

MINUTES OF THE PUBLIC ACCOUNTS SELECT COMMITTEE

Wednesday, 21 March 2018 at 7.30 pm

PRESENT: Councillors Maja Hilton (Chair), Chris Barnham (Vice-Chair), Paul Bell, Brenda Dacres, Amanda De Ryk, Carl Handley, Simon Hooks, Mark Ingleby and Sophie McGeevor

APOLOGIES: Councillor Roy Kennedy

ALSO PRESENT: Councillor Kevin Bonavia (Cabinet Member Resources), Councillor Jonathan Slater (Chair, Audit Panel), Paul Aladenika (Service Group Manager, Policy Development and Analytical Insight), Timothy Andrew (Scrutiny Manager), David Austin (Head of Corporate Resources), Freddie Murray (SGM Property, Asset Strategy and Estates), Katharine Nidd (Strategic Procurement and Commercial Services Manager) and Selwyn Thompson (Head of Financial Services)

1. Minutes of the meeting held on 6 February 2018

- 1.1 **Resolved:** that the minutes of the meeting held on 6 February 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. Referral from Overview and Scrutiny Business Panel: letting and disposal procedure

- 4.1 Following a short introduction from the Chair, Freddie Murray (SGM Property, Asset Strategy and Estates) introduced the report, the following key points were noted:
- The Chair of the Overview and Scrutiny Business Panel had requested that officers provide an update on the Council's lettings and disposals process.
 - The Council's existing framework was relatively informal, this was not uncommon, and so far officers had only identified one London borough that had a formal lettings and disposals policy in place.
 - Nonetheless, the recommendation in the paper was that the Council gave consideration to the formulation of a formal lettings and disposals process.
- 4.2 Freddie Murray responded to questions from the Committee, the following key points were noted:
- One potential disadvantage of a formal process was that it might be overly prescriptive and restrictive.
 - The designation of 'economic corridors' for the intensification of business activity was principally an issue for planning policy.
 - The review of the Council's lettings and disposals procedures was being carried out at the specific request of the Business Panel, rather than as an officer initiative.

- 4.3 Members had differing views about the requirement for a formal lettings and disposals policy, however following a summary of the key issues by the Chair the Committee's views were agreed as follows-
- 4.4 **Resolved:** that the Committee would welcome a higher level of transparency in relation to lettings and disposals, it would also welcome a new policy framework based on the Council's existing approach. However, in recognising the importance of this issue the Committee believes that sufficient time should be given to consideration of all of the potential options. Accordingly, it notes that this is likely to be a decision for members of the next administration.

5. Financial forecasts

- 5.1 Selwyn Thompson (Head of Financial Services) introduced the report, the following key points were noted:
- The report presented the budget position from the end of January to the end of the financial year.
 - The projected overspend was £12.9m against the Council's net revenue budget general fund.
 - The key areas of overspending were: the children and young people's directorate (particularly in children's social care) and customer services (the environment division and information management and technology).
 - The only directorate that was on budget was Resources and Regeneration, which was underspending in a number of areas.
 - The normal expectation would be that the overspending in the budget would be managed down during the course of the year but this had not been the case this year.
 - The finance team were prepared to close the accounts by the end of May for submission to Council and external auditors.
- 5.2 Selwyn Thompson and David Austin (Head of Corporate Resources) responded to questions from the Committee, the following key points were noted:
- The schools forum had agreed to move to the national funding formula (from the Lewisham formula) following consultation. The financial team's analysis indicated that the early move to the national funding formula would have less of an impact on schools than retaining the existing Lewisham formula.
 - From next year funding would go directly to schools as opposed to the existing arrangement, where funding was distributed by the Council and top-sliced (as approved by Schools Forum) for the provision of services.
 - The Council worked with schools to produce three year financial plans, however, the feedback from schools was that the second and third years of their current plans were problematic because of the number of changes to schools funding that were taking place.
 - There were a number of schools with licenced deficits ranging from £40k to in excess of £1m. Altogether the total was approximately £2.4m.
 - Work was taking place to manage the cost of residential placements for children in social care, this included efforts to recruit and retain local foster carers.
 - The Council submitted a bid (jointly with Barnardo's) to the Department for Education last year to develop the role of children's centres. The bid was not successful but the Department had provided a grant to support further development of the idea.

- At the last meeting, concerns about the overspends in the Council's budget and the use of reserves had been noted.
- Officers had reviewed the 2016/17 outturn and reserve levels in comparison to other London boroughs and believed that Lewisham had a relatively strong reserves position.

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

6. Asset management

6.1 Freddie Murray (SGM Property, Asset Strategy and Estates) introduced the report, the following key points were noted:

- There had been some significant areas of progress over the past year as well as some substantial challenges.
- Good progress had been made on the development of the asset management system and the Council's asset register.
- The facilities management module of the system would soon be operational.
- There had been further consolidation and rationalisation of the corporate estate.
- There had been successful collaboration with other public sector partners through initiatives such as the One Public Estate programme.
- There had also been further success on income generation, particularly in relation to the Commercial Estate.
- The total number of Council assets had increased by 10% over the past year (from 780 to 850). Rather than a growth in the number of properties, this was as a result of the reclassification of sites where it had been assumed that there was one property but in actuality there were multiple distinct assets on a single site.
- Officers had reached a point where there were zero unclassified assets ('grey estate').

