

## Scrutiny & Overview Committee

Meeting of held on Tuesday, 30 October 2018 at 6.30 pm in Council Chamber - Town Hall

### MINUTES

**Present:** Councillor Sean Fitzsimons (Chair), Councillor Robert Ward (Vice-Chair), Sherwan Chowdhury, Jerry Fitzpatrick, Joy Prince and Andy Stranack

**Also Present:** Councillors Simon Hall and Manju Shahul-Hameed.

Lindon Daniels – Caribbean Credit Union,  
Julia Desbruslais – London Mozart Players,  
Gordon Smith – Octavo,  
Sion Whellens – Co-ops UK,  
Michael Wilson – Croydon Plus.

### PART A

#### 21/18 **Minutes of the Previous Meeting**

The minutes of the meeting held on 4 September 2018 were agreed as an accurate record.

#### 22/18 **Disclosure of Interests**

There were none.

#### 23/18 **Urgent Business (if any)**

There were no items of urgent business.

#### 24/18 **Question Time: Cabinet Member for Finance & Resources**

The Cabinet Member for Finance and Resources, Councillor Simon Hall, was in attendance at the meeting to provide the Committee with an update on his Portfolio and answer questions arising.

During the course of the presentation, the following points were noted:-

- The Cabinet Member reported that the majority of the recommendations made by Scrutiny relating to the Finance and Resources portfolio had been implemented.
- The Administration had made specific commitments to ensure that best practice was followed when commissioning services, including placing

a requirement within all new contracts for suppliers to pay the London Living Wage to their staff.

- There was also a requirement for commissioners to have given consideration to the economic, environmental and social benefits of their approach to procurement prior to starting the process. This would help to ensure there was an emphasis on benefits that would deliver improvements for residents, such as ensuring apprenticeships, training and local employment. It was noted that contract management was key to ensuring the successful delivery of these benefits.
- Council Services such as special educational needs transport, grounds maintenance and libraries had recently been brought back in house. It was likely that this trend would continue going forward for other currently outsourced services.
- Tangible progress had been made in the creation a new department, namely Gateway, Strategy and Engagement. There had also been three recent director appointments, which had increased diversity at that level of the organisation and two of the three appointees were internal candidates.
- The new Chief Digital Officer, Neil Williams, had been in post for two weeks and would be leading the IT Transformation, which would include a move away from the current contract for IT services with Capita, with a view to bringing the overall management and design teams in-house.
- The success of Community Connect was highlighted as an example of the Council's Prevention led approach, which brought together 36 organisations to deliver a number of community wellbeing projects.

Following the presentation, the members of the Committee were given the opportunity to question Councillor Hall on a wide variety of areas within his Portfolio. The first question related to the Budget announced by the Government the previous day and the potential impact for the Council. It was advised that although further information was required on the detail of the Budget, initial analysis had shown that there may be some good news.

This included the provision of additional funding of £650m for Adult Social Care services across the country. While this was tentatively welcomed, it was highlighted that it would not address the longer term funding concerns for adult social care. It had also been announced in the Budget that the borrowing cap for local authorities would be lifted, which would allow the Council to explore further opportunities for house building and estate improvements.

It was highlighted that the Fair Funding Review had raised awareness of the longstanding funding inequalities between inner and outer London authorities and as such it was questioned what Croydon could do to address this issue. It was advised that the Council had been lobbying on this issue, both directly and in conjunction with other outer London boroughs who were in a similar

position. Funding inequality for the Local Housing Allowance and Unaccompanied Asylum Seeking Children (UASC) were particularly significant issues for the Council, with it highlighted that if Croydon was awarded the equivalent of the lowest funded inner borough, it would equate to approximately £60m in additional funding. It was agreed that the representations made on behalf of the Council, such as co-signed letters, would be shared with the Committee.

As a follow up, it was questioned whether there was sufficient resource within the Council to develop the case for increased funding sufficiently. It was confirmed that the Government was in the process of undertaking a review of its needs formula, which the Council would have the opportunity to inform. As this was a formal process, it presented a good opportunity for the Council to influence the process. However, the main challenge remained that there was only a limited pool of funding to split between local authorities in different ways. Croydon Council responded to every consultation, most recently putting forward the case for UASC. It was also confirmed that the local MP's were included in all the responses to consultations and that they regularly met with the Leader to discuss these issues and to coordinate the promotion of Croydon's cause.

