

Scrutiny & Overview Committee Agenda



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

Reserve Members: Sue Bennett, Sherwan Chowdhury, Amy Foster, Gayle Gander, Mohammed Islam and Lee

A meeting of the **Scrutiny & Overview Committee** which you are hereby summoned to attend, will be held on **Thursday, 21 July 2022** at **6.30 pm** in **Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**.

Katherine Kerswell
Chief Executive
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Simon Trevaskis
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www.croydon.gov.uk/meetings
Wednesday, 13 July 2022

Members of the public are welcome to attend this meeting, or you can view the webcast both live and after the meeting has completed at <http://webcasting.croydon.gov.uk>

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If you require any assistance, please contact Simon Trevaskis as detailed above.

AGENDA – PART A

1. **Apologies for Absence**

To receive any apologies for absence from any members of the Committee.

2. **Minutes of the Previous Meeting** (Pages 5 - 14)

To approve the minutes of the meeting held on 27 June 2022 as an accurate record.

3. **Disclosure of Interests**

Members and co-opted Members of the Council are reminded that, in accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, they are required to consider **in advance of each meeting** whether they have a disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. If advice is needed, Members should contact the Monitoring Officer **in good time before the meeting**.

If any Member or co-opted Member of the Council identifies a DPI or ORI which they have not already registered on the Council's register of interests or which requires updating, they should complete the disclosure form which can be obtained from Democratic Services at any time, copies of which will be available at the meeting for return to the Monitoring Officer.

Members and co-opted Members are required to disclose any DPIs and ORIs at the meeting: -

- Where the matter relates to a DPI they may not participate in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.
- Where the matter relates to an ORI they may not vote on the matter unless granted a dispensation.
- Where a Member or co-opted Member has an NRI which directly relates to their financial interest or wellbeing, or that of a relative or close associate, they must disclose the interest at the meeting, may not take part in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation. Where a matter affects the NRI of a Member or co-opted Member, section 9 of Appendix B of the Code of Conduct sets out the test which must be applied by the Member to decide whether disclosure is required.

The Chair will invite Members to make their disclosure orally at the commencement of Agenda item 3, to be recorded in the minutes.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. Opening the Books - Returning the Council to Financial Sustainability (Pages 15 - 32)

The Scrutiny and Overview Committee is asked: -

1. To note the Cabinet report considered by the Executive Mayor at the meeting on 6 July 2022.
2. To consider whether there are any concerns not highlighted in the report, that should be highlighted to the Executive Mayor and his Cabinet.
3. To consider whether there should be any changes required to the Scrutiny Work Programme for 2022-23 as a result of this item.

6. Cost of Living Crisis Review (Pages 33 - 34)

The Scrutiny & Overview Committee is asked to review the information gathered from its preliminary meetings with Community Groups and Council officer.

7. Scrutiny Work Programme 2022-23 (Pages 35 - 42)

The Scrutiny and Overview Committee is asked: -

1. To note the draft version of the Work Programme that will continue to be developed over the summer period by the Scrutiny Chairs.
2. Consider whether there are any other items that should be provisionally added to the work programme as a result of the discussions held during the meeting.

8. Exclusion of the Press and Public

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the

press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

PART B

Scrutiny & Overview Committee

Meeting held on Monday, 27 June 2022 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

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

Also Present: Executive Mayor Jason Perry

Apologies: None received

PART A

32/22 **Minutes of the Previous Meeting**

The minutes of the meeting held on 14 June 2022 were agreed as an accurate record with the amendment that on page 2, paragraph 3 the word 'highlighted' is substituted for 'concluded'.

33/22 **Disclosure of Interests**

There were no disclosures of interest made at the meeting.

34/22 **Urgent Business (if any)**

There were no items of urgent business for the consideration of the Scrutiny & Overview Committee at the meeting.

35/22 **Executive Mayor Update to Scrutiny**

The Chair introduced the item and explained that the Committee would be focusing their questioning to the Executive Mayor, Jason Perry, on four main topics. There were 'strengthening our democracy', 'budgeting', 'planning' and 'climate change'.

The Executive Mayor thanked the Committee for inviting him to the meeting and stated that he looked forward to working with scrutiny going forward as a part of his commitment to opposition led scrutiny. Members heard that the Executive Mayor's top priorities were finances; the budget; securing additional income from government; reformation of planning with the revocation of the Suburban Design Guide Supplementary Planning Document 2 (SPD2); amendments to the Local Plan; the Housing Directorate; regeneration of the

town centre; reopening of Purley Pool and Leisure Centre; street cleaning; restoration of the Graffiti Removal Service and tackling youth and violent crime by working in partnership with the police, community and schools. The Committee heard that as plans for these priorities were developed, they would be added to the Forward Plan.