6.2 Freddie Murray responded to questions from the Committee, the following key points were noted:

- Information could be provided to councillors about the assets in their wards.
- The level of empty (void) Council properties was 6%.
- The Council used property guardians to secure some empty buildings. In some cases the tenancy required the guardian company to carry out work to make a building habitable.
- Officers would help, if possible, with queries about pieces of unidentified land in the borough.
- A new piece of work had started with the Land Registry to identify unregistered land in the borough (currently 17% of the land in the borough was not registered), this would provide additional opportunities in the future.
- Work had taken place to deal with fly tipping hot spots in the borough. This wasn't a significant problem on Council land but it was a recognised issue on unregistered land.

6.3 **Resolved:** that further information should be shared with councillors about the options for identifying empty properties and underutilised Council assets in their wards.

7. Income generation and commercialisation

7.1 Katherine Nidd (Strategic Procurement and Commercial Services Manager) introduced the report, the following key points were noted:

- The role that had been created (Strategic Procurement and Commercialisation Manager) covered a broad range of areas – from income in to the Council and expenditure on procurement and contracts (money out).
- As much as focus needed to be given to money coming in to the Council, close consideration also had to be given to money going out.
- Resources were not available immediately to carry out work on all areas of income, procurement and contract management.
- The current focus was on the procurement function because of the need to meet the requirements of audit and new legislation (including the transparency code and the general data protection regulations).
- Work was also taking place to develop Council wide contract management processes and policies.
- A substantial level of efficiencies and savings had been delivered over the past few years. £60m of savings had been made from staffing budgets and £100m had been taken from services without a concurrent reduction in the delivery of services.
- The Council recognised that in reducing headcounts the level of risk to service delivery also increased. This is why the Council's internal risk management processes were vital.

7.2 Katherine Nidd and David Austin (Head of Corporate Resources) responded to questions from the Committee, the following key points were noted:

- The Council had joined the Association of Public Service Excellence (APSE).
- The APSE provided networking opportunities and the ability for officers to ask other members of the network for information and advice.
- The APSE provided some examples of work taking place to deliver a financial and a social return, which would be of interest to the Council.
- One of the key lessons from the APSE was about consultation and engagement with the community.
- There had been discussions with other boroughs about the potential to share services or to set up shared companies for the delivery of services.
- The Council's Economic Development team led on the Council's relationship with businesses.
- Despite the work carried out by officers, there had been no interest from mobile operators for the positioning of small cell network boosters in the borough.
- Work was already taking place through the Council's procurement processes to ensure that it would further support social value in the borough.
- The contract for the outsourcing of the youth service was subject to the 'three gateway' process. Which firstly questioned the rationale for outsourcing (gateway one), secondly it ensured the technical procurement was correct (gateway two) and finally that there were sufficient contract management processes in place (gateway three).

- The youth service contract was going to be re-issued in 2019 – so work would get underway mid-2018 to consider future options and contract management arrangements.
- The intention of the Lewisham Future Programme was to review major areas of spending. As more data about services became available more work could be done to review high value low volume spending and changes in expenditure over time.
- The health and social care agenda required the Council to work with its partners to ensure joined up delivery of services and alignment of spending to agreed objectives.
- Officer training had been delivered on procurement and training was being developed for officers on contract management, further work would take place in future to develop the officers' commercial astuteness.
- Current work was focused on areas in which there was existing activity.

7.3 In the Committee discussion, it was also noted that some members had concerns about the decision by Mayor and Cabinet (contracts) relating to a social impact bond agreement with the Department for Education. It was agreed that Councillor Bell would attend the relevant meeting of Overview and Scrutiny Business Panel to share these thoughts.

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

8. Audit panel update

- 8.1 Councillor Jonathan Slater (Chair of the Audit Panel) introduced the report, the following key points were noted:
- The Panel had benefitted from the inclusion of three external members, who provided alternative points of view (to councillors) and ensured that there was robust challenge to officers.
 - The Panel had received presentations of financial statements for audit.
 - It had given consideration to the work of internal audit over the past year and reviewed the coverage of its risk based work.
 - The Panel had challenged the head of internal audit to ensure that previously identified improvements were delivered.
 - Consideration had also given to the implementation of the new Oracle system.
 - Over the course of the year, the Chair had encouraged the Panel to consider where it could have an impact.
 - The Panel had also looked at the potential options for the sharing of services with other boroughs.

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

9. Management report

- 9.1 Paul Aladenika (SGM Policy, Service Development and Analytical Insight) and Selwyn Thompson (Head of Financial Services) responded to questions from the Committee, the following key points were noted:
- Further information would be provided about delayed transfers of care from hospital to social care. Members noted that the volume had increased substantially over the reporting period due to transfers from hospitals outside of the Lewisham catchment. The Committee was particularly interested in receiving further analysis of the reasons for delays.

- A clearer, more specific statement about the Council’s air quality goals would be included in the report.
- The saving forecast from the changes to refuse services had been delayed and this had resulted in an overspend.
- There were also costs associated with the hire of fleet vehicles.
- The cost of new fleet vehicles was met from the capital programme.
- A substantial proportion of staff in the refuse and recycling service were agency staff, which allowed the Head of Service to resource the service flexibly.

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

10. **Select Committee work programme and end of administration review**

10.1 The Committee put forward the following suggestions for the 2018-19 select committee work programme:

- Social impact bonds
- Asset management (in consultation with the Sustainable Development Select Committee)

10.2 **Resolved:** that the end of administration report be agreed and that the Committee’s suggestions be put forward for the work programme in 2018-19.

11. **Referrals to Mayor and Cabinet**

11.1 There were none.

The meeting ended at 9.15 pm

Chair:

Date:
