

OVERVIEW AND SCRUTINY COMMITTEE

Thursday 13 December 2018 at 7.00 pm

MINUTES

PRESENT: Councillor Tim Briggs, Councillor David Amos, Councillor Donatus Anyanwu (Chair), Councillor Mary Atkins (Vice-Chair), Councillor Jonathan Bartley, Councillor Peter Ely, Councillor Maria Kay and Councillor Marcia Cameron (Substitute)

APOLOGIES: Councillor Danial Adilypour and Councillor Liz Atkins

ALSO PRESENT: Councillor Matthew Bennett, Councillor Lib Peck and Councillor Andy Wilson

1. INTRODUCTIONS AND DECLARATION OF PECUNIARY INTERESTS

Councillor Donatus Anyanwu, Chair of the Overview and Scrutiny Committee (OSC) welcomed everyone to the meeting.

Councillor David Amos declared that he was a member on the Homes for Lambeth Group Limited.

Councillor Mary Kay declared that her husband was a Director for Housing at Transport for London.

2. MINUTES OF PREVIOUS MEETING

In response to questions from the Sub-Committee regarding fees and charges, Christina Thompson, Director for Finance and Property confirmed that:

- Details were available regarding the service areas, budgets and income raised for the past three years. In terms of recovering costs from service providers, the Council considered this when looking at charges. Statutory charges applied for some service areas. She would be willing to share further information to members.
- The budget report to Cabinet in February 2019 would include the current and new fee rates.

RESOLVED: That the minutes of the meeting held on 1 November 2018 be approved and signed by the Chair as an accurate record of the proceedings.

4. DECEMBER FINANCIAL PLANNING AND MEDIUM TERM STRATEGY REPORT 2018-2023

Special Circumstances Justifying Urgent Consideration

The Chair is of the opinion that although this report had not been available for at least five clear days before the meeting, nonetheless it should be considered at the meeting on the 13 December 2018.

Councillor Lib Peck, Leader of the Council introduced the item by making the following points:

- She worked with the cross-party Local Government Association (LGA) which noted the problems that existed within children's and adult social care which had effected all councils across the United Kingdom.
- The Council and LGA had continuously lobbied Parliament to increase funding for local government to invest in children's services and adult social care to preserve those services.
- As well as the budget, local government had pressures of Brexit which had implications for employees across the UK. A paper would be going to Cabinet on 17 December on this.
- Despite numerous campaigns not enough money existed within the Council to support vital services. Since 2010 the Council's funding had been reduced by over £250m, with a further funding gap of £43.2m to be found over the next four year planning period 2019/20 to 2022/23, at a time when demand continued to increase.
- Since 2010 the Council worked hard by continuing to consider where cuts can be made and minimise impact on frontline and vulnerable services. The Council looked at reducing bureaucracy; making efficiencies for contracts and procurement and continued to reduce services.
- The report also addressed how the Council could raise income and where there were frontline impacts, an Equalities Impact Assessment had also been completed.
- The Council recognised further cuts were required for some service areas but prioritisation would be given to Children's Services. Also, £500k had been provided to help address serious youth violence. Although a difficult time existed for the Council, it had done very well to cope with the limited resources available within the Council.

Councillor Andy Wilson, Cabinet Member for Finance, highlighted that:

- The report sets out the financial planning and medium term strategy which aimed to balance the budget for the next four years. Cuts from government funding had reduced the Council's budget by over £250m since 2010 and this was considered one of the highest cuts made within the country.
- Over the next four years further cuts of £43m needed to be achieved. However despite that challenge, the Council endeavoured to protect the most vulnerable services; invest in further housing; continue to work with vulnerable families to prevent children going into care; working with NHS and local care services to achieve better outcomes and savings.
- The impending issues with Brexit, the government's inability to address domestic issues, an increased ageing population and increased demand for children services, particularly special educational needs, remained a challenge for the Council and also across the country.
- The Council's budget proposals for the next four years were currently being consulted on until 14 January 2019 seeking residents' views and a vast number of response had so far been received.

