

Scrutiny & Overview Committee

Meeting held on Tuesday, 6 December 2022 at 6.30 pm in Council Chamber, Town Hall,
Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Rowenna Davis (Chair); Councillor Richard Chatterjee (Vice-Chair);
Leila Ben-Hassel, Jade Appleton, Sean Fitzsimons and Simon Fox

Also Present: Councillors Jason Cummings (Cabinet Member for Finance) and Andy
Stranack (Cabinet Member for Communities & Culture), Brigitte Graham
(Shadow Cabinet for Communities & Culture) and Amy Foster (online
attendance)

PART A

60/22 Minutes of the Previous Meeting

The Part A and Part B minutes of the meeting held on 11 October 2022 were agreed as an accurate record, subject to the correction of the misspelling of the name Katherine on page 9, the correct spelling being Catherine.

61/22 Disclosure of Interests

Councillor Jade Appleton disclosed an interest relating to the 'Update on Borough Culture' item as through her employment with London Councils she had worked with the Arts Council.

62/22 Urgent Business (if any)

There was no urgent business for discussion by the Scrutiny & Overview Committee at this meeting.

63/22 Update on the Borough of Culture

The Committee received a presentation delivered by the Council's Director of Culture and Community Safety, Kristian Aspinall, which provided an update on the preparations for the Borough of Culture cultural programme which was due to commence in April 2023. This update had been included on the agenda to allow the Committee to seek reassurance that sufficient resource was being invested in the preparation of the programme to ensure the Borough of Culture in Croydon was a success.

A copy of the presentation delivered by Mr Aspinall can be viewed on the following link: -

<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CIId=166&MIId=2927&Ver=4>

In addition to the Council's Director of Culture & Community Safety, others in attendance for this item included the Cabinet Member for Communities & Culture, Councillor Andy Stranack, the Corporate Director for Sustainable Communities, Regeneration and Economic Recovery, Nick Hibbard and Dan Winder, Chair of the Borough of Culture Steering Group.

Following the introduction provided for this item the Committee had the opportunity to question the attendees on the information provided. The first question related to the plans for Croydon Pride event in the Borough of Culture programme. It was advised that the vision was for Croydon Pride to be an event for the whole of London and by bringing it under the Borough of Culture banner, it unlocked additional funding to attract more people to attend. It was planned that there would be an overarching 'This is Croydon' brand which was recognised and used across all the events scheduled as part of the Borough of Culture programme.

It was confirmed that there had been conversations with the previous Borough of Culture hosts including the London boroughs of Brent, Waltham Forest and Lewisham, to learn from their experience. This had highlighted the need for archiving across the programme and to have a specific communications budget in place to adequately promote Borough of Culture events.

In terms of equality and diversity, it was questioned how this would be applied on a geographical basis. It was advised that there was an intention to deliver an inclusive range of events across the Borough of Culture programme rather than targeting specific, underrepresented geographical areas, with access being the key issue. An Access Advisory Group had been set up to provide guidance on equality and diversity and was in the process of finalising a manifesto for all groups to sign up to.

In response to a question about the geographical spread of the events, it was advised that some of the flagship events would take place across the borough, such as one being organised by the Brit School. As would be expected the majority of the large scale events were in the centre of the borough, where there were more cultural organisations. However, the Ignite Fund was a key opportunity to ensure there were events located across the borough.

As a follow-up, confirmation was requested on what percentage of the Ignite Fund would be awarded to local organisations. It was confirmed that although it was not possible to explicitly close off the fund to out of borough bids, its aim was to support local events within the borough, so it was likely that the majority would be awarded to local groups.

It was questioned how the organisers of the Borough of Culture engaged with local businesses and whether any thought had been given to using empty business premises for 'meanwhile' opportunity cultural events. It was confirmed that there was business representation on the Steering Group and the Croydon Stands Tall event was being run by the Croydon BID. The Steering Group was actively exploring activating empty spaces, particularly for

events not in a fixed location. The Committee agreed that it endorsed the use of meanwhile space wherever possible.