The first set of questions focused on 'strengthening our democracy'. The Committee raised the first Report in the Public Interest Action Plan and asked whether this was still Council Policy. It was confirmed that this was the case; further questions were asked about recommendations to provide additional resources to Scrutiny Committees and whether there were any updates in progressing this. The Executive Mayor explained that this was the case but that it was in the context of significant cuts and savings that needed to be found across the Council and that any additional resource would need to be found from within existing budgets. The Director of Resources, Jane West, added that growth had been built into the Democratic Services budget for this year that would support additional resource in Scrutiny; the Committee welcomed this and suggested that this could be used to increase scrutiny of the Housing Directorate. The Executive Mayor welcomed a greater focus on housing issues and commented that additional resource needed to be used wisely. The Chair informed Members of plans for a separate scrutiny Housing Sub-Committee that would be discussed at the next meeting.

Members asked how an enhanced role for residents in the borough would be used to ensure that their voices were heard and how they would be able to influence the decisions of the Executive Mayor. In response the Committee heard that there were plans for a 'Cabinet Roadshow' to meet with members of the public to ensure the Cabinet was aware of their views; in addition to this there would be some form of 'Mayoral Surgeries' to engage on a more personal level with individuals. There were plans for greater community involvement with the decision-making process to ensure input from residents, local businesses, faith groups and the voluntary sector. Members heard that this had started with the recently implemented Resident's Charter to put residents at the heart of decisions in the Housing Directorate. These initiatives were welcomed by the Committee and the Executive Mayor explained that a form of 'Community Cabinet' was envisaged and would be developed. In response to how residents in hard to reach groups would be listened to equally, the Committee heard that wide publication of meetings would take place as well as through promotion by Councillors to ensure as wide an audience was reached as possible. The Chair asked how the timeline for community involvement would progress and the Executive Mayor reconfirmed his commitment to Scrutiny, including providing as much time as possible for pre-decision scrutiny. It was flagged that ideally Scrutiny would be involved in scrutinising a decision six months before the decision was due to be made, in order to have the biggest impact.

The Committee enquired about the new People and Cultural Transformation Strategy and the timelines for its implementation and completion. Members heard that the Executive Mayor felt that the Council's staff were vital to the work of the authority and that they had been through a tough period; this

needed to be recognised alongside their hard work, and the Executive Mayor had held three webinars to engage with officers since May 2022. The perception of Croydon's brand needed to be remedied to ensure staff could be recruited and retained; staff surveys had been undertaken and would be repeated going forward to provide benchmarking and ensure that officers were rewarded and recognised. The Committee heard that there needed to be a cultural change to ensure that residents were treated as valuable customers and that the organisation was outward looking; this work was still in early development and Members asked to have advanced sight of any documentation. The Committee stated the importance of staff in the future success of Croydon. The Assistant Chief Executive, Elaine Jackson, agreed that staff were the most valuable asset of the council and explained that a cultural change programme was being launched around improvements to be made and work being done to put customers at the heart of all the Council did; a paper on the People Strategy would be brought to Cabinet in late 2022 and it was hoped that this would also be reviewed by Scrutiny. Staff had fed back that they wanted to provide good service to residents with many officers living in Croydon and keen to show pride in their borough.

Members asked if there were plans to retain the Young Mayor and for elaboration regarding the 'co-production' of services. The Committee heard that the role of the Young Mayor was to be retained but was currently ill-defined and it was hoped that the role could be utilised to develop the Youth Strategy in future. In regard to co-production, the Executive Mayor explained that the Mayoral priorities would lead the way as they had a mandate from the election, but that co-production would be used to develop the mechanisms for the implementation of these priorities. The Committee heard that the Executive Mayor was open to looking at other authorities to adopt best practise and was already meeting with Cabinet Members from other councils.

The Committee asked for an explanation for the lack of delegation by the Executive Mayor to Cabinet Members and questioned whether reduced Special Responsibility Allowances should be paid because of this. Members heard that this was the first time the borough had directly elected an Executive Mayor and that the public had entrusted him with these powers. The Committee was informed that there needed to be a greater understanding of the detail of how the authority was running before powers were delegated. Cabinet Members were working on the detail of their relevant responsibilities with the Corporate Management Team (CMT) and meeting weekly to report back. The Committee asked who should be invited to scrutiny committees as this was normally the decision maker and initially this would always be the Executive Mayor; it was explained that the Executive Mayor and Cabinet were working collectively, and Cabinet Members were expected to attend relevant Sub-Committees with recommendations from scrutiny reported to Cabinet in the normal way. In the view of the Executive Mayor, Cabinet Members were performing their full role and should not receive reduced allowances.

In response to questions on the importance of access to information and the lack of detail and range in the Forward Plan, the Committee heard that the six-month Forward Plan was available to Members through the Council

Intranet and that there were plans to publish this for residents in future. The Executive Mayor explained that access to information was important, with papers having been shared with MPs and committee chairs ahead of meetings, and a commitment to pre-decision scrutiny was reaffirmed. The Chair stated that best practise on pre-decision scrutiny meant that papers were received as far in advance as possible and asked what planned timescales were for the Committee to receive papers; Members heard that this would be varied based on the content but that the commitment to publishing an extended Forward Plan covering at least six months should help with this.

