

Scrutiny & Overview Committee Supplementary Agenda



2. Minutes of the Previous Meeting (Pages 3 - 20)

To approve the minutes of the meeting held on 17 September 2024 as an accurate record.

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Public Document Pack Agenda Item 2

Scrutiny & Overview Committee

Meeting held on Tuesday, 17 September 2024 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillors Leila Ben-Hassel (Chair), Alasdair Stewart (Vice-Chair), Rowenna Davis (Deputy-Chair), Sue Bennett, Simon Fox and Eunice O'Dame

Also Present: Executive Mayor Jason Perry, Councillor Jason Cummings – Cabinet Member for Finance, Councillor Stuart King – Leader of the Opposition, Councillor Andy Stranack – Cabinet Member for Communities & Culture

PART A

55/24 Election of Chair of the Scrutiny & Overview Committee

At the start of the meeting, the Committee Chair, Councillor Rowenna Davis announced that she would be standing down from the role with immediate effect. As per paragraph 5.1 of the Scrutiny & Overview Procedure Rules in the Council's Constitution, the Committee was required to appoint a new Chair as their first item of business.

In accordance with paragraph 5.2 of the Scrutiny & Overview Procedure Rules in the Council's Constitution, in the absence of a Chair, the Deputy Chair, Councillor Leila Ben Hassel, chaired the election of the new Chair.

It was noted that Conservative Members on the Committee abstained from the vote, to allow the opposition Members to elect the Chair, in keeping with the Mayor's manifesto pledge to ensure that Scrutiny is chaired by the Opposition.

Resolved: That Councillor Leila Ben Hassel is appointed as Chair of the Scrutiny and Overview Committee for the remained of the 2024-25 council year.

56/24 Election of Deputy-Chair of the Scrutiny & Overview Committee

With Councillor Ben Hassel being appointed as the Scrutiny & Overview Committee Chair, a vacancy for Deputy Chair was created, which the Committee needed to fill.

It was agreed that Councillor Rowenna Davis would be appointed as Deputy Chair for an interim period until a change in the Committee's membership could be agreed upon at the next full Council meeting on 9 October 2024. The

Committee would then be required to appoint a Deputy Chair for the remainder of the 2024-25 Council year at its next meeting.

Resolved: That Councillor Rowenna Davis is appointed as Deputy-Chair of the Scrutiny and Overview Committee.

57/24 **Minutes of the Previous Meeting**

The minutes of the meeting held on 23 July 2024 were agreed as an accurate record.

58/24 **Disclosure of Interests**

There were no disclosures of interest made at the meeting.

59/24 **Urgent Business (if any)**

The Chair advised the Committee that in light of her becoming Chair of the Scrutiny & Overview Committee, she would be standing down as the Chair of the Homes Sub-Committee with immediate effect, although she would remain a member of the sub-committee. As set out within the Scrutiny & Overview Procedure Rules, it is the responsibility of the Committee to confirm changes to the membership of the Scrutiny Sub-Committees, including appointing Chairs and Vice-Chairs.

Councillor Ellily Ponnuthurai was nominated as the replacement for Councillor Leila Ben Hassel as Chair of the Homes Sub-Committee.

Resolved: That Councillor Ellily Ponnuthurai is appointed as Chair of the Homes Sub-Committee for the remainder of the 2024-25 Council year.

60/24 **Pre-Decision Scrutiny: Libraries Service Review**

The Committee considered a report outlined on pages 21 to 192 of the agenda and in the agenda supplement, which presented a draft report setting out the findings of the Libraries Review and recommendations for the consideration of the Cabinet at their meeting on 25 September 2024. This report was included on the agenda to give the Scrutiny & Overview Committee to review and provide comment upon the proposals, for the consideration the Cabinet when making their decision.