In response to a question about contractors paying their staff the London Living Wage, it was confirmed that some of the older contracts did not include this requirement, but it was added into all new contracts as the older ones concluded. It was agreed that information on the number of contractors with the older contracts and not paying the London Living Wage, along with the number of staff this was applicable to, would be shared with the Members of the Committee.

It was noted that there was both advantages and disadvantages to pursuing joint commissioning with other local authorities and any decision to proceed in this direction needed to be taken on a case by case basis. Due to the size of the Borough of Croydon, being the second largest in London, it was sometimes the case that joint commissioning was not beneficial for the Council.

In response to a question about how judgements were made about whether to bring services back in-house or not, it was confirmed that detailed analysis was prepared in each instance setting out the pros and cons of the different approaches to service delivery. The final decision was based on a number of factors including the benefits arising from in-house delivery, as well as the financial implications.

It was confirmed that the Council had a good level of contract management experience in-house, which ensured that a high level of service delivery was achieved from contracts. This was reinforced by external support for a small number of larger contracts that required specialist experience. It was also confirmed that it was important to ensure that any contract entered into by the Council included break clauses and penalties to allow the ability to address performance concerns as they arose.

It was highlighted that the Labour Manifesto had given a commitment to engaging with local communities to inform the Council's commissioning principles and as such it was questioned how this was going to be achieved? It was confirmed that the Council actively engaged with services users when making changes to a service. Other feedback such as complaints and complements as well as any data gathered through surveys was also used to inform the process. Going forward the feedback process would continue to be strengthened, along with continuing to improve transparency through providing contract information on the Council website.

As it was noted that a previous recommendation made by the Committee concerning notifying Ward Members about Section 106 and Community Infrastructure Levy (Cil) funds raised in their local area through the planning process had not yet been fully implemented in the three years since the recommendation had been made, it was questioned why there had been a delay in this being delivered. It was agreed that this would be investigated with the Planning Service and an update provided for the Committee. It was suggested that it may be of benefit to revisit this recommendation at a future meeting to ensure that it had been progressed.

As there had been a change within the IT service with a new Chief Digital Officer recruited, further information was requested on the vision for IT at the Council going forward. It was advised that the Council website, apps and other interfaces with customers were constantly being reviewed and improved. It was highlighted that there was a need to create a facility to allow for live feedback from customers as this would help to deliver service improvement. It was agreed that the new Chief Digital Officer would be invited to a future meeting of the Committee to provide an update on the Council's Digital Strategy and progress made with implementing the Eyes and Ears Strategy.

In response to a question about those residents without means to access the Council digitally, it was confirmed that work had been progressing within the Council on improving digital inclusion over the past four year. Furthermore a scheme to provide internet access at either low or zero cost for residents unable to afford access through the usual routes was being investigated along with options for providing adapted technology for those who need extra support.

It was questioned whether consideration had been given to bringing the housing maintenance contract for the Council's housing stock back in-house. It was confirmed that the contract was due to end in approximately three years and this option would be considered. It may be the case that certain elements, such as the helpdesk, are brought back in-house and other bought in.

It was highlighted that when contracting services, the financial cost would normally be clearly set out in advance and as such it was questioned whether this was possible when taking a decision to retain services in-house, to allow for a comparison of the potential costs. It was confirmed that there was a mechanism in place to track the costs of in-house service provision and to

deliver performance data. In bringing services in-house, there was greater scope to shape how services were delivered. For instance, the vehicles used for special educational needs transport provision could be used to provide other services when not in use for school transport.

As the Governance Review had recently been approved by the Council, it was questioned what the Cabinet Member expected the outcomes to be from the review. In response it was highlighted that the review was being conducted by a Panel of Members and led by an Independent Chair, so it was difficult to predict the outcome. However, the calls for a Governance Review had arisen from a need to modernise and simplify the governance process, including ensuring that Cabinet Members could be held to account on a routine basis. The Review was also an opportunity to raise the profile of Committees such as Scrutiny and improve the visibility of backbench Members.

Given that the Improvement Plan for Children's Services placed an emphasis on improving workforce issues and increasing the pace of change, it was questioned whether this was progressing quickly enough. In response it was confirmed that the workforce was key to improving Children's Services and to that end a new Executive Director and a Director for Early Help had recently been recruited, which will help to provide a new impetus for the Service. Recruitment and retention remained an issue within the Service, which had resulted in a higher spend on agency staff, but schemes were underway to train new social workers and encourage agency workers to become permanent staff members.

