

SCRUTINY AND OVERVIEW COMMITTEE

Minutes of the meeting held on Tuesday 8 November 2011 at 6.30pm in the
Town Hall, Croydon

MINUTES – PART A

Present: Councillor Steve Hollands (Chairman)
Councillors Jason Cummings (Deputy Chairman), Sean Fitzsimons
(Vice Chairman), Yvette Hopley, Bernadette Khan and Terry Lenton

A73/11 MINUTES OF THE PREVIOUS MEETING (Agenda item 1)

RESOLVED –

That the Part A minutes of the meeting held on 20th July 2011 be approved as a correct record and signed by the Chairman.

A74/11 APOLOGIES FOR ABSENCE (Agenda item 2)

Apologies were received from Cllr Humayun Kabir.

A75/11 DECLARATIONS OF INTEREST (Agenda item 3)

There were no declarations of interest.

A76/11 URGENT BUSINESS (Agenda item 4)

There was no urgent business.

A77/11 EXEMPT ITEMS (Agenda item 5)

There were no exempt items.

A78/11 QUESTION AND ANSWER SESSION WITH THE LEADER OF THE COUNCIL AND OVERVIEW OF THE COUNCIL'S PERFORMANCE (Agenda item 6)

Cllr Mike Fisher (Leader of the Council), Jon Rouse (Chief Executive) and Nathan Elvery (Executive Director Corporate Resources & Customer Services) were in attendance for this item.

The Chairman invited the Leader to address the Committee and give an update on the Council's activities since he last attended the Scrutiny & Overview Committee. The Leader explained that a key development had been the riots that took place in the borough and across London in August. He paid testament to the Council's reaction to the riots and explained that this was due to the exemplary performance of the

officers who were working to support the families and businesses affected. The Leader highlighted that there was now an opportunity to use funding streams that had become available to better plan for the future and make significant improvements to the areas affected. The Council had submitted a number of bids for additional funds and was currently awaiting an announcement from the Mayor of London. The Leader also drew attention to the financial challenge faced by the Council and that it was now the second year of the Government's four-year programme to reduce local government spending. He emphasised the challenge faced by the authority but also Croydon's good record for efficiency. Despite this however, it was recognised that funding cuts would have an impact on the delivery of front-line services.

The Committee noted that the Quarterly Financial Performance Report submitted to Cabinet in September 2011 detailed a £3.871million overspend. Recognising that in-year overspends didn't necessarily translate to an end of year overspend, members asked whether the leadership was satisfied with the Council's current position. The Leader explained that in previous years the overspend at this point in the year was actually much higher. He was confident that the measures proposed would mitigate this overspend and that the authority would finish the year with a balanced budget. Officers highlighted that whilst Croydon had made a strong start to the year, it could not afford to become complacent. The significance of the strong position was emphasised as the Committee was reminded of the challenging circumstances that the Council faced earlier in the year when there was a significant reduction in funding. The Chief Executive also identified around £800,000 of overspend that was the result of a judicial review and call-in of the Older People Step Change Transformation decision. He argued therefore that the Council's overspend would have been even less were it not for such factors that were beyond control.

The Committee discussed the assertion that through the call-in, scrutiny had contributed to a Council overspend. Members agreed that the right to call-in a decision was protected in the constitution and was an important democratic mechanism. It was also emphasised that the figure of £413,000 stated in the Quarterly Financial Performance Report as the cost incurred by the call-in of the Older People Step Change transformation was inaccurate, and questioned whether scrutiny was really the cause of the delay. Members highlighted that the original implementation date of the decision was 1st January 2011, and that it was called-in (by members of the Council rather than by scrutiny) in May 2011 following an unspecified delay in the decision being taken. It was suggested therefore that the delay could not solely be due to the call-in but because of officer shortcomings. It was also argued that the project timetable should have considered and incorporated the necessary time for any potential call-in.

Members asked how scrutiny could contribute to the process of making a difficult decision without incurring a delay that could then result in

additional costs. The Leader and the Chief Executive both agreed that that the power to call-in decisions was vital to local democracy, but argued that scrutiny should look at the underlying policy and strategy rather than the individual decisions. They both advocated a mechanism whereby scrutiny could be involved in decisions at a timely stage to avoid delays so close to implementation dates. The Committee welcomed such an approach and suggested that call-ins could be avoided if scrutiny and backbench members were made aware of all significant decisions with sufficient notice to enable effective pre-decision scrutiny.