In response to a question about what the organisers were doing to ensure that the Borough of Culture reached communities that would not normally have access to culture, it was advised that it was important to make the definition of culture as broad as possible. The Steering Group had chosen to expand its definition of culture to include food, faith and comedy events. It was highlighted that there was a specific strand aimed at ensuring the inclusion of the amateur arts sector in the programme to ensure there was as wide a reach as possible.

In response to a question about whether there was support available for smaller local groups, it was confirmed that funding was in place for three community producers to assist smaller groups in delivering events. There was also support available to assist smaller organisations with bidding for Arts Council funding.

It was suggested that Members could be used to disseminate messaging on the Borough of Culture to local community groups. In response it was advised that a large part of the planned communication with Members had been on hold until the programme was finalised. The Committee welcomed confirmation from those present that they would be happy to engage with the political groups on the Council about how to encourage community involvement.

It was confirmed that the total budget for the Borough of Culture was £3.989m, with the vast majority of this obtained from outside sources. £900,000 had been contributed through Public Health and Growth Zone funding from within the Council. It had been made clear to all event organisers that no additional support would be available to deliver events that went over budget. If an event could not be delivered within its original budget, it would not be delivered.

The Council's Programme Management Office was providing support to the Borough of Culture and a comprehensive risk register had been prepared with specific criteria on the use of contingency funds. Support had been provided with fund raising for some of the programmes to help find additional funding sources. It was important to recognise that the Council did not have the skills to deliver the programme internally and as such needed to trust and work with its cultural sector partners.

It was confirmed that there were specific workstreams aimed at young people, such as one run by the Talawa Theatre Group and the Brit School working with other schools across the borough. The Brit School would also help to provide a focus on the infrastructure of the cultural industries such as lighting and other technical fields. The digital strand of the Borough of Culture programme would also be an area that would help reach young people in the borough.

Regarding evaluating the success of the Borough of Culture, the Committee was invited to make recommendations on potential indicators to measure its impact. Every grant awarded had several staple criteria that needed to be measured which would help to judge the wider impact. There was also a GLA evaluation framework that was being tweaked for local needs.

At the conclusion of this item the Chair thanked those present for their attendance at the meeting and their engagement with the questions of the Committee.

Actions arising from the meeting

Following the discussion of the Borough of Culture item at the meeting, the Committee agreed the following actions that would be followed up after the meeting.

1. That a copy of the marketing strategy for the borough of culture is circulated to the Committee once it is finalised.
2. That the evaluation criteria on which the success of the Borough of Culture will be judged is provided once it is finalised.
3. That a copy of the risk register for the Borough of Culture is shared with the Scrutiny and Overview Committee for its information.
4. That the amount allocated as a contingency fund for the Borough of Culture is confirmed to the Scrutiny & Overview Committee.

Conclusions

1. The Committee commended the team for the hard work that had gone into preparing the Borough of Culture programme and agreed that all involved had fantastic intentions and demonstrated a commitment to the widest possible engagement.
2. The Committee welcomed the approach from the organisers of the Borough of Culture to widen the definition of culture, beyond that defined by the Arts Council, to include areas such as faith based activity, food and comedy.
3. The Committee welcomed confirmation that options for utilising unused business space, such as empty shop units, for Borough of Culture events were being actively explored
4. The Committee welcomed confirmation that the Ignite Fund would be used to expand the reach of the Borough of Culture programme to under-represented parts of the borough and would encourage the Steering Group to continue targeting areas without representation in the Borough of Culture programme.

Recommendations

The Committee agreed that it would submit the following recommendations to the Executive Mayor and the Cabinet Member for Communities & Culture: -

1. That an all-Member Briefing is provided in advance of the launch event to update Councillors on the Borough of Culture programme, explain how to encourage community involvement and detail the support available for individual artists wanting to participate.
2. That the evaluation of the success of the Borough of Culture is tested by a group made up of Members and Officers.

64/22 2023-24 Budget Update, Medium Term Financial Strategy and Savings Proposals

The Committee considered a report set out on pages 19 to 84 of the agenda which was the report considered by the Cabinet at its meeting on 30 November 2022 relating to the preparation of 2023-24 budget. This report was included on the agenda to inform the budget scrutiny process.

