/19 – 2021/22 Medium Term Financial Strategy considered at Public Accounts Select Committee at its meeting on 13 July 2017, which is available online here: <https://tinyurl.com/y7kvze58>

	Optimistic Case				Main Case				Pessimistic Case			
	2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Business Rates												
Baseline	91.72	94.98	96.88	98.82	91.72	94.98	96.88	98.82	91.72	94.98	96.88	98.82
RSG	36.94	27.55	22.04	17.83	36.94	27.55	20.50	16.00	36.94	27.55	19.28	13.50
Ctax	98.64	104.12	107.78	111.58	98.13	103.58	107.22	110.99	96.23	99.63	101.13	104.69
Ctax Collection Fund	0.00	0.00	3.00	3.00	0.00	0.00	2.00	2.00	0.00	0.00	0.00	0.00
Total Resources	227.30	226.65	229.70	231.03	226.79	226.11	226.6	227.81	224.89	222.16	217.29	217.01
Total Revenue												
Expenditure	248.65	237.06	236.69	239.76	248.65	237.06	236.64	237.22	250.32	236.89	234.48	229.75
Budget Gap	21.35	10.41	6.99	8.73	21.86	10.95	10.04	9.41	25.43	14.73	17.19	12.74
Approved Savings	-0.58	-0.10	0.00	0.00	-0.58	-0.10	0.00	0.00	-0.58	-0.10	0.00	0.00
Additional Annual Savings Required	20.77	10.31	6.99	8.73	21.28	10.85	10.04	9.41	24.85	14.63	17.19	12.74
Cumulative Savings Required		31.08	38.07	46.80		32.13	42.17	51.58		39.47	56.66	69.41

- 7.9. Alongside the regular financial updates, monitoring and savings reports that are presented to the Committee, the strategy forms an essential part of the analysis required by Members to understand the overall financial structure and direction of Council services. It enables the Committee to assist in the development of priorities and to identify areas for concern, prioritisation of effort and further scrutiny.
- 7.10. The most recent medium term financial strategy (in summer 2017) identified that, in order to put Lewisham's finances on a sustainable footing, the Council would need to find £33m of ongoing savings in the two years to 2019/22 - £22m in 2018/19 and £11m in 2019/20. It reported that this was on top of action to monitor the persistent overspend in directorate budgets (as set out in the sections on the Lewisham Future Programme and financial monitoring in previous sections of this report).
- 7.11. The Committee questioned the assumptions that had been used to determine the projections – and it highlighted the regularly changing nature of national politics and the role that this might have on government austerity and the potential delivery of savings proposals.
- 7.12. Even in the optimistic case set out by officers in the most recent medium term financial strategy, a significant level of savings will be required in the years to 2022. Committee members (and all councillors) will need to assure themselves that they have a good understanding of the Council's changing financial position and, as uncertainties resolve and government policy changes, the Committee will be required to demonstrate leadership and diligence as it challenges decision makers and fulfils its responsibilities.

Appendix:

Appendix A – scrutiny committee terms of reference

Appendix B – committee referrals and responses from Mayor and Cabinet 2014-18

Appendix A

The following roles are common to all select committees:

(a) General functions

To review and scrutinise decisions made and actions taken in relation to executive and non-executive functions

To make reports and recommendations to the Council or the executive, arising out of such review and scrutiny in relation to any executive or non-executive function

To make reports or recommendations to the Council and/or Executive in relation to matters affecting the area or its residents

The right to require the attendance of members and officers to answer questions includes a right to require a member to attend to answer questions on up and coming decisions

(b) Policy development

To assist the executive in matters of policy development by in depth analysis of strategic policy issues facing the Council for report and/or recommendation to the Executive or Council or committee as appropriate

To conduct research, community and/or other consultation in the analysis of policy options available to the Council

To liaise with other public organisations operating in the borough – both national, regional and local, to ensure that the interests of local people are enhanced by collaborative working in policy development wherever possible

(c) Scrutiny

To scrutinise the decisions made by and the performance of the Executive and other committees and Council officers both in relation to individual decisions made and over time

To scrutinise previous performance of the Council in relation to its policy objectives/performance targets and/or particular service areas

To question members of the Executive or appropriate committees and executive directors personally about decisions

To question members of the Executive or appropriate committees and executive directors in relation to previous performance whether generally in comparison with service plans and targets over time or in relation to particular initiatives which have been implemented

To scrutinise the performance of other public bodies in the borough and to invite them to make reports to and/or address the select committee/Business Panel and local people about their activities and performance

To question and gather evidence from any person outside the Council (with their consent)

To make recommendations to the Executive or appropriate committee and/or Council arising from the outcome of the scrutiny process

(d) Community representation

To promote and put into effect closer links between overview and scrutiny members and the local community.

To encourage and stimulate an enhanced community representative role for overview and scrutiny members including enhanced methods of consultation with local people.

To liaise with the Council's ward assemblies so that the local community might participate in the democratic process and where it considers it appropriate to seek the views of the ward assemblies on matters that affect or are likely to affect the local areas, including accepting items for the agenda of the appropriate select committee from ward assemblies.

To keep the Council's local ward assemblies under review and to make recommendations to the Executive and/or Council as to how participation in the democratic process by local people can be enhanced.

To receive petitions, deputations and representations from local people and other stakeholders about areas of concern within their overview and scrutiny remit, to refer them to the Executive, appropriate committee or officer for action, with a recommendation or report if the committee considers that necessary.

To consider any referral within their remit referred to it by a member under the Councillor Call for Action, and if they consider it appropriate to scrutinise decisions and/or actions taken in relation to that matter, and/or make recommendations/report to the Executive (for executive matters) or the Council (non-executive matters).

(e) Finance

To exercise overall responsibility for finances made available to it for use in the performance of its overview and scrutiny function.

(f) Work programme

As far as possible to draw up a draft annual work programme in each municipal year for consideration by the overview and scrutiny Business Panel. Once approved by the Business Panel, the relevant select committee will implement the programme during that municipal year. Nothing in this arrangement inhibits the right of every member of a select committee (or the Business Panel) to place an item on the agenda of that select committee (or Business Panel respectively) for discussion.

The Council and the Executive will also be able to request that the overview and scrutiny select committee research and/or report on matters of concern and the select committee will consider whether the work can be carried out as requested. If it can be accommodated, the select committee will perform it. If the committee has reservations about performing the requested work, it will refer the matter to the Business Panel for decision.

The Public Accounts Select Committee has these specific terms of reference:

(a) To exercise all the functions and roles of the overview and scrutiny committee in relation to the following matters:

- To make reports and recommendations to the Council or the Executive which promote the better custodianship of the Council's finances and to make recommendations for best financial practice across the authority.
- To investigate the possibilities for improving the Council's financial management practice and to make reports and recommendations to Executive or Council as appropriate.
- To encourage the highest standards of financial custodianship where necessary overseeing training activity for all members in this area.
- To consult on and to comment on and make recommendations to the Executive in respect of the actual and proposed contents of the Council's budget and without limiting the general remit of the committee, to hold the Executive to account for its performance in respect of all budgetary matters.
- To receive reports as appropriate from the Audit Panel in respect of their overview of contract procedure rules and financial regulations.
- To make recommendations and reports for consideration by the Executive or Council to improve procurement practice.
- To scrutinise the effectiveness of the Audit Panel.