In attendance for this item were the following: -

- Executive Mayor Jason Perry
- Councillor Jason Cummings – Cabinet Member for Finance
- Councillor Andy Stranack – Cabinet Member for Communities & Culture

- Jane West – Corporate Director for Resources and Section 151 Officer
- Nick Hibberd – Corporate Director for Sustainable Communities, Regeneration & Economic Recovery
- Kristian Aspinall – Director of Culture & Community Safety
- Stephanie Wilson – Head of Culture, Leisure & Libraries
- Eric Bohl – Activist Group

During the introduction to the report by the Executive Mayor, the following points were noted: -

1. The Libraries Review report presented the results of extensive public consultation, engagement, independent research, and analysis, which aimed to deliver a better library service for residents across the borough.
2. There were difficult decisions outlined in the report, but once delivered, they would provide a library service that was available for more hours, offering greater access to study spaces, books, and IT facilities. It would also provide space for community events and programmes.
3. It was highlighted that the library service had been struggling since previous budget cuts in 2019-2020, which saw an £800,000 reduction. This had led to a service operating reduced hours, which was unsustainable, was not meeting the requirements of residents, and was not meeting the Council's best value duty. At present, less than 10% of the population in the borough were using the library service.
4. Under the current model, the Council operated 13 libraries, many of which were only open two days per week. The proposal set out in the Cabinet report recommended closing four libraries, namely Bradmore Green, Broad Green, Sanderstead, and Shirley. This would enable resources to be reprioritised towards the remaining nine libraries, which would be open at least five days a week, including Saturdays. Alongside this, there were plans to introduce a new outreach model, which would bring services to easily accessible community venues.
5. It was emphasised that the driver for the decision was not about freeing up Council assets for sale or redevelopment. In fact, Shirley Library had recently been accepted as an asset of community value. The report included an engagement plan to outline how it would engage with local communities to support them in running the four libraries identified for closure as community bases.
6. Thanks were given to the officers who had delivered the libraries review, particularly for the extensive consultation process across the borough.

Following the introduction, the Chair extended the Committee's thanks to the community representatives supporting the four libraries at risk of closure, for taking the time to meet with them and provide feedback on the consultation process and the resulting proposals. This feedback had been used to inform the questions of the Committee and had been summarised and uploaded with the agenda papers for the meeting.

The first question from the Committee on the proposals set out in the Cabinet report asked why the Council was at risk of breaching its statutory best value duty in terms of library provision and how this would be addressed by the proposals. In response, it was highlighted that the fact that less than 10% of the population in the borough was using the service, which was lower than any other benchmarked library service in London, provided an indicator that the service was not meeting the needs of the public. Another aspect was the actual usage of the buildings, with the Council incurring ongoing running costs when some were only open two days per week.

Since the original decision to reduce the budget, the Council had explored options for opening the library buildings more frequently than two days per week but had not been able to find partners who were interested in using the sites, as they did not fit their needs. The reduction in provision meant that the library service was stretched, with librarians working across multiple sites. If more than two librarians were absent from work due to sickness, it meant a library could not open on that day. By reducing the number of libraries to nine, it meant that the available resources could be used to provide five-day opening at each of the remaining libraries and allow staff to work more consistently at a specific site, which would enable them to develop the service to meet local needs.

In response to a question about the data used to inform the judgement over whether the Council was meeting its best value duty, it was advised that it had been provided by the Chartered Institute for Public Finance and Accountancy (CIPFA). This data revealed the library service delivered in Croydon was either at or near the bottom for a range of indicators, in comparison with other London boroughs and nationally. There had also been an extensive review of previous consultation findings from 2021 and 2022, which had been used to inform the review process in its early stages.

It was noted that funding raised via the Community Infrastructure Levy (CIL) had been used for the book fund and for the installation of kiosks at the two libraries using the Open+ scheme. As such, it was questioned whether CIL could be used to keep the four libraries open. It was advised that CIL could not be used to fund the ongoing running costs of a service. It can be used for one-off costs, such as book purchases, but cannot be used to pay staff salaries or other ongoing costs. Plans to use CIL to deliver improvements to the remaining buildings being retained by the Council and to ensure the four buildings identified to become community bases were in good condition would be explored.

Confirmation was sought by the Committee that the proposed new model would be cost-neutral and that any savings made on cyclical maintenance from the closure of the four libraries would be reinvested in the service. It was confirmed that the proposals had not been made with a view to making savings. Instead, the key driver was to allow any savings to be reinvested into the delivery of an improved library service. The proposed new model would allow the money previously spent on maintenance and utility costs at the four library buildings to be spent on staff. The budget for the library service would remain the same.