Members asked whether the Executive Mayor's priorities would be measured and judged by Key Performance Indicators (KPIs) and heard that this would be the case wherever possible, but that discussions on how these should be formulated still needed to take place. The Chair thanked the Executive Mayor for this and stated that there may be recommendations forthcoming to be involved in setting those KPIs. The Chair asked what plans there were for broadening and improving communications with residents and specifically in regard to grass cutting which had been a recent issue. The Executive Mayor stated that communication and listening to residents was important and that the grass cutting services was being rebuilt; it had been hoped that grass cutting would have been completed by June 2022, but this was now likely to overrun. Work was being undertaken to establish a four-to-six-week cycle of cutting and a spreadsheet on timelines was under development. The Committee welcomed confirmation that this would be published but that communications needed to be flexible and responsive to make sure incorrect information was not promoted. The Committee heard that the Streets, Environment & Homes Sub-Committee had requested a briefing on Grounds Maintenance this week which would be shared at the 5th July 2022 Sub-Committee meeting.

The next set of questions addressed budgets. Members asked questions on how priorities would be paid for from existing budgets, the use of Community Infrastructure Levy (CIL) and costings for the reopening of Purley Pool, the forthcoming new Medium Term Financial Strategy (MTFS), and how the reintroduction of the Graffiti Removal Team would be funded. The Executive Mayor explained that currently resource from within existing budgets was all that was possible whilst savings were sought; this had influenced the Executive Mayor's manifesto pledges, and these had been made within the backdrop of the financial situation. The Chair asked about the possible redirection of budget from 'lower priority services' and heard that it was not currently known what these were as nothing had been prioritised. An update on this, once further work had been provided was requested. The Committee heard that sources for external funding were being investigated including 'Levelling Up' funding and government funding to address fly tipping. The Purley Pool reopening had been fully costed by the former Section 151 Officer, using CIL funding, and a paper on this would be heard at the July 2022 Cabinet meeting; it was explained that there were possibilities to bring in extra income once the site reopened. The Executive Mayor explained that they felt the spread of graffiti had contributed to increased levels of anti-social

behaviour and that he would be looking at the best way to reintroduce the Graffiti Removal Service with it suggested that areas were tackled one at a time to set an initial high standard. The Committee welcomed confirmation that the Graffiti Removal Team would bring in income through hire by external clients. Members asked questions about the increased scope of provision planned in reopening Purley Pool and it was confirmed by the Director of Resources that CIL could be used to fund ongoing revenue costs as well as initial refurbishment if required.

The Chair asked about mechanisms built into the budget to deal with inflationary pressures and heard that the effects of the cost-of-living crisis were anticipated, and work was being done to ensure budgets were resilient to increased demand alongside the availability of government funding for the household support grant. The Director of Resources confirmed this and explained that the current high levels of inflation had not been anticipated and that this was being monitored closely; £20 million had been built into this year's budget to account for inflation. The number of commitments the Executive Mayor had made were highlighted and it was asked if the Director of Resources was confident these could be met from existing budgets. The Committee heard that each of these needed to be examined to decide what year priorities would be enacted and how budgets would need to be changed or reallocated to make sure there was sufficient funding reflected in the MTFs; it was highlighted by the Executive Mayor that this was a four-year programme of commitments which included better management of contracts to help better deliver for residents. It was clarified that to increase spending in one area, savings would need to be made elsewhere and that this was normal practise for local authorities; the Chair requested that any work on this was brought to the Committee. The Executive Mayor stated that whilst it was not yet known what would be prioritised and de-prioritised, conversations with partners to transform and deliver services in different and improved ways were ongoing.

Members asked whether a bidding unit would be created to apply for government funding and heard that, whilst the Executive Mayor would like this, it would need to be investigated as part of ongoing budgetary work, however, this was on the radar and featured in regular discussions with CMT. The Committee commented on past cross-party work to try to achieve a fairer funding deal for Croydon in the context of the upcoming Census. Members heard that the Executive Mayor felt that the current funding deal was unfair and had already been in touch with government ministers on the issue as well as on Unaccompanied Asylum Seeking Children (UASC) funding. The Committee heard that a formal letter to the Secretary of State on funding would be sent soon and that this could develop into a campaign depending on the response. Members asked about the possibilities of a fairer allocation of UASC in the borough and the Executive Mayor highlighted the use of the mandatory National Transfer Scheme to share the financial cost and numbers of UASC across the country. The Chair affirmed that the Council was proud of the role it played regarding UASC but that this should be properly funded.

The next questions were on the revocation of SPD2 and planning. The Committee asked whether the plans to revoke this were centred on only a small section of the guidance and whether a review of the SPD2 would have been more proportionate and would use less resource. The Executive Mayor explained that, in their opinion, the SPD2 had been objected to upon its initial adoption, was not popular with residents and had led to direct harm of areas of the borough; legal advice provided had been that the best way to address changes to the document was by full revocation followed by adoption of a new supplementary guidance document. Members heard officers had been directed to see if there could be a House of Multiple Occupation (HMO) Policy and Conversions Policy introduced as a part of the new document as these were currently lacking in the Local Plan; consultation on new guidance would seek to engage with residents and the community to ensure that it was widely supported. Members questioned whether any new guidance could stop backland development and questioned the desire not to be density or intensification led to meet housing targets at the expense of character; it was further asked if the Executive Mayor should wait for the implementation of the Levelling Up Bill before adopting any new guidance to ensure there was sufficient resource in the planning service and that further changes would not be required. The Executive Mayor explained that, in their opinion, the previous planning system had been too focussed on developers and delivery of units over and above the character of an area. The Committee heard that there was an appetite for change of the Local Plan by residents, and the Executive Mayor stated that they wanted to deliver this.