The Chair then invited questions from the Committee regarding the budget for Children's Services and in responses the Strategic Director for Children's Services, confirmed that:

- Although Ofsted found that Children's Services in Lambeth were no longer inadequate, it was recognised that improvements within certain areas, such as adoption, were required.
- In order to ensure improvements continued staffing changes within Children's Social Care regarding the establishment of social workers were unlikely to occur until years 3 and 4 when improvements had been achieved.
- If the Council were successful in reducing the amount of children coming into the care system over a period of time fewer social workers would be required.
- The Council remained committed to having sensible caseloads (currently averaging around 15 in total) for each social worker and those caseloads continued to be monitored to ensure they were not increased. Going forward there was a need to continue to make improvements in order to reduce savings.
- Conversations had taken place regarding the fostering service within the Council with emphasis on delivering the in-house fostering strategy. Over the years significant improvements had been made to children's social care generally. The newly appointed Assistant Director for Children's Social Care had great experience and expertise regarding fostering. As a result, the Council was working to deliver a coherent strategy to deliver an expanded and enhanced fostering service. Further dialogue with housing, communication teams, councillors, schools and partners, were required in order to recruit foster carers. Successful local authorities such as Greenwich had 75% of their fostering placements in-house compared to Lambeth which currently stood at 25%. It was noted that Southwark and Lewisham also had higher in-house fostering placements. Therefore, it was vital that the Council had the capacity and resources to make improvements which would be closely monitored.
- Regarding the Youth Offending Service dialogue had been held with the lead member and within the team, as an inspection of the service was expected in the next six months. It was expected that following improvements to the service, resources would be reduced in years 2 and 3 and the impact would be closely monitored.
- The St Giles contract with the YOS mentioned on page 64 was a for a specific YOS related service which in the event had not proved to be needed and was therefore being decommissioned. This was separate to the community safety contract with the same provider.
- It was considered that the Wells Centre health worker was no longer required in the wider context of other health services provided within YOS.
- The Council had considered the overall impact on Children's Services taking a whole system approach and redesigning services as necessary. For example, the Early Help Service had been radically redesigned using resources from the council, community, health and schools that focused on providing targeted support to children and their families.
- As a result of the budget constraints the 'Troubled Families Programme' which was an important financial mainstay of the early help service, was due to end in December 2019.
- The structure within Children's Social Care would remain very similar. However, resources within the budget would be used to deliver a service that worked with children on the edge of care, especially teenagers. However, if children came into care, the team would work intensively with families to ensure that those children could eventually be returned and reunited with their families when this was safe and possible to do so.
- A projected overspend in Children's Social Care of £1m for placements and £1m for children with disabilities existed. Regarding the placement budget work was underway

to reduce the number of children in residential placements, which was considered to be the most expensive. It was hoped by the beginning of the next quarter improvements would be seen in the budget overspend.

- Regarding the £4.2m overspend pertaining to special educational needs and disabilities (SEND), for this year, the opportunity existed to use some of the Dedicated School Grant (DSG) reserves to offset some of the budget overspend. However, that option would not be available next year. Therefore, work was being undertaken to reduce the number of children placed out-of-borough and making sure that funding was deployed in the most efficient. Therefore various actions are being taken in the Council to manage the budget in year and next year. Although £1m savings had been identified it was expected that a budget overspend for SEND would exist.

Councillor Andy Wilson, Cabinet Member for Finance and Christina Thompson, Director for Finance and Property added that:

- The Society of London Treasurers were meeting with the ministry regarding the approach to SEND and the DSG Regarding the areas directly funded from the General Fund (£2m), this would be a pressure on Children's Services next year and it would be necessary to save more than currently identified
- Apart from the General Fund Balances and General Fund Reserves, the Council had unallocated reserves that could be used for any purpose and allocated reserves that must be used for specific things. Over the next four years the plan was to increase the General Fund Balance from £23.7m to £29.5m to enable the funds to be used for unexpected scenarios
- Capital investment was frontloaded principally because of the far greater certainty around finances in 2019/20 than in subsequent years. Up front capital investment would also reduce revenue demands. Further information on the capital programme would be included in the February budget report.