It was questioned whether any account had been taken of the social value offered by the four libraries identified for closure. It was highlighted that the community representatives had emphasised their importance in providing a community space, as well as delivering other schemes such as warm spaces and safe spaces, the value of which would be difficult to estimate. In response, it was acknowledged that libraries were about much more than just borrowing books and had a role to play within their local communities. The report sets out a clear aim for the four library buildings to remain in community usage. As part of the process, there had been engagement with the Director of Operations for Adult Social Care about the possible impact on certain residents. Providing the enhanced outreach mitigation is delivered, it had been concluded that there will either be no impact or a positive impact for a lot of the older people accessing the current service in the four areas identified for closure.

The outreach work identified in the report would continue to offer many of the non-book lending services currently offered in libraries, such as rhyme time and other community activities, either within the repurposed community bases or other suitable locations. As part of the process, the Council would be working with local groups to ensure that wherever possible, services can continue to be provided.

In follow-up, it was questioned whether there had been any discussion with community groups about alternative venues or any conversations with groups interested in taking on the Community Asset Transfer (CAT) of a library. It was advised that there had been some interest shown in the potential future use of the library buildings during the consultation process, but any definite engagement on future use would need to wait until after the final decision was made by the Cabinet on the future of the four libraries on 25 September 2024. It was confirmed that a request to use CAT on any of the four sites would be considered. However, at the present time, the Council was willing to be flexible in order to find the best solution for the four communities. It was confirmed that in planning usage terms, the library buildings were classed as community use, so no change would be required if they were used as community bases.

It was advised that one of the community groups had highlighted that residents had reported witnessing Council staff showing developers around

Sanderstead Library. Confirmation was sought as to whether this report was correct. It was confirmed that the Council had not been marketing the site to developers, as redevelopment was not an intended outcome of the review. It was explained that one local business owner had viewed the site with a view to possibly putting forward alternative proposals for community use. However, this person had not identified themselves as a developer.

It was noted that the previous consultation in 2020 had led to plans to generate more income from libraries, including bringing in other groups and partners to generate revenue. As such, it was questioned what the outcomes of these plans were. It was advised that the previous restructure had been based upon identifying either statutory partners or local groups to rent space in the buildings so they could remain open for more than the two days per week the Council was able to fund. However, it was found that there was not a demand for publicly rentable space from either the private sector, voluntary sector or statutory partners. Many of the Council's libraries were small and did not offer a range of options for flexible use beyond book borrowing and other existing services. Furthermore, the reduction in opening hours had meant that staff were working across a number of different library locations, making it difficult for them to build connections within the local community that may lead to partnership opportunities.

As it had proven difficult to develop income-generating facilities within local libraries, it was questioned how this would change going forward under the proposed new model. It was acknowledged that it might be a challenge to identify a voluntary group willing to run a library service. However, there were a range of voluntary groups looking for flexible space within the borough, which could be provided by using the four library sites as multi-functional spaces.

It was noted that the library service had low levels of income generation in comparison to other London boroughs. As such, it was questioned why the consultation had not focused on income generation and what Croydon could learn from other boroughs to increase the level of income generated. In response, it was highlighted that the Council's budget for its library service was the lowest of any London borough, which restricted the capacity for income generation and the ability to modernise the buildings to make income generation more viable. It was confirmed that as part of the future model, the proposal included the creation of four community bases at the four libraries identified for closure. The option of either residents or community groups taking on responsibility for the continuing delivery of a library service from these sites was not being considered, as this option would likely require a significant subsidy, which the Council could not afford. Options for income generation had been discussed during the consultation, but it had not been possible to identify a model that would deliver sufficient income, with a 1,200% increase required, to allow all 13 libraries to remain open

In response to a question about the possibility of other services co-locating in library buildings, it was advised that this would depend on having the libraries open more frequently than at present. However, the current budget for the library service was insufficient to resource more frequent opening. This is why the proposed new model focused on reinvesting the existing budget across fewer buildings, ensuring they can open five days a week. Conversations have taken place with other Council services, health service providers, and the Police about co-location, but none of the buildings met their requirements.