The Committee discussed the requirement for a design code in the context of revoking SPD2 and the likelihood that developers may opt for cheaper options compliant with the National Planning Policy Framework (NPPF) and emerging London Plan without legal powers in place for the Council to challenge poor design for an extended period. The Executive Mayor explained that they felt many residents felt as if this was already the reality and that a new design code and Local Plan would be fit for purpose. The Committee pressed the Executive Mayor on how design would be evaluated without design codes and if this would just be against national standards; the Committee heard that this was a supplementary document and that the Local Plan would remain in place for the time being. Members heard that conversations with residents and developers would be taken forward to ensure that guidance was produced to work for everybody although this would take time.

The following questions concerned climate change. Members asked how the target of achieving Carbon Neutrality would be achieved given that extension of the Low Emission Zone had been ruled out. The Executive Mayor explained that planning would be used as well as some of the recommendations of the Climate Change Commission. Close work with government on this would help to inform further initiatives as well as green energy, on which conversations with green energy groups had already begun. The Committee queried the governments promotion of green transport initiatives, active travel and Low Traffic Neighbourhoods (LTNs); it was asked how carbon reduction could be achieved through the reduction of motor cars on the road. Members heard that the Executive Mayor was happy to disagree

with the government if it was not right for Croydon; active travel was supported but the Committee heard that there were issues generated by LTNs in respect of congestion and pollution in some areas. The benefits of school streets were expounded as well as engagement with local residents and businesses before introducing measures that could be detrimental to communities and local economies. The Committee asked if new polices on active travel would be forthcoming and it was explained that policies on this would be approached in a way that 'brought residents with' the Council.

The Chair asked if there would be a concrete strategy that contained more numerical data on how carbon neutrality would be achieved and the Committee heard that this would be the case. Members asked about high levels of pollution and resultant asthma cases in the borough and whether there were plans to address this. The Executive Mayor responded increased adoption of electric cars would help to tackle this but that this was not attainable for more vulnerable residents and policies which led to these residents driving further and using more petrol were not conducive to positive outcomes. The Committee highlighted that particulate matter in the air was an issue of vehicle density and would not be addressed by wholesale adoption of electric cars; the Executive Mayor responded that a holistic response addressing public transport infrastructure and planning would help to reduce the volume of cars on the road alongside adoption of some of the recommendations of the Climate Change Commission. The Chair asked whether the Council would include the Pension Fund in its carbon neutrality targets and the committee heard that this was not an Executive function and fell under the responsibility of the Pension Committee.

Members asked about planned intensification around Kenley Railway Station contained in the SPD2 and whether development near railway stations would promote a greener future. The Executive Mayor explained that they did not feel this was a good idea as Kenley station hosted only reduced services as compared to larger transport hubs and that intensification areas needed to be better considered against available infrastructure.

The Chair thanked the Executive Mayor and Committee for attending the meeting and the constructive discussions.

Conclusions and Recommendations

Strengthening our democracy

The Committee were of the view that more detail was required to effectively scrutinise the plans resulting from the Executive Mayor's priorities. Members were encouraged that the Executive Mayor was supportive of scrutiny and the planned addition of a Housing Scrutiny Sub-Committee as well as the planned adoption of a published six-month Forward Plan.

Members welcomed plans on co-production of services and community engagement but felt that this lacked detail.

RECOMMENDATION 1: That the SRAs of Cabinet Members are revisited, in consultation with London Councils' Independent Panel on the Remuneration of Members in London, in light of the reduced responsibilities of Cabinet Members and the financial position of the Council and the need to protect public finances.

RECOMMENDATION 2: To meet the Executive Mayors central priority of creating a Council that listens to residents, there needs to be an overarching Community Engagement Strategy to guide when and how the Council will engage with the local community. This should set out the Executive Mayor's vision for community engagement in the design of services and strategies and how the Council will actively look to engage with hard-to-reach groups.

RECOMMENDATION 3: That consideration is given to the utilisation of citizen's assemblies to engage with residents on contentious topics such as carbon reduction and healthy neighbourhoods, alongside recommendations on resident engagement in the Independent Governance Review from 2020.

RECOMMENDATION 4: Given the Mayor's acknowledgment that there was greater value for KPIs to be independently tested, the Committee would request to be involved in developing the KPIs which will monitor and evaluate the performance of implementing the Executive Mayor's priorities.

RECOMMENDATION 5: The role of Youth Mayor should be reviewed to ensure that it can be an effective mechanism for youth engagement and be involved in developing the Youth Safety Strategy.

Budget

The Committee were of the view that there was insufficient detail on how the Executive Mayor's priorities would be funded. As the Section 151 Officer confirmed that other areas would need to be deprioritised make way for new spending, the Committee agreed that further information was needed to understand the risk of deprioritising services. The Committee welcomed plans to introduce a 'bidding unit' to bring in more external funds for Croydon.