The Cabinet Member for Finance, Councillor Jason Cummings, the Corporate Director for Finance & Section 151 Officer, Jane West and the Corporate Director for Sustainable Communities, Regeneration and Economic Recovery, Nick Hibberd, attended the meeting for this item.

The first question from the Committee requested a summary on the key budget assumptions included in the Cabinet report. During the response to this question, the following information was noted: -

- The Cabinet report set out a framework for the budget setting strategy based on broad assumptions. The detailed information required to set the Budget would be included in the report setting out the Administration's proposed budget, which was due in February 2023.
- The current assumption for interest from the Public Work Loan Board was 4.65%, although this may need to be revised.
- An assumption of 5% on contract inflation and 3% on pay inflation had been included in the report. It was highlighted that some of contract inflation contingency in the 2022-23 budget had been reallocated to pay inflation as contract demands had been received later in the year than planned. It was highlighted that at this stage it was difficult to predict the level of inflation in 2023-24.
- £10m had provisionally been included in the Medium Term Financial Strategy to manage additional demand pressures in social care and within the Housing service for homelessness support.

- At the time of the meeting, the Government's plans for its Homelessness Prevention Grant were not clear, so an assumption had been made that the £3m fund would be lost. It would be added back into the budget if the Government decided to continue the fund.
- Income saving built into the previous Medium Term Financial Strategy model had been taken out, with fees and charges savings being made instead at a departmental level.
- An assumption of £2.6m had been made for Minimum Revenue Provision (MRP).

It was questioned whether there had been any assumptions made on the use of reserves in the 2023-24 budget. It was advised that it was currently assumed that reserves would not be used. It was highlighted that it was important for the Council to reach a position where its budgets balanced in-year. It was also important to increase certainty and sustainability in the reserves held to ensure the Council was better able to weather any future storms.

In response to a question about whether reserves would be used to mitigate against any of the risks that had materialised in the present year, such as those linked to Croydon Affordable Homes, it was acknowledged that reserves could be used to mitigate against potential risks but had not been allocated to a specific risk.

An update on the current strengths and weaknesses of the Council's financial systems was requested. It was advised that staff were a key part of the system and the Council had gone a long way towards ensuring staff understood the risks around budget ownership and the need for accurate monitoring. However, the available data and systems were still not where they should be. The Fusion Oracle finance system was introduced two years ago but was not performing as well as expected. As previously recommended by the Committee, a project had been put in place to resolve these issues.

In relation to issuing of the Section 114 Notice for the 2023-24 Budget by the Section 151 Officer, it was questioned why this potential outcome had not been flagged at previous Committee meetings. In response it was advised that the possibility of the Council needing to issue another Section 114 Notice had been included in the Corporate Risk Register, reviewed by the Audit & Governance Committee, since the spring when the S151 Officer started in her role. The possibility of issuing a new Section 114 Notice had been mentioned at previous Scrutiny & Overview Committee meetings, but until the recent interest rate increases and the budget announcement from the Government, the risk had not fully materialised. The decision to issue a Section 114 Notice had been taken following consultation with the consultants delivering the 'Opening the Books' project and the Department for Levelling Up, Homes & Communities. Although the Committee accepted the timeline for issuing the Section 114 Notice, some of the Member felt that more could have been done to flag the emerging risks earlier in the year.

Given that lower than anticipated parking income had exacerbated the challenge in delivering the in-year budget, it was questioned how future forecasting could be made more accurate. It was advised that there were six income streams for parking income, which had all been modelled on genuine assumptions. The reasons for under recovery of income were complex and included changing behaviours following the Covid-19 pandemic and other economic factors. Going forward a new spreadsheet developed over the previous twelve months would be used that would allow modelling based on data accumulated over several years to help refine the assumptions included in the budget. There was an aim to move from spreadsheet modelling to a more bespoke system, but this would take time to implement. An approach had been made to London Councils about the possibility of a London wide project on parking income modelling as other areas were also seeing an under recovery. This approach was supported by the Committee.