### **Requests for Information**

Arising from the discussion of this item, the following further information was requested:-

1. It was requested that representations made by the Council calling for fair funding for outer London Boroughs are shared with Committee Members.
2. That an update on the implementation of a system for notifying local Members about the S106 & Cil funds raised in their Wards be provided.

### **Conclusions**

In reaching its recommendations, the Committee reached the following conclusions:

1. The Committee were disappointed with the lack of information provided as an update on the implementation of their recommendations made over the past four year.
2. It was particularly disappointing to note that a system for notifying local Members about S106 and Cil funds in their Wards had not been implemented in the three years since the recommendation was made.

3. That further information was required on the Council's Digital Strategy and the implementation of the Eyes and Ears Strategy and as such the new Chief Digital Officer would be invited to attend a future meeting of the Committee to provide an update.

### **Recommendations**

The Committee **RESOLVED** to recommend to:

1. The Cabinet Member for Finance and Resources that action is taken to ensure that Members are informed when s106 and Cil agreements have been negotiated in their Ward, including confirming for what purpose the funds had been secured
2. Each Cabinet Member that a tracker is maintained of all Scrutiny recommendations which comes under their responsibility.

25/18

### **Co-operation and Social Enterprise in Croydon**

The Committee received a report setting out the Council's activities to support and promote both Cooperatives and Social Enterprise in Croydon. To aid the discussion representatives from various interested organisations had been invited to attend the meeting and provide evidence to the Committee. The organisations in attendance were:-

- Cooperatives UK, who represented the 7,226 cooperatives in existence across the country, from large organisations such as John Lewis to many other smaller enterprises.
- Croydon Plus, which was a credit union set up in 1999, initially for the staff of Croydon Council and had now expanded to include anyone who lived or worked in the Croydon, Merton or Sutton Boroughs. The organisation was self-funded and relied upon growing its customer base and received support from the Council, including co-locating in the Council offices. In the past two years its membership had grown from 3,500 to 6,000 members, with a large increase in referrals from local authorities relating from benefit issues.
- The Caribbean Credit Union (CCU), was established in 1967 by a number of West Indians living in Croydon, having experienced difficulties obtaining credit through banks and originally started with 150 members. The CCU was mainly staffed by volunteers, led by a Board and various Committees who had responsibility for areas such as deciding loans and audit functions. Future plans were to continue to grow the organisation through partnership work.
- The London Mozart Society (LMS) was a Chamber Orchestra set up in 1949 to promote the music of Mozart and Haydn across as wide an area as possible and now operated as a player run organisation. All musicians who were members of the LMS remained freelance to allow themselves the opportunity to pursue other avenues of work. LMS was overseen by six directors and dependant on their commitment to

deliver its programme of events and activities. LMS provided support throughout Croydon through outreach work and worked with local community groups and schools. LSN also ensured that tickets for events were made available for those who would not normally be able to access that type of performance.

- The Octavo Partnership was established on 1 April 2015 as a mutual trading company to provide school support services such as educational psychology, HR, governance, finance and IT support. The company had been created from what was formally a Council service which had faced large scale redundancies. The company had received the support of the Council when it took the decision to set up as a separate organisation, with the Executive Director for Finance, Richard Simpson a Director of the Company. The Council had also provided funds to support the initial cash flow for the company, but this had not been needed for the past two years.

The Cabinet Member for Economy and Jobs, Councillor Manju Shahul-Hameed advised the Committee that she had recently attended the Cooperative Council's Network Summit, which was aimed at sharing good practice. Croydon was the first borough to have been awarded the Social Enterprise Place Status in 2014, with a total of 26 local authorities now awarded this status. It was highlighted that Croydon Council was committed to the ten principles of Cooperative Councils and work was underway to develop initiatives that would support these principles.

It was questioned how existing small businesses considering becoming cooperatives could get support? It was advised that the infrastructure for Co-op development could be provided by Cooperatives UK, with the East End Trade Guild highlighted as an example of small businesses using a cooperative approach.

The Cabinet Member confirmed that it was an aspiration for the Council to set up more Business Improvement Districts within the borough, with 16 areas identified. There was also the Croydon Enterprise Growth Fund which provided loans of £10,000 to £30,000 to people wanting to set up their own businesses. To date £3.3m of loans had been provided to business across Croydon. The Council also provided Business Rate Relief and a Business Advice Surgery with further opportunities to expand these into district centres being explored.