It was confirmed that all seven petitions submitted by local communities had been included in the consultation, including a petition submitted from Shirley in the week prior to the Committee's consideration of the report.

As the consultation results indicated that 66% of respondents did not want any closures to go ahead, it was questioned why the Council was proceeding with its proposal to close four libraries. In response, it was highlighted that the consultation response should be taken in the context of less than 10% of residents in the borough using the library service. When developing the proposal, consideration was also given to other areas of the consultation, including possible improvements to the service to encourage usage. From the consultation it was clear that longer opening hours, more weekend openings, more flexible hours for working people and families, and more study spaces would be likely to increase usage. To fund these improvements required the reinvestment of savings from the closure of the four libraries. It was confirmed that it would be reasonable to expect an increase in library usage after 12 months of the new model.

Information was requested to explain how data had been gathered on library usage. It was advised that a number of different data sets had been used, including visits recorded by an automatic counter, although it was acknowledged that this could be fallible if large groups visited at the same time. Other data used included the number of active users, book loans, event attendance, and computer usage. In addition to usage data, a wide range of other information was also taken into account, including information on the buildings, their locations, other community uses, and the demographics of the wider community.

The Committee queried what methods had been used to publicise the consultation process. In response, it was advised that the consultation had been promoted within libraries, via online channels, through the contacts provided by the CVA, and through community groups, schools, and friends groups. There had been over 100 people in attendance at some of the events, with over 3,500 responses to the consultation, it was more than a 1,000 responses higher than any previous library consultations. It was suggested by the Committee that paid advertising might be an option to consider when planning any future consultations.

A question was asked about how the potential risk of any legal challenge to the proposed decision was being mitigated. It was advised that the Council

could not completely mitigate the risk of legal challenge, although the Council would have a robust case if challenged. The first risk was from a judicial review of the decision, but as the Council had undertaken a robust consultation and taken account of a range of data in informing the proposed decision, this risk had been mitigated as far as possible. The other risk arose from provisions under the Libraries Act 1964, which could result in a request to the Secretary of State, after the decision has been taken, to review whether the Council was providing a comprehensive and efficient library service. The Council had been working with the Department of Communities, Media and Sport since the start of the review to help safeguard against this risk.

In response to a question about a potential covenant on the use of the Shirley Library building, it was confirmed that the Council's legal department had been looking into this, as it had been raised by the community. It was agreed that a copy of the response to this query would be shared with the Committee, once it had been finalised.

In response to a question about the potential reputational damage to the Council should it be decided to close the four libraries, it was advised that the budget reduction of £800,000 in 2021 had already caused reputational damage, due to the impact it had on the level of service provided. Through refocusing the budget on nine libraries, it would enable an improved, more comprehensive service to be delivered.

It was highlighted that a large number of elderly and disabled residents used the library service and as such it was questioned whether assurance could be given that the Council was not discriminating against these residents, as a result of the potential closures. In response, it was advised that as part of the Equalities Impact Assessment, a review had been undertaken of the current service and how the proposed changes would impact upon residents with protected characteristics. Although it was true that residents with physical disabilities whose nearest library was identified for closure, may find it more difficult to visit their next nearest library, a range of mitigations had been identified. These included a weekly shuttle bus service, access to the Home Library service and online services. Alongside this, support would be provided to help people build their digital skills and raise awareness of how to access these services and other outreach work. Through the equalities process, it had been identified that the current library arrangements, with two-day-a-week opening, were adversely impacting upon residents with protected characteristics.

It was questioned whether there had been any work to estimate the number of potential users of the shuttle bus service. It was advised that it was difficult to confirm at this stage, but the consultation did provide as a starting point an indication from the number of current users who would not be able to access another library. Once Cabinet had made its decision on the Library Review, there would be further work to engage with local users to design the mitigations to meet their needs. The potential costing for running the shuttle

bus service had been prepared in conjunction with the SEND Transport team, as their vehicles would be used to provide the service during the day, when not in use for school transport.

In response to a question about whether consideration had been given to providing a mobile library service, it was advised that this option had not been pursued as mobile libraries were being phased out due to the cost of provision. The advantage of the shuttle bus service was it could be provided using existing Council resources.