In response to a question about the lessons learnt from issues with Croydon Affordable Homes, it was noted that there needed to be robust due diligence undertaken when starting any significant projects, which were informed by advice from independent, external sources. Once the correct approach was identified, it was essential to ensure that it was delivered within the set parameters. For future projects it should be expected that there would be a more rigorous challenge from both officers and Members if a project's processes were not sufficiently robust.

It was questioned whether the issue concerning the incorrect charging of expenditure to the Housing Revenue Account (HRA) rather than General Fund could have been happening for a longer period than the three years identified in the report. It was advised that it was not possible to confirm at this stage how long the recharge errors had occurred as it was still being worked on at the time of the meeting. It was likely that the scale of the original mischarge would have been within reasonable margins of error but had built up over time. Work was also ongoing to establish how the error had been made, to ensure there was no reoccurrence.

In response to a question about how much had been added to the budget to deliver the Mayor's priorities, it was advised that until a deal had been worked out with the Department for Levelling Up, Housing and Communities, it would not be possible to give any confirmation. However, it was highlighted that the Mayor had been elected on his priorities and was intent on delivering them. The cost for the Graffiti Team had been included in the budget and initial exploratory work had been commissioned to establish the options for reopening Purley Pool. Any options for reopening the pool would need to be considered in light of the financial challenges facing the Council.

It had been noted by the Committee when it met with the Mayor on 14 June 2022 that it was possible that funding could be redirected from low priority services to pay for the delivery of the Mayor's Business Plan. As such, it was questioned whether any decisions had been taken on the redirection of funding as part of the budget setting process. It was advised that the budget setting process was still ongoing and that continually involved decisions being

taken on services, as the Council was operating within a limited financial envelope.

As it was possible that there would be a greater demand for some of the advice services provided by the Council's voluntary sector partners because of the cost of living crisis, it was questioned how they could be supported given the Council's financial challenges. In response, the partnering approach used for the Borough of Culture was highlighted as an example of the Council working with the voluntary sector without needing to provide significant funding. It was not possible to renew the Community Fund, which was due to expire in March 2023, as the Council was not able to provide new funding. Other types of support that were provided for the sector included commissioning opportunities, support with accessing funding and community asset transfers. It was agreed that the Council's partnering approach with the voluntary sector would be reviewed at a future meeting of the Committee.

In response to a question about whether the Council was being ambitious enough in its savings targets for Adults and Childrens Social Care, given that these services equated to a large proportion of the Council budget, it was highlighted that significant work had been invested in both services to reduce the cost of care which was now approximately in line with the London average. Social Care was a complex, demand led area which needed to ensure the safety of those receiving care. To achieve significant savings would likely need different types of delivery model to be explored through a longer term transformational programme.

Regarding the timescales for delivering the transformation projects outlined in Appendix C of the Cabinet report, it was confirmed that transformation would be an ongoing process. Each of the 39 streams identified would require different lengths of time to deliver depending on the available capacity and their complexity. It was agreed that further reassurance on transformation processes would be sought at the next meeting of the Committee with a deep dive on one or two specific projects.

It was noted that depending on the definition used, 'toxic debt' at present equated to 25% of the Council's debt. This assumed that toxic debt related to assets with negative equity. It was confirmed that Bernard Weatherill House was listed as a toxic asset as more had been spent on its building than could be recovered from its sale.

In response to a final question about how the conversations with the Government were progressing, it was advised that they were going well, but there had been no indication on the potential outcome at the time of the Committee meeting. It was not possible to confirm when the Government would respond and it may be possible that an interim solution was required when the Council comes to agree the budget at the end of February

Actions arising from the meeting

Following the discussion of the Borough of Culture item at the meeting, the Committee agreed the following actions that would be followed up after the meeting.