Members supported a fairer funding campaign dependent on the Secretary of State's response to the Executive Mayor's letter on the matter. The Committee felt that there were risks in seeking additional income that addressed Capital but not Revenue funding which did not alleviate budgetary pressures which were compounded by inflationary pressures.

RECOMMENDATION 6: That work to create a Bidding Unit to lever external funding into the Borough is prioritised.

RECOMMENDATION 7: That more detail on budgets, the new MTFS and prioritisation of services were required for the September 2022 Committee meeting.

RECOMMENDATION 8: That it was essential to launch a campaign for fairer funding if the Secretary of State does not respond satisfactorily to the initial letter from the Executive Mayor.

RECOMMENDATION 9: That there is engagement with the Committee as early as possible on the setting of the new MTFS in line with best practise.

Planning

The Committee was concerned that the risks of revoking SPD2 and the timescales of implementing replacement documentation had not been well considered and that legal advice on the revocation had not been provided in advance of the meeting. Members were concerned that the level of resource in the planning service had not been considered and that work would need to be duplicated once the Levelling Up Bill came into effect.

Members were of the view that the Local Plan itself did not provide sufficient protections in the absence of a design code once SPD2 was revoked.

RECOMMENDATION 10: That a paper on the number of properties built by area, and application approval rates alongside appeal outcomes information should be requested to inform the meeting of the Streets, Environment & Homes Sub-Committee.

RECOMMENDATION 11: That a risk analysis on the revocation of SPD2 was provided to the Streets, Environment & Homes Sub-Committee including timescales for the replacement guidance to be enacted.

Climate change

The Committee welcomed the revisitation of Croydon's Carbon Reduction Plan, as there was concern that current plan was inadequate for meeting the Council's net zero targets. It was hoped that this would lead to the Plan being strengthened, made more strategic and with a clear road map for delivery.

Members felt that there was little detail on the reduction of private vehicle usage and road traffic and hoped that more explicit proposals on this were forthcoming.

RECOMMENDATION 12: That a revised strategy for achieving carbon neutrality by 2030 is delivered as a priority, setting out a clear roadmap for how the target will be achieved and explaining the rationale for the measure that have not been included.

RECOMMENDATION 13: For more information to be provided on how future revisions to the Local Plan will help to achieve climate change targets.

36/22 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.02 pm

Signed:

Date:

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Agenda Item 5

REPORT TO:	Scrutiny & Overview Committee 21 July 2022
SUBJECT:	OPENING THE BOOKS – RETURNING THE COUNCIL TO FINANCIAL SUSTAINABILITY
LEAD MEMBER:	Councillor Jason Cummings Cabinet Member for Finance
LEAD OFFICER	Jane West, Corporate Director of Resources (Section 151)
PUBLIC/EXEMPT:	Public

ORIGIN OF ITEM:	Scrutiny of the work to right size the Council's budget is an ongoing priority for the Scrutiny & Overview Committee.
BRIEF FOR THE COMMITTEE:	The Scrutiny and Overview Committee is asked: - <ol style="list-style-type: none">1. To note the Cabinet report considered by the Executive Mayor at the meeting on 6 July 2022.2. To consider whether there are any concerns not highlighted in the report, that should be highlighted to the Executive Mayor and his Cabinet.3. To consider whether there should be any changes required to the Scrutiny Work Programme for 2022-23 as a result of this item.

1. OPENING THE BOOKS – RETURNING THE COUNCIL TO FINANCIAL SUSTAINABILITY

- 1.1. At the Cabinet meeting held on 6 July 2022 the Executive Mayor, Jason Perry, agreed the recommendations set out in the Cabinet report, attached at Appendix A.
- 1.2. This report is presented to the Scrutiny and Overview Committee to provide an overview of the current challenges facing the 2022-23 budget and the work being undertaken to address these challenges.
- 1.3. The Committee is asked to consider whether the information provided gives reassurance that the delivery of the budget is being effectively managed and whether there are any further concerns that should be highlighted to the Administration.
- 1.4. At present, scrutiny of the Council's Budget is one of the main areas of focus in the Scrutiny Work Programme. The Committee is asked to consider whether any changes are needed as a result of the information provided.

CONTACT OFFICER:

Simon Trevaskis – Senior Democratic Services & Governance Officer – Scrutiny

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Appendices

Appendix A: Cabinet Report – Opening the Books – Returning the Council to Financial Sustainability

REPORT TO:	Cabinet 6 July 2022
SUBJECT:	Opening the Books – returning the Council to financial sustainability
LEAD OFFICER:	Jane West, Corporate Director of Resources (Section 151)
CABINET MEMBER:	Councillor Jason Cummings Cabinet Member for Finance

SUMMARY OF REPORT:

The Council's financial position continues to be very challenging. Its past financial problems have not yet been overcome and it is yet to return to financial sustainability. The well documented previous mismanagement of finances has left the Council in a weak position to whether the storm of inflation and global impacts currently being experienced.

Over the last year, the Cabinet has received monthly reports on the General Fund, Housing Revenue Account and Capital Programme, providing a step change improvement in transparency in relation the Council's finances. Projected outturns, risks and opportunities have been examined in detail each month.