It was noted that within the report it stated that alternative provision could be provided in schools, care homes, cafes, or churches. As such it was questioned whether there had been any discussions with specific venues that may be interested in providing this service. It was highlighted that there were some venues mentioned in the report, but at this stage it was an option the Council would want to keep open to as many voluntary sector organisations as possible. It was clarified that there were different outreach strands, one was aimed at identifying pre-existing publicly accessible venues such as community centres and faith spaces. Another strand was exploring the provision of services at venues that are closed to the public such as schools and care homes. In this case, it would involve providing a service particularly for the pupils of the school or residents of a care home.

It was confirmed that the Open+ scheme to allow access to library services outside of staffed hours was currently in place in Norbury and Selsdon libraries. It would require capital investment to expand the scheme, but it was proposed that the scheme would be installed at South Norwood and Coulsdon libraries. It was noted that the scheme did not permit entry to young people under the age of 16 without an accompanying adult, which may have a negative impact on students looking for study space. It was explained that this had been recognised and staffing was being increased on Saturdays to increase access for young people and children.

It was noted that the Council was offering £20,000 to assist with the cost of moving the four libraries into community ownership, but it was questioned whether this was sufficient to address the poor condition of some of the buildings. In response, it was clarified that funding was being provided to enable community groups to adapt the buildings to their needs. There would need to be a separate discussion on the condition of the buildings and it may be the case that Community Infrastructure Funding could be used for one-off repairs.

The Committee put on record its disappointment that not all the mitigations proposed in the draft Library Review report were fully worked through, a week before the decision on closure was due to be made. It also made it challenging for the Committee to form a judgement on the robustness of what was being proposed. As it was going to take six months to have the full set of mitigations in place, the Committee questioned why all four libraries needed to close in October. It was suggested that the timing of the closures should be

reviewed to ensure that the planned mitigation was more fully developed, including a possible phased programme of closure.

At this point, the Committee concluded its questioning on the information provided in the report. The Chair thanked the officers for all their work in delivering the consultation.

Conclusions

Following its review of the Administration's proposals arising from the Library Review, the Committee reached the following conclusions: -

1. The Committee recognised that there had been a significant amount of time and effort invested into the Library Review. The Committee noted the response level of the consultation was significantly higher than previous library consultations in Croydon, which was to be welcomed, although the challenge of engaging with harder to reach groups was recognised.
2. The Committee noted that there were legal risks to the Council, should the proposed model be agreed by Cabinet. Officers advised committee members that they had worked to mitigate these risks as much as possible. Committee therefore concluded that the risk of either a judicial review being brought or a request being submitted to the Secretary of State to review the Council's delivery of its duty to have a best value library service (one that was "comprehensive and efficient") had to be accepted.
3. Specific to the proposed closure of Shirley Library, although the Committee was advised the Council was reviewing the potential legal exposure inherent to the covenant on the site, Members were not provided with detailed assurances at the meeting and as such could not make a judgement on this point.
4. The Committee acknowledged that the loss of even one library was hard for communities and that this loss needed to be effectively mitigated by working closely with community partners and residents on alternative provision.
5. The Committee noted that some areas of the UK had seen a loss of over 50% of their library provision, particularly in areas of deprivation. In light of the national context, the Committee recognised these challenges also affected Croydon. The committee further remarked that the proposed new library model's successful delivery would be dependent on ensuring the delivery of the proposals (including outreach services and loss of services' mitigations) met the needs of residents affected by the proposed closures.

6. The Committee welcomed confirmation that the Council was exploring a wider range of options, other than Community Asset Transfers, for the future use of the four library buildings identified for closure. The Committee highlighted the importance of working closely with affected community groups and residents to ensure that the best solution was found for the respective buildings and tailored to local needs.
7. In the context of local authorities' funding decline over the years, Committee highlighted the ability of those councils that managed to avoid libraries' closures and maintain the quality of service through income generation. In Croydon, Committee was advised that previous attempts to improve income had not been successful through a combination of challenges: limited staffing resources to dedicate to income generation in addition to business as usual activities and in some cases, library facilities/buildings not being suited to income generating activities.
8. The Committee was not assured that there was sufficient resource or time available to conduct the planned engagement activities with local community groups and residents to refine the mitigation proposals before the proposed closure date for the four libraries on 25 October 2024.