Members raised concerns regarding the potential frontline impact of moving from 7.5% to 10.1% reserves which was considered to be substantial. It was suggested that moving from 7.5% to 9% would provide the Council with £11m – a quarter of what the Council was required to save over four years which should be considered. It was also queried how Lambeth compared to other London Boroughs in terms of reserves,

The Cabinet Member for Finance and Director for Finance and Property responded that the difference was actually just under £6m; furthermore the 10% target for reserves was based on managing risks as per CIPFA guidance. The Council always looked to grow balances by around £1.5m pa. The frontloading of the cuts was a necessary response to the decreasing central government funding in a time of rising budget requirements due to issues such as inflation and demography. The Comprehensive Spending regime would end in 2019/20 and outcomes regarding the next Spending Review would not be known until next year. The local government settlement for 2019/20 had recently been received and further details would be presented at the Cabinet meeting in February 2019.

The Chair then invited the Committee to pose questions on other parts of the budget and in response the Director for Finance and Property and the Strategic Director for Adults and Health, confirmed that:

- A five-year modelling exercise to identify pressures related to the transition from Children's Services to Adults' Social Care, was being carried out. Although a deficit of £5.34m existed within Adults Social Care due to the receipt of additional grant funding for the service, no variance against the budget was forecast. However, it was noted

that huge pressures existed for children moving into adulthood (some with disabilities) within the service, especially as those cohorts were placed in accommodation out-of-borough. Therefore, work was being carried out by the service to work with families at an earlier stage so that the right packages could be designed to cope with their needs.

- The in-year pressure of £5.34m resulted mainly from home care provision and the Council was working with relevant providers such as Allied to reduce the cost of home care. Although pressure existed the additional grant funding received enabled the Council to manage the pressure and provided capacity to redesign the service to cope with the demand. The Council's Health and Social Care Integration Programme, Lambeth Together ensued joint working with the Council, health and social care services to provide better support at home and earlier treatment in the community to prevent people needing emergency care in hospital or care homes. Also, the Living Well Network Alliance worked with the Council, Lambeth Clinical Commissioning Group (CCG) and other providers and commissioners to deliver support and services for those experiencing mental health issues in Lambeth. Therefore, despite those pressures, the service still managed to cope with the demand.
- A neighbourhoods based model was being developed to enable communities to provide support for people within their localities to prevent them going into hospital.

In response to further questions from the Committee, Andrew Travers, Chief Executive and Councillor Andy Wilson, Cabinet Member for Finance, confirmed that:

- It was vital to have a strategy for growth and change which drove the bottom line by increasing the tax base via both council tax and business rates.
- There would also be a more commercial approach regarding charges in Neighbourhoods & Growth.
- It was acknowledged that the Committee wished to scrutinise the Council's commercial strategy to ensure a systematic approach to maximising income in order to mitigate against cuts, and this would be something to come back to in 2019.

Members felt that a strategy regarding procurement and the contract renewal process was required to achieve savings and determine the amount of staff required within the Council.

Fiona Connolly, Strategic Director, Adults and Health, Andrew Travers, Chief Executive and Councillor Lib Peck, responded that:

- Over 43% of the Domiciliary Care budget was being used by those who received 0-10 hours of care. The Council would explore opportunities to work with voluntary sector organisations to ascertain whether they could provide support that the Council was commissioning from Domiciliary Care providers, as the Council commissioned.
- Opportunities existed for the Council in terms of contract procurement. For example, the procurement for the delivery of housing repairs; the re-procurement of the waste and leisure contracts were important future contracts that needed to be considered. Councillor Lib Peck, Leader of the Council, also emphasised the importance of re-considering contracts which provided an opportunity to save money for the Council and its workforce. It was noted that the Procurement Annual Report would soon be going to Corporate Committee and this could be circulated to OSC Members.
- The charging policy within Social Care that included contributing towards the cost of transport for people using day services was being carried out. A full opportunities existed for the Council in terms of contract procurement. For example, the procurement for the delivery of housing repairs; the re-procurement of the waste and leisure contracts were important future contracts that needed to be considered. Councillor Lib Peck, Leader of the Council, also emphasised the importance of re-considering contracts which provided

an opportunity to save money for the Council and its workforce. It was noted that the Procurement Annual Report would soon be going to Corporate Committee and this could be circulated to OSC Members.