The Committee also discussed the potential for the budget cuts and Step Change efficiencies to have a disproportionate effect on women. The Leader explained that Equality Impact Assessments were carried out before every decision was considered to establish whether any particular group was unfairly affected. The Leader also noted that a question had been asked at the last Council meeting on this topic and reported that whilst more women than men had been made redundant, the percentage of the workforce made redundant for each sex was broadly comparable. The Chief Executive emphasised also that the majority of redundancies from Step Change had been voluntary and therefore non-discriminatory. He also informed the Committee that many Step Change projects were beneficial to women, for example the encouragement of flexible and home working allowed women to balance work and home commitments, whilst also reducing on accommodation costs for the Council.

The Committee also discussed the levels of risk to the identified savings of Step Change. Attention was drawn to appendix 4 of the Quarterly Financial Performance Report that listed a potential risk of £1.8million for the rebasing of residential services for young adults with learning disabilities and the £1.7million risk identified due to legal action to the termination of the Connexions service. The Executive Director Corporate Resources & Customer Services explained that in order to plan the year's budget, officers identified best and worst case scenarios for costs to deliver projects and that these figures were the worst case. Officers then developed a range of mitigating measures to minimise risk and outlay and to develop a plan for the delivery and financial outturn for the ensuing year.

The Committee noted the recent announcement by the Government that councils were to be encouraged to have a 0% Council Tax increase by a grant that was the equivalent of a 2.5% increase. It was asked whether the announcement would have an impact on the development of the 2012/13 Budget. The Leader explained that the announcement had been anticipated but informed the Committee that there would be a cliff-edge reduction in funding when the Government grant ceased. Therefore whilst this year's Budget would not be affected, in future years there would need to be a decision to establish whether Council Tax increases or whether services be reduced. The

Executive Director Corporate Resources & Customer Services reported that a 2.5% increase in Council Tax equated to a £3.6million increase in revenue and that therefore the Government grant for this year would be £3.6million, however no grant had been announced to fund any future 0% increases.

Members of the Committee also considered the Council's level of reserve funds and noted that the Financial Strategy 2010-14 identified an optimum reserve fund of 3% of net operating expenditure, rising to 5% over the course of the Strategy. The Committee was informed that the current reserve fund was approximately £11million, which equated to 4.1%. Officers highlighted the importance of the reserve fund and assured members that the flow of resources to the front line was the priority. However reserves were needed to help the authority to absorb risks and to allow time to make decisions about future direction. For example when the Strategy was written in 2010, the proposal for councils to resume control of Business Rates was not known and whilst Business Rates could be used to incentivise economic regeneration, they carried a variable risk that the reserves could cushion to protect the authority.

The Committee also discussed how Step Change is changing the way the Council operates, with the layers and spans projects an example of this. The Leader explained that the project was a process of looking at management layers and the number of people involved to assess whether there was a need for every current manager. The project was underway and savings had been identified by condensing management activity, without impacting on services. The Chief Executive reported that it was estimated that £2.5million could be saved by reducing the number of managers by around 45. £600,000 of savings had been identified so far, with over 75% of the organisation still to be assessed.

Members asked the Leader about the Council's policy for staff transfers when outsourcing services to external providers. It was argued that often the contracts were able to deliver savings as a result of poorer employment conditions (such as lower wages) for staff and that the staff affected tended to come from certain groups, such as women or BME groups. It was therefore asked whether the Council supported the London Living Wage (LLW) and whether there was any way that a requirement to pay staff the LLW could be built into contracts. The Leader explained that Croydon Council always paid above the LLW, but that it was up to contractors how much they paid their staff. It was also emphasised that in such a difficult economic climate it was difficult for the authority to place restrictions on potential contractors.

Cllr Khan left the meeting

The Committee discussed the localisation of Council Tax benefits and the impact on the authority. The Leader expressed some disappointment that while the Government was giving councils the

power to determine the level of benefit, it was also top-slicing 10% of the revenue received and prescribing a number of groups that could not be worse off, so the extent of flexibility was limited. Members also highlighted the need for affordable homes to house the borough's significant transient and lower income population. The Leader recognised the need for more affordable housing but explained that the need had to be balanced against the viability of developments. Officers were considering methods of determining the amount of affordable housing in developments without compromising the attractiveness of the borough for developers. It was also highlighted that the Council was delivering affordable housing in its building of council houses.