This report launches the next stage in this journey which is the Executive Mayor's initiative to 'Open the Books' of the Council. The Council's finances will be scrutinised over the next six months through a review of its balance sheet, its capital financing arrangements, all reconciliations and the financial relationships with the Council's companies. This project will provide a firm base position from which to achieve financial sustainability by 2024/25, in line with the plan reviewed by the Improvement and Assurance Panel which was established by the Department of Levelling Up, Housing and Communities to oversee Croydon's recovery.

The 'Opening the Books' review will further improve the Council's understanding of its financial risks and will develop additional plans to mitigate them. These plans will contribute to the next stage in the development of the Council's Medium Term Financial Strategy.

Even before the outcome of the 'Open the Books' review, the March 2022 Cabinet report on the General Fund and Housing Revenue Account Budget and MTFs 2022/23-2024/25 identified that the Council will need to find extensive savings over the next three years and planning is underway for this now. This report provides an update on the development of the Council's savings strategy for 2023/24 to 2025/26 and a timetable through to the budget and council tax setting meeting in March 2023. This year represents the most challenging to date in terms of delivering the savings already identified at the same time as developing new plans for additional savings on top. Sustained focus on this agenda from the whole organisation is vital.

The report also forms part of the Council's financial management process of publicly reporting financial performance against its budgets on a monthly basis. A narrative update for the Period 1 budget monitor is included.

The final outturn position will be reported once the annual closedown of accounts has been completed, prior to the annual accounts for 2021/22 being published. The latter will be delayed until the autumn 2022 due to outstanding issues in relation to the external audit of the accounts for 2019/20 and 2020/21.

FINANCIAL IMPACT

The initiative to 'Open the Books' will largely be met from within existing base budget resources but some project support and external specialist advice will need to be sought. A budget of up to £500k is proposed to be set aside as an earmarked reserve at the end of 2021/22 this purpose.

The General Fund 2022/23 Period 1 position indicates a £18.3m service overspend at the end of Period 1 for 2022/23, but that £9.4m of in-year risk and contingency provisions are held corporately that may be used to partially offset that forecast reducing the projected overspend to £8.9m. This is mainly due to projected under-recovery of parking, traffic-related and other income across the Council. A further £8m of potential risks net of opportunities have also been identified. There are also new risks emerging e.g. from inflation and the cost of living crisis. In-year savings will need to be sought across the Council to offset the £8.9m overspend.

The projected gaps in the later years of the MTFs were originally determined at £27.3m of net savings remaining to be found in 2023/24 rising by a further £8.7m in 2024/25. These gaps have risen to £42.9m and £15.7m respectively based on current known pressures. The year 2025/26 was previously not included in the three-year Medium-Term Financial Strategy but will be included in the new MTFs as the planning horizon is being extended by a further year. A preliminary savings target for 2025/26 of £18.5m has been identified for this additional year to cover expected inflation and contingency provision requirements.

Work will be done over the summer to identify significant savings proposals to meet the gap for next year and achieve a balanced budget for 2023/24 by March 2023. Proposals will also be developed to reduce the later year budget gaps.

The HRA has not indicated any potential budget variance in the high level Period 1 budget forecast.

The Capital Programme will be updated with latest forecast spend projections as part of the Period 2 monitoring process.

1. RECOMMENDATIONS:

- 1.1 Note the launch of the Executive Mayor's initiative to 'Open the Books' of the Council.
- 1.2 Note that a report on the results of the 'Open the Books' review will be reported to Cabinet no later than January 2023.
- 1.3 Note the General Fund is projecting a £18.3m service overspend at the end of Period 1 for 2022/23, but that £9.4m of in-year risk and contingency provisions are held corporately that may be used to partially offset that forecast reducing the projected overspend to £8.9m.
- 1.4 Note that in-year savings will need to be identified for the General Fund to offset the projected overspend of £8.9m to deliver a balanced budget by 31 March 2023.
- 1.5 Note that the budget gap for 2023/24 was initially identified as £27.4m plus a further £8.7m in the following year but that these gaps have risen to £42.9m and £15.7m respectively based on current known pressures.
- 1.6 Note that further work will be done over the year to identify significant savings to balance the gap in 2023/24 and reduce the gaps in the later years.
- 1.7 Note the timetable for both financial reporting and developing the Budget and Medium Term Financial Strategy for 2023/24-2025/26.
- 1.8 Note that an allocation of up to £500k will be made from contingency for project support and external specialist advice for the Opening the Books project in order to undertake a review of its balance sheet, review its capital financing arrangements, oversee the application of the capitalisation directions, undertake a range of reconciliations and review the financial relationships with the Council's companies.
- 1.9 Note the Housing Revenue Account (HRA) is not projecting a revenue budget variance at the end of Period 1.

2. OPENING THE BOOKS

- 2.1. The Council's financial position continues to be very challenging. Its past financial problems have not yet been overcome and it is yet to return to financial sustainability. This is its toughest year yet for delivering its existing savings targets whilst still more has to be done to plan for further future year savings. Unfortunately, at the same time the Council is facing a significantly more challenging national and global financial environment which is creating

significant challenge right across the local government sector. The well documented previous mismanagement of finances has left the Council in a weak position to whether the storm of inflation and global impacts.