In response to a question about the support provided by the Council for people setting up Cooperatives, it was confirmed that support primarily focussed on social enterprises, with a Social Enterprise Network that held regular events. The Committee raised concern that that the Council's focus seemed to be primarily focussed on support for Social Enterprise and agreed that a wider approach to include different social business models, including cooperatives was required.

As such the representatives of the organisations in attendance at the meeting were asked what practical support could the Council offer to potential new cooperatives. The following was noted in response:-

- The provision of a support network to allow the opportunity to test ideas before committing to a course of action would be beneficial, as it was easy to make mistakes when operating in isolation that could possibly have been avoided had it been possible to discuss the situation with others who had been through the process.
- It was suggested that a mechanism for providing advice and guidance on governance structures and how to operate as a business would also be welcomed.
- Premises for many new organisations were noted as an issue, as it was important that companies that relied on customer support were based in a visible location. Croydon Plus acknowledged that being able to co-locate with the Council had been particularly important for the development of their business.
- Providing access to a source of funding could also make a crucial difference in the early days of establishing a new business.
- Support in building a network for potential partnership working was also crucial to the success of new cooperatives. It was suggested that empty shops in district centres could be used to host surgeries in local areas. It was also highlighted that the new locality model may also provide the Council with the opportunity to support organisations such as credit unions, social enterprises and cooperatives across the borough.

It was questioned whether the Council was doing enough to raise awareness of cooperation as a potential option for new businesses in Croydon. It was confirmed that advice surgeries were in place for both existing and potential new businesses. Help was also provided to assist organisations in finding premises and to access loans, however it was agreed that further work was needed to establish what other support the Council could provide.

In response to a question about the Council's vision for the future of cooperatives in Croydon, it was confirmed that the Council was fully committed to implementing the Cooperative Council's principles and that plans were being developed with a view towards becoming an enterprising borough.

It was highlighted that Community Cooperatives were becoming increasingly popular as a mechanism for local people to provide community benefits in a wide variety of areas including food growth and housing. Community Shares were also increasingly becoming a powerful model for local people to take control of local assets such as football clubs, libraries and other services.



It was questioned how easy the organisations present found it to work in partnership with other organisations, including both the Council and the private sector. Croydon Plus advised that they were fortunate in being based in a Council building as it provided the opportunity for much welcomed additional support. They also worked with a number of local businesses to provide a savings schemes for staff.

LMS also noted that they had received support from the Council, particularly in terms of advice. They also worked with the private sector, which was particularly important for developing networking opportunities.

Although CCU was fairly standalone as an organisation, it was highlighted that they did receive support from the Council in the form of a grant which helped towards the cost of their premises.

The Cabinet Member highlighted that the Council worked with the voluntary sector to promote Credit Union. It was also highlighted that each Councillor had a Community Ward Budget of £8,000 which could be spent on supporting local projects.

In response to a question about the approach taken by other local authorities, it was advised that the Cabinet Member's responsible for jobs across London met regularly and had discussed the benefits of a community lead approach to business. From these discussions, it seemed that Croydon was ahead of other local authorities in this area, but further work was still required.

It was questioned whether the Council took into account different business models when putting contracts out to tender and whether information was available to confirm the different type of businesses that had successfully tendered to deliver Council services? It was advised that that information was not currently tracked, but it could be compiled for the Committee after the meeting. It was also confirmed that market warning events were organised to raise awareness amongst local businesses when contracts were being tendered and to encourage them to bid.

In response to a question about what was needed to make a cooperative successful, it was advised that it essential to have a nucleus of people who believed in the project and were committed to driving it forward. As most people were used to working in a hierarchical structure, it also required people to embrace the cooperative model of decision making. For long term success, succession planning was also key to the sustainability of any cooperative.

### **Request for Information**

Arising from the discussion of this item, the following further information was requested a breakdown of Council contractors, categorised by business model.

## Conclusions

In reaching its recommendation, the Committee reached the following conclusions:

1. The Committee were disappointed to note that although the Council had signed up to support the ten principles for Cooperative Council's, there did not seem to be an overarching policy to support cooperatives within the Council.
2. Although there had been an emphasis on social enterprise over recent years, there was a need to develop a strategy that encompassed all the different social business models and in particular the various models of co-operatism.

## Recommendation

The Committee **RESOLVED** to recommend to the Cabinet Member for Economy and Jobs that a comprehensive strategy is developed to set out how the Council will provide support for all forms of co-operatism and social enterprise.

26/18 **Exclusion of the Press and Public**

Not needed.

The meeting ended at 9.25 pm

**Signed:**

**Date:**

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