Recommendations

Following its review of the Executive Mayor's proposals arising from the Library Review, the Committee agreed to submit the following recommendations for the consideration of the Cabinet: -

1. To ensure that there is time and resource available to allow for sufficient engagement with each of the four local communities over the future of their library sites identified for closure, the Committee recommends that a more flexible approach is taken to the closure date, including considering whether a staggered closure would help to manage the available resource for consultation and engagement on the design of the mitigation actions and outreach services in collaboration with affected groups.
2. To ensure that the proposed library model was delivering an improved service that meets the Department for Culture Media and Sports (DCMS)'s requirements to provide an "comprehensive and efficient" service as well as increasing the usage of the Council's library provision, the Committee recommends that a full review of the new model, including an assessment of the mitigation measures, is undertaken after 12 months of delivery.
3. Although it was noted by Committee that the consultation had received decent number of responses- higher than previous library consultations, it further stated the importance to assess effectiveness

of consultation through the ability to engage all sections of society and communities affected, particularly harder to reach group. As such, the Committee recommends that the consultation process is reviewed to use good practice and lessons learned to inform future consultations, particularly how the Council can engage with harder to reach communities.

61/24 **2024-25 Period 2 & 3 Financial Performance Reports**

The Committee considered a report on pages 193 to 276 of the agenda that provided an overview of the latest budget position for 2024-25 covering Period 2 (April 2024) and Period 3 (May 2024). This report was included on the agenda as part of the Committee's ongoing scrutiny of the delivery of 2024-25 budget.

In attendance for this item were the following: -

- Executive Mayor Jason Perry
- Councillor Jason Cummings – Cabinet Member for Finance
- Jane West – Corporate Director for Resources and Section 151 Officer
- Nick Hibberd – Corporate Director for Sustainable Communities, Regeneration & Economic Recovery
- Beatrice Cingtho-Taylor – Director of Housing, Homelessness Prevention & Accommodation
- Mary Larbie – Director of Housing Management

During the introduction to the report by the Cabinet Member for Finance, Councillor Jason Cummings, the Committee was informed that the projected overspend of £23.9m, after the budgeted utilisation of £38m capitalisation directions requested from the Ministry of Housing, Communities and Local Government (MHCLG), utilisation of the £5.0m risk contingency budget and utilisation of £13.0m corporate earmarked reserves, was both disappointing and worrying.

The overspend could principally be broken down into three main areas of the Council. Firstly, the cost of placements within the Children, Young People and Education directorate. Secondly, within the Housing directorate which had been impacted by the rising demand for and cost of temporary accommodation. Finally, within the Sustainable Communities, Regeneration and Economic Recovery directorate there was an overspend for delivering Special Educational Needs (SEN) transport. It was confirmed that the risk of overspends, to the level currently being projected, within the three services had not been identified during the process to set the 2024-25 budget, earlier in the year.

It was highlighted that an unforeseen increase in demand for these three services was not unique to Croydon, with other local authorities in London experiencing a similar escalation in demand for these services. However, it did not change the fact that it needed to be dealt with locally and as such it was the primary focus of the leadership of the Council. Given the scale of challenge and the fact that much of the projected overspend could be attributed to meeting demand for statutory services, it was essential that a whole council approach was taken to mitigating the overspend, with each directorate targeted with finding savings of £3m.

Following the introduction of the report, the Committee highlighted that the overspend had been identified in the Period 2 report, which covered up until the end of May 2024. As it was now the middle of September, concern was raised about why the Committee was only now learning about the overspend, over three months since the end of Period 2. In light of these concerns, the Cabinet Member gave a commitment to keep the Scrutiny and Overview Committee informed as soon as possible, before the formal publication of financial monitoring reports, if there was any further significant adverse shift in the budget position. In response to a follow-up request that all Members be notified at the same time, it was highlighted that scrutiny members had a specific role in scrutinising the delivery of the budget, which required the prompt provision of information. Other Members would continue to be updated through the publication of financial monitoring reports.