- 2.2. Following the S114 notice and the two Reports in the Public Interest (RIP1 and RIP2), the Council has made progress over the last two years in growing its understanding of its financial position, improving its financial control systems and making tough plans to reduce its expenditure to match its available resources while at the same time re-building its reserves to a level that is moving towards the level expected in a typical London Borough. Over the last year, the Cabinet has received monthly reports on the General Fund, Housing Revenue Account and Capital Programme, providing a step change improvement in transparency in relation to the Council's finances. Projected outturns, risks and opportunities have been examined in detail each month.
- 2.3. The Council has begun delivering savings for this financial year which are already committed within its Medium Term Financial Strategy. It is evident that more savings in year and for future years will be required as a result of the external environment the Council is operating in. Partly this is due to continuing local challenges, but mainly it is due to the global and national economic pressures the local government sector as a whole is facing e.g. inflation, the impact of the cost of living crisis and uncertainty over future government funding.
- 2.4. The Executive Mayor has asked the recently appointed Corporate Director Resources and Section 151 Officer to lead an initiative to 'Open the Books' of the Council. The Council's finances will be scrutinised over the next six months through a wide range of workstreams. Reviews will be undertaken of the Council's balance sheet and its capital financing arrangements, including the application of the capitalisation directions. A range of reconciliations also need to be undertaken. Finally a review will be undertaken of the financial relationships with the Council's companies. Process improvements and skills transfers will be built into this project so that in-house staff will be able to undertake these tasks in future years.
- 2.5. This project will provide a firm base position from which to achieve financial sustainability by 2024/25, in line with the plan reviewed by the Improvement and Assurance Panel established by the Department of Levelling Up, Housing and Communities which is overseeing Croydon's recovery. The review will further improve the Council's understanding of its financial risks and will develop plans to mitigate them. This will provide a base for the continuing development of the Medium Term Financial Strategy that will return the Council for financial sustainability.
- 2.6. The end of year financial outturn for 2021/22 is still being finalised but it is expected that the Council will deliver a small underspend as set out in the report to Cabinet in June 2022. There were a small number of variations at the end of the year that had not been forecast despite thorough assurance processes that

are in place. These are being investigated so that lessons can be learned which will significantly reduce the risk of a similar recurrence at the end of 2022/23. There are also some outstanding areas of risk being investigated before the outturn can be confirmed e.g. bank reconciliations.

- 2.7. A review was undertaken by PWC in 2020 of the Council's companies and the obligations that are potentially going to fall to the Council in the future as a result of their activity. This report is currently being updated by PWC in relation to the largest company, Brick By Brick, in order to establish if the obligations previously identified remain unchanged and how, if at all, they need to be built into any plan for financial sustainability.
- 2.8. The improvements in the Council's system of risk management have identified financial positions and obligations that had not been reflected in the Council's projections or its finance risk register previously such as debts outstanding to the Council, payments outstanding from the Council and legal challenges in progress. These are being addressed in the finalisation of the 2021/22 financial accounts.
- 2.9. It has been reported previously that the Housing Revenue Account Thirty Year Business Plan requires extensive work, most notably a rolling stock condition survey needs to be undertaken.
- 2.10. Work is already underway in many of these areas but new areas continue to emerge. The Corporate Director Resources will set up a temporary Opening the Books Project Team for a period of six months to work through and quantify all the financial risks faced by the Council. This will be resourced from a mixture of existing staff, temporary staff and external advisers where necessary to complete the work within six months. It is anticipated that additional funding of up to £500k will be required to fund the project support and specialist advice required not currently available within the Council. The project will also address skills gaps by providing training to internal staff.
- 2.11. The 'Opening the Books' review will report to Cabinet, Scrutiny and Overview Committee and the Audit and Governance Committee no later than January 2023.

3. FINANCIAL POSITION

- 3.1. The detailed Period 11 monitor projected that the Council was forecast to have a General Fund net underspend variance of £1.907m, which accommodated a significant under-recovery of income in the area of Parking and Traffic Management through reported underspends elsewhere. As reported to Cabinet in June 2022, further work is currently underway to finalise the Council's financial position at the end of 2021/22 and this has identified areas of new underspend and overspend. Areas previously reported as adding to the overall underspend include:

- Accruals in Children, Young People and Education and Adult Social Care and Health from the 2020/21 financial year closedown which were not required
- Lower than anticipated numbers of children being take into care during 2021/22
- Overly cautious forecasts in Adult Social Care and Health in relation to the potential costs arising from Winter Pressures in winter 2021/22 which in the event was much milder than anticipated and had much lower than usual incidences of influenza, possibly due to the knock on impact of vulnerable residents changing their behaviours to protect themselves from Covid
- Increased salary underspends due to difficulties in recruitment across many Council services.

3.2 Work is in progress by the Finance team to finalise the Council's overall position for 2021/22 and in recent weeks this has identified potential overspends in some of the more complex corporate budgets such as business rates and housing benefits. These are currently being investigated. The final outturn will be reported to Cabinet later this summer.