1. The Scrutiny Chairs & Vice-Chairs would meet before Christmas to plan the budget scrutiny process for the New Year.
2. It was agreed that the Children & Young People Sub-Committee and the Health & Social Care Sub-Committee should undertake deep dives on the ongoing transformation savings programmes in Children and Adult Social Care.
3. It was agreed that the Council's partnering arrangements with the voluntary sector would be scheduled at a convenient point in the New Year.
4. A request was made for the Scrutiny and Overview Committee to be provided with a process map of the budgeting setting process for 2023-24 in comparison to last year.
5. It was agreed that further information would be sought to confirm the timing of the CIL annual statement and allocation.

Conclusions

1. The Committee was highly concerned that the Council had the potential to become stuck in a 'debt trap' and agreed that it endorsed the efforts of the political and administrative leadership in focussing on reducing the Council's debt with support from national government, as without support in this area it was difficult to envision how the Council could become a sustainable authority in the long term.
2. The Committee was concerned that this year's budget was being drafted on a series of Microsoft Word and Excel documents, and strongly welcomed the Council's intention to move towards a more professional system of budget recording next year, which it believes is imperative.
3. The Committee noted that work continued towards the integration of the full range of functionality within the Fusion finance system, to ensure it was delivering the maximum benefit for the Council.
4. The Committee wanted to see more detail about the transformation projects proposed, as the projects listed often felt more like 'salami slicing' rather than true transformation. The Committee also wanted more reassurance that the Council would be able to meet the scale of transformation needed to achieve financial sustainability with the capacity constraints that it currently has.

5. The Committee agreed that it would look in further detail at one or two of transformation projects proposed in the Cabinet report, at its January meeting to provide reassurance that a robust framework was in place for these projects including ensure they were properly resourced and at their conclusion could provide a definitive evaluation of their success.
6. Although the Committee accepted the rationale for and the explanation of the timeline leading up to the Section 151 Officer issuing the Section 114 notice for 2023-24 budget year, some Members of the Committee felt there could have been additional emphasis placed on highlighting the potential risk of the Council needing to issue another Section 114 earlier in the year as contributory risks materialised.
7. The Committee welcomed confirmation that the Council would be engaging with the Audit Reporting and Governance Authority to provide reassurance that the Council was taking a best practice approach to its financial processes.
8. The Committee also welcomed confirmation that the Council had started to engage with London Councils on using London-wide data to inform modelling of future parking income.

65/22 **Membership of Scrutiny Sub-Committees**

The Committee considered a report set out on pages 85 to 86 of the agenda which set out proposed changes to the membership of the scrutiny sub-committees, which in accordance with the Council's Constitution needed to be formally approved by the Scrutiny & Overview Committee.

Resolved: That: -

1. Agree the changes to the membership of the Scrutiny Sub-Committees proposed by the Conservative Group.
2. Agree the allocation of a non-voting co-optee representing service users to the membership of the Health & Social Care Sub-Committee.
3. Note that this newly created role will replace the non-voting Cooptee from the Croydon Adult Social Services User Panel.
4. Agree the appointment of the former CASSUP Vice Chair to fill the new co-optee role for the remainder of 2022-23.

66/22 **Scrutiny Recommendations**

The Sub-Committee considered a report on pages 87 to 114 of the agenda which presented recommendations proposed by the scrutiny sub-committees for sign-off ahead of submission to the Executive Mayor and responses from the Mayor to previously made decisions.

From a brief review of the response provided by the Mayor to recommendations made by the Scrutiny & Overview Committee, it was noted that the special responsibility allowance for Cabinet Members would be reviewed as part of the wider review of Member Allowances. It was also noted that a Carbon Neutrality Strategy would be forthcoming. However, there was disappointment that the recommendation for a compensation scheme for Council tenants who experienced issues with housing repairs had been reject.

Resolved: That:-

1. The recommendations made by the Scrutiny Sub-Committees are approved for submission to the Executive Mayor for his consideration.
2. The response provided by the Mayor to recommendations made by the Scrutiny & Overview Committee is noted.

67/22 **Scrutiny Work Programme 2022-23**

The Committee considered a report on pages 115 to 116 of the agenda which presented the work programme for review.

Resolved: That the work programme for the Scrutiny & Overview Committee is noted.

68/22 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.51pm

Signed:

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Date:

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