Given the Committee had previously been advised that the Council's forecasting capability was improving, it was questioned why the risk of the overspend had not been identified during the budget-setting process and whether there had been any mitigation put in place to manage the risk. In response, it was advised that when the forecasted overspend was first identified, there was no information held by the Council which would have previously indicated it was a risk. Other local authorities across London had experienced the same unforeseen increase in demand, which would suggest that although it was not picked up as a risk in the Council's budget, the situation was not unique to Croydon. The only area that had been identified as a potential risk to the budget was temporary accommodation, although this had been wrongly interpreted as a short-term increase in demand, rather than a longer-term increase. As the overspend was unexpected, mitigation had not been put in place.

It was noted that inflationary pressures were contributing to the budget overspend. During the budget scrutiny process, the Committee had highlighted the risk of removing the £5m Economic Pressures Fund and, with the benefit of hindsight, questioned whether this should have been removed from this year's budget. In response, it was advised that when the budget was set, the Council had used the Bank of England's projections for inflation. However, the current level of inflation being experienced across the local government sector was exceeding all expectations. When setting a budget, there are a range of choices that need to be made, informed by the best

available evidence at the time. In this instance, the Bank of England had not identified the current level of inflation being experienced in local government, and as such, it was thought reasonable to remove the Economic Pressures Fund from the budget, as otherwise it would have required an equivalent amount of service cuts to deliver.

Given the current in-year budget projection was forecasting a position significantly different from when the budget had originally been agreed in March 2024, it was questioned whether there were any lessons to learn for the future. In response, it was highlighted that it had been previously flagged to the Committee that the Council's systems were not where they should be in terms of data quality. For instance, in some cases, individual spreadsheets were still being used by teams. A key aim of the Oracle project was to ensure that data was held within that system and that it could link with other programmes used by the Council, such as the NEC housing system, although the full benefit of the project was unlikely to be realised until 2025-26. There had been an assurance process in place during budget setting to mitigate the potential risk arising from data quality, but there were instances where this process had not picked up potential issues at that stage. Given the financial challenges facing the Council were similar to other London boroughs, there was a wider question about forecasting across the sector.

It was questioned whether the initial data for the next financial period (Period 4 – July 2024) indicated whether the forecasted overspend position was likely to improve or worsen. It was advised that at the time of the meeting, there was no indication that the Council's position was likely to worsen from the current position.

A question was asked about the lower than anticipated recovery of Council Tax (the Period 3 report was forecasting a 94.2% recovery rate rather than the 97.5% rate anticipated in the budget) and the action being taken to address this. In response, the Section 151 Officer explained that the Council never collected all the Council Tax for a year within the year, as some people would always pay later. At this time, there was no reason to expect that the Council would not meet the 97.5% collection target. There was scope to improve the collection rate, but in comparison with other London boroughs, the Council was performing in the mid-range in terms of collection.

In follow-up, it was noted that Council Tax had increased by 21% over the past two years, raising concerns about residents' ability to cope with the rise. It was explained that when Council Tax was increased by 15% for 2023-24, potential hardship was anticipated and addressed through the introduction of the Hardship Fund. Despite a relatively low number of applications to this Fund, there was an increase in the use of established Council Tax support systems. Given the available support, no further impact was expected. The Committee had previously recommended that officers engage with local support organisations, such as the Citizens Advice Bureau and the South West London Law Centre, to understand their experiences in supporting

residents facing financial difficulties. It was agreed that this engagement would be followed up outside the meeting.

Concerns were raised about the lack of detail on the Recovery Plan included within the reports. The Committee questioned when they could expect to see additional information to understand how the overspend was being addressed. It was advised that further details should be expected in the Financial Monitoring reports by Period 5 (August 2024), which would be available later in the autumn. An updated Medium Term Financial Strategy (MTFS) report, due to be considered by the Cabinet on 16 October, would also need to reflect the Recovery Plan due to its budgetary implications. It was agreed that the Sub-Committees would be asked to scrutinise the recovery plans for their respective areas.