As a member of the independent riot review panel, Cllr Fitzsimons left the meeting during the discussion of the August riots

Members asked whether the Council would be receiving any additional funding to help the area recover from the August riots. The Chief Executive reported that the authority had applied for funding from a number of streams, the outcome of which was not all yet known. For example, an application for just over £1million was submitted for a grant from Bellwin, and it was expected that this would be received in full. However a number of grants for business support were still considering applications, so the Council was applying for all it was eligible for. The Leader noted that a lot of work was ongoing to help restore business confidence in the affected areas and that an increased footfall in the town centre had been recorded. He also welcomed the increase in community spirit that had been in evidence since the riots.

The Leader explained that, partly due to the funds for riot recovery, the public realm in the borough would be significantly improved over the coming months and years to help encourage inward investment. The Committee were informed that substantial investment was being made in the town centre by businesses and retailers, who viewed Croydon as an important growth area. It was noted for example that two years ago Disney closed its store in Croydon as it was not deemed profitable, however in the previous week it had re-opened as part of the ongoing regeneration.

Cllr Fitzsimons re-joined the meeting

The Committee welcomed the news of the regeneration and wider opportunities for the area, but expressed concern as to whether it would actually be delivered. The Leader explained that he was confident that the investment and development would take place as there was a clear masterplan for the town centre with commitments made by key partners. It was emphasised that the key development sites across the borough were all owned by companies that had secure financial arrangements that meant that viable developments would not be held up by funding difficulties. The Committee noted that a key

development site was Taberner House once it had been vacated by the Council. The Chief Executive explained that a range of proposals were being drawn up for the site with negotiations still ongoing. It was anticipated that the development would include family homes and apartments with some community facilities. The outline planning application was expected in early 2012 with work on site commencing in 2014. The Committee were also informed that the regeneration would also cover the other district centres in the borough with plans being developed for each area. The Leader explained that alongside the private sector investment, improvements were also being made to the public realm to help improve the area's image and attractiveness. For example, schemes such as a shop-front improvement fund were being considered.

The Leader, Chief Executive and the Executive Director Corporate Resources & Customer Services left the meeting

The Committee welcomed the comments made by the Council's leadership and discussed the enthusiasm for a mechanism to involve scrutiny in major decisions.

RESOLVED –

That the Committee welcome the statements made by the Leader and Chief Executive that it is important for Scrutiny to have the opportunity, wherever possible, to be able to undertake pre-decision scrutiny on the policy and strategy underlying major decisions.

The Committee recommends to Cabinet that Cabinet bring forward some practical proposals on how the above arrangements might be embedded into the pre-decision-making process.

A79/11 SCRUTINY WORK PROGRAMME FOR 2011/12 (Agenda item 7)

The Committee received a report from the Director of Democratic & Legal Services that explained that the agenda item on the Performance Management Framework had been deferred until the Committee's December meeting. Members also discussed how the 2012/13 Budget should be scrutinised and it was agreed that the meeting of the Scrutiny Chairs on the following day should discuss this matter in detail.

RESOLVED –

The Committee agreed the change to the Work Programme and noted the upcoming agenda items.

A80/11 UPDATE FROM THE SUB-COMMITTEES (Agenda item 8)

The Committee received oral updates from the three Chairmen of the scrutiny sub-committees. Cllr Hollands reported that the Education Scrutiny Sub-Committee had held its October meeting at a local youth centre and had included good participation from young people and

other members of the public. A Task & Finish Group investigating 'the impact of new academies and free schools on schooling in Croydon' had also been commissioned. Cllr Cummings informed the Committee that the latest meeting of the Community Services & Safety Scrutiny Sub-Committee had focussed on flooding issues. The work of a Task & Finish Group looking at neighbourhood watch was ongoing with Cllr Cummings attending and speaking at the Croydon Neighbourhood Watch Borough Association annual conference the following week. Cllr Fitzsimons explained that the Health, Social Care & Housing Scrutiny Sub-Committee had considered safeguarding of vulnerable adults and received an update on the borough's housing issues. A Task & Finish Group looking at the numbers of health visitors in Croydon had been proposed, but work was put on hold when it was discovered that the PCT was conducting its own review, the results of which would be reported to a future meeting of the sub-committee.

A81/11 DATES OF FUTURE MEETINGS (Agenda item 9)

Future meeting dates of the Committee were agreed as follows:

- 20th December 2011
- 9th February 2012
- 11th April 2012

PART B

None

The meeting ended at 8:59pm