- The charging policy within Social Care that included contributing towards the cost of transport for people using day services was being carried out. A full consultation regarding the proposals was planned for 2019/20.

Members recognised that budget savings for Children's Services and Adults Social Care were significant and whilst the proposals heard seemed reassuring, concern was expressed whether the budget cuts for those services would be achieved and suggested that it should be closely monitored by the Committee.

The Strategic Director for Adults and Health explained that when the '*Adults Social Care Green Paper on Older People's Care*' had been received, an update would be provided to the Committee.

RESOLVED:

1. To note the plans to raise revenue via increased fees and charges but to request information on the amounts raised from past such increases, and whether expected targets were met, in order to provide reassurance to the committee that the assumptions made are realistic.
2. To request more information regarding the rationale for seeking to increase reserves to 10% of the net general fund budget and how Lambeth's reserves position compares to those of other London Boroughs.
3. To note the committee's concern at the potential front line impact of moving from 7% to 10% reserves in the next four years and urge the Council to look again at the feasibility of this approach given the risks involved in the savings plans presented.
4. That, whilst reassured by the comprehensive answers given to the committee's questions by the Strategic Director for Children's Services and the Interim Strategic Director for Adults and Health, the committee remains extremely concerned at the level of service changes proposed in Children's Services and Adult Social Care and the impact this could have on the borough's most vulnerable residents, as well as the feasibility of delivering the savings proposed. In particular the committee wishes to highlight the projected savings related to children's social care, adult social care (and the transition between the two), fostering and the Youth Offending Service as particular areas of concern and the need for future scrutiny of progress against savings target.
5. Arising from (4) above,
 - (i) Noting that Children's Services saving rely heavily on increasing in house foster care, the committee recommends that an action plan is developed with stakeholders including the foster carers association and monitored closely by Children's Services Scrutiny Sub Committee with feedback on financial savings on a regular basis to CSSC.
 - (ii) The committee recognises that adult social care savings are ambitious, are frontloaded and rely on a successful organisational redesign. The committee would recommend that monitored saving come to OSC on a 6 monthly basis.

6. That it is vital the Council does everything possible to systematically and strategically increase its income generation activity; accordingly the committee wishes to scrutinise the Council's commercial strategy at a future OSC meeting.
7. To note the importance of contract management, renegotiation and procurement in delivering the savings plans and to urge the Council to redouble its efforts in this regard in order to ensure a robust strategic approach and take advantage of forthcoming opportunities (the committee notes that the Procurement Annual Report is due at Corporate Committee in the new year and wishes to see a copy of this when ready).
8. To request further detail in relation to the capital programme when this becomes available.

Guillotine

During the discussion of this item the guillotine fell at 9.00 pm.

MOVED by the Chair, and

RESOLVED: That the meeting continue for a further period of up to 30minutes.

5. IMPACT OF THE REMOVAL OF THE HOUSING REVENUE ACCOUNT (HRA) BORROWING CAP

Special Circumstances Justifying Urgent Consideration

The Chair is of the opinion that although this report had not been available for at least five clear days before the meeting, nonetheless it should be considered at the meeting on the 13 December 2018.

Councillor Matthew Bennett, Cabinet Member for Planning, Investment and New Homes, introduced the report by highlighting the following:

- He was pleased that a cap on borrowing within the Housing Revenue Account (HRA) no longer existed. However, this was only part of the picture and issues existed pertaining to grants, capacity and land.
- He intended to focus on three main areas which he felt would be of interest to the Committee:
 1. Whether lifting of the borrowing cap changed the assumptions on affordability of refurbishment on estate regeneration that had been put forward by the Council?

The Council had borrowed significant money through the HRA to fund refurbishment with a peak debt of £398.5m and before the HRA borrowing cap was abolished the figure stood at £408m. The funding enabled the Council to invest £500m+ into Lambeth's housing standard over the past few years that improved the quality of housing within the borough despite the significant reduction in grant funding.