Assurance was given that although the detail was not included in the report, work to address the overspend was ongoing. Individual recovery plans were being developed by the three services experiencing the largest overspends. All directorates were going through the star chamber process to identify savings, with a fourth round of star chamber meetings planned for November, when in normal circumstances there would normally be only one or two rounds. It was clear that a whole organisation response was needed to address the overspend, and there had recently been a meeting with the Extended Management Team (EMT) to ensure there was a focus on delivering the savings.

The Committee asked whether reassurance could be provided that the three services with significant overspends were delivering best value. It was advised that all three areas were part of the transformation programme and were working with partner organisations to identify improvements in the value for money of those services. The services provided were a statutory duty, and it was important that the Council was fulfilling its duties, but at the same time, they should be delivered in the most cost-effective way. The results of the transformation work were expected in the next couple of months, and it was anticipated that this would deliver some early wins.

It was questioned whether there was a concern about how the need to find in-year savings would impact upon the Council's ability to find the savings required in the MTFS in future years. It was advised that this was a concern, as the Council was facing a significant MTFS savings programme and any in-year savings would sit on top of this. This was a challenge faced by the whole local government sector, with it highlighted that London Council's had recently made a submission to the Government to outline the issues. It was confirmed that the Corporate Risk Register had been updated to reflect the Council's budget position.

At the end of the item the Chair thanked the Cabinet Member and officers for the time they had taken to engage with the Committee and answer their questions.

Actions

Following its discussion of the latest Financial Monitoring Report, the Committee agreed the following actions to follow-up outside of the meeting: -

1. The Committee agreed that the members of its sub-committees should be briefed on the specific recovery plans for the areas within their respective remits and to pick up on the potential impact in their work programmes.
2. The Committee asked to be provided with a copy of the London Council's Budget Representation 2024.

Conclusions

Following its discussion of the latest Financial Monitoring Report, the Committee reached the following conclusions: -

1. The Committee agreed that the projected overspend of £23.9m was an extremely challenging financial position to resolve and at present there could be no assurance on where the savings required to balance the budget would be found.
2. As well as presenting a significant risk to the delivery of the Council's in-year budget, the overspend, if realised, would have an impact on the whole of the Medium Term Financial Strategy. As a result, this placed more pressure on the Transformation Programme to deliver the saving required by the Council.
3. The Committee agreed that the approach to work across the organisation to find the savings required to balance the budget was reasonable in the circumstances.
4. It was agreed that scrutiny of the relevant recovery plans would be a key area of work for the Scrutiny & Overview Committee and its sub-committees in the coming months.
5. The Committee welcomed the commitment of the Cabinet Member to keep them informed as soon as possible, before the formal publication of financial monitoring reports, if there was any further significant adverse shift in the budget position.

62/24 Draft Scrutiny Annual Report 2023-24

The Committee considered a report set out on pages 277 to 306 of the agenda which presented a draft version of the Scrutiny Annual Report 2023-24 for comment, prior to a final version being submitted to the next Full Council meeting on 9 October 2024 for noting.

It was agreed that concerns raised about comments of a political nature that were included in the introduction to the Annual Report would be picked up by the Chair and Vice-Chair, when agreeing the final version for submission to the full Council meeting.

Resolved: The Scrutiny & Overview Committee agreed to: -

1. Approve the draft version of the Annual Scrutiny Report for submission to Council on 9 October 2024.
2. To note that any amendments made as a result of the comments of the Committee will be agreed by the Scrutiny Chairs, to meet the timeline for delivery to the Council meeting.

63/24 **Scrutiny Recommendations**

The Committee considered a report set out on pages 307 to 316 of the agenda which presented the response of the Mayor to previous recommendations submitted by the Scrutiny & Overview Committee for his consideration.

Resolved: The Scrutiny & Overview Committee agreed to: -

1. Approve the recommendations made by its Sub-Committee's for submission to the Executive Mayor for his consideration.
2. Note the response provided by Mayor to recommendations made by the Scrutiny & Overview Committee.

64/24 **Scrutiny Work Programme 2024-25**

The Committee considered a report set out on pages 317 to 342 of the agenda which presented the most recent version of the work programme for the Scrutiny & Overview Committee and its Sub-Committees.

Resolved: The Scrutiny & Overview Committee agreed to note the most recent version of the Scrutiny Work Programme 2024-25

65/24 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.58 pm

Signed:

Date:

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