The Council had anticipated a Decent Homes Grant (DHG) of £205m but this had been reduced to £123m. It was noted that Lambeth had not received a grant for housing to fund the Decent Homes Programme, which resulted in the high deficit. Although a 1% annual reduction in council rents had been introduced in 2015, it had been made to reduce the government's housing benefit system. Therefore, £28m had been taken out of the HRA over four years which could have been invested into

carrying out further housing repairs and would have enabled the Council to borrow more money.

Additional demands on the HRA had occurred pertaining to the additional fire safety works carried out on estates as a result of the Grenfell Tower disaster in 2017.

The Council, as a result of the funding gap, had limited funds available which left the Council in a difficult position pertaining to the HRA.

2. As a consequence would that have changed the fundamental decisions that were made to rebuild those estates?

The decisions would remain the same as it did not address the fundamental point that the Council could no longer afford to carry out refurbishments on the estates included in the regeneration programme.

It was noted that in 2013/14 18,000 households were on the Council's housing waiting list. During the past four years, it had increased to 28,000. Also, 2,000 residents were homeless, including 5,000 children that remained in temporary accommodation provided by Lambeth, which was costly. Therefore, permanent homes for those families were required. As a result of the Lollard Street regeneration scheme provided by Homes for Lambeth, 70 new homes in Kennington were expected to be completed in early 2019.

3. With the estate regeneration going ahead what would be the consequences for Homes for Lambeth a company established by the Council?

Considerable work had been undertaken during the past four years to ensure that Homes for Lambeth (HfL) would be solely owned and managed by the Council.

In order to deliver and build many homes quickly, it was recognized that a wider range of new affordable homes at social rent, intermediate rent and shared ownership for key workers were required. It was felt that HfL would be able to deliver this in terms of estate regeneration.

Opportunities also existed for the Council to borrow from the HRA to build housing on smaller sites as opposed to the HfL.

The Chair invited OSC members to pose questions and in response, Councillor Matthew Bennett, Cabinet Member for Planning, Investment and New Homes, and the Director for Finance and Property, confirmed that:

- The HRA ran on a 30 year business plan which was frequently remodelled (for example, when priorities were lost under right to buy). At the end of the Lambeth Housing Standard, the Council was required to invest £30m annually to ensure those homes were maintained to the required standard. However, resources did not exist to do more, particularly in light of additional fire risk works.
- A minimum of 27 social housing properties and not 13 were being proposed for Cressingham Gardens and the architects had been advised to consider increasing this. Therefore, it was expected that more than 27 affordable homes would be available once the scheme had been completed.

- Consultation regarding major regeneration schemes was carried out in a number of ways over a long period of engagement with residents. Independent organisations were often used.
- The HfL was fully funded by the Public Works Loan Board and it was within HfL's gift to make the right ethical decisions regarding its borrowing plans.
- The Council had borrowed £398m to invest in housing but the opportunity existed for additional borrowing when further homes were developed. However, extra grant funding from the mayor and private receipts from the GLA would be received by the Council.
- As a result of the HRA deficit homes would only be built through HfL but opportunities existed to building on smaller sites.
- The Director for Finance Property endeavoured to provide further information regarding the income that would be made over a particular period from HfL versus debt repayments.
- The key issue was prudence and being able to afford to repay any debt incurred. It was noted that current interest payments amounted to 16% of total rental income.

The Chair suggested that the HfL business plan should be circulated to the Committee. In response, the Cabinet Member explained that the business plan would be a public document that would also be considered by Cabinet.

RESOLVED:

1. To request that the Homes for Lambeth business plan be circulated to the Committee.
2. To urge Homes for Lambeth to prioritise ethical considerations when deciding its future borrowing plans.

3. 2018-19 OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME

RESOLVED:

1. That the work programme as drafted and the status of actions (Appendix 1) be noted.

The meeting ended at 9.00 pm

CHAIR
OVERVIEW AND SCRUTINY COMMITTEE
Wednesday 30 January 2019

Date of Despatch: Wednesday 23 January 2019

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