3.3 It should be noted that the publishing of the 2021/22 accounts for the Council will be delayed until the autumn due to the need to first sign off the audited 2019/20 and 2020/21 accounts with the external auditors, Grant Thornton. Work is currently taking place to finalise 2019/20. The issue of the accounting treatment of Croydon Affordable Homes/Tenures in 2019/20 is currently unresolved. The Council has clarified its position with Grant Thornton and has answered a range of their questions. The Council is awaiting a date from Grant Thornton for a joint workshop which it is hoped will resolve the matter.

3.4 Although a detailed budget monitor has not been produced for Period 1 due to the focus on the end of year accounts for 2021/22, a high-level review of potential areas of overspend has been undertaken. This has identified areas of potential overspend and underspend set out below.

3.4.1 Parking provision

Since the pandemic the Council's parking income forecast has been considerably impacted as the service experiences changes in customer behaviour. In Period 1 the Council is projecting £3.15m pressure from reduced demand for parking services and further work is being done to understand the longer-term implications of this behavioural change. Of course, if this is a permanent direction of travel and demand for parking provision is expected to remain at low levels then further adjustments will be required within the MTFS planning. The fuel price crisis is exacerbating this pressure as car journeys are likely to reduce still further in response.

3.4.2 Parking enforcement & Moving Traffic Offences

Due to reduced demand for parking services and overall reduced usage of personal vehicles it is also expected that income collected from parking enforcement will be impacted. Period 1 monitor indicates a £1.75m pressure from lower-than-expected enforcement income.

The previous administration approved the introduction of planned Low Traffic Neighbourhood (LTNs), and the associated income growth, but these were not implemented on the ground. The full income target of £5.12m is therefore currently at risk. The level of risk will depend on the length of the delay in relation to each scheme.

3.4.3 Under-recovery of fees and charges

The Service and Finance teams are currently undertaking a detailed exercise to review the position on income collected from Fees and Charges. The Council increased its overall Fees and Charges income budget by £1.2m for the current financial year on the planning assumption that the economy would pick up post pandemic. Whilst some of the additional income will be generated it is expected that services which are price sensitive or services that continue to be impacted by the pandemic and resulting changed behaviour patterns will continue to see a shortfall in income collection. A number of income budgets may also be overstated.

3.4.4 Homelessness savings delivery at risk

The Homelessness Service has identified risks of £0.466m across a range of activities within the service. Supply side impacts such as a staffing review and increased costs from procurement of emergency accommodation may cause increased costs of £0.238m and the rest relates to potential risks to income collection from rent contributors. There is a high demand for temporary accommodation in the borough due to the Home Office placing over 1,000 refugees in local hotels. There is a small risk of Ukrainian refugees currently placed with hosts and families in the borough through government schemes eventually requiring re-housing. The cost of living crisis could drive an increased demand from borough residents made homeless.

3.4.5 Streetlighting

The Council erroneously removed a budget of £0.400m from the streetlighting service on the basis that operational hours and level of brightness would be reviewed with the intent of reducing the costs of streetlighting. This exercise was completed and did achieve cost reductions; however the cost reduction simply aligned the total costs to the existing budget before the £0.400m saving was removed from budget. As a result the erroneous additional removal of the budget has now resulted in a further pressure of £0.400m in 2022/23.

3.4.6 Landlord Licensing Scheme

The Council applied to renew its Landlord Licencing scheme in 2021/22 to the Department of Levelling Up, Housing and Communities (DLUHC). The Council budgeted for £1.58m of income that would be achievable from the scheme in this financial year. However, the scheme was rejected by the Secretary of State for LUHC due to the lack of a Housing Strategy, one of the requirements for the scheme. The development of the Housing Strategy is being progressed but has not yet been completed due to the many other pressures in the Housing Service and the delivery of the Housing Improvement Plan and it also requires a review of the Council's policy for Landlord Licensing. It is expected that this will not be completed for at least 3 months and therefore for prudence the Council is forecasting the non-delivery of the £1.58m income target.

3.4.7 Building Control

The Building Control team income target is unachievable due to significant demand side pressures on the service. The Council service faces a number of challenges recruiting skilled staff to support the delivery of the work and the statutory duties we must deliver. Due to the government opening this market up, there is now significant competition for similar services from the Private Sector, which impacts on the service's ability to generate income. This situation is shared by most councils delivering building control functions. The service is projecting a total pressure of £0.888m. Further adjustments may be needed for this service in the MTFs.

3.4.8 Inflation and the financial implications of the cost of living crisis

The world economic outlook has changed since the Budget for 2022/23 was set with inflation rates rising steeply and impacting not only on the Council's own expected future costs of supplies, but also on local business' finances and viability and the cost of living for our residents – in the latter case, leading to potential increased fuel and food poverty being seen.

The Council prudently provided for inflationary pressures at 5% increases to reflect future projections on the deterioration of the economic outlook. However, the current indication of inflation pressures seems to be significantly higher.

Further work is required to quantify any potential overspend beyond the 5% provision in areas such as office heating and lighting, street lighting, home to school transport for children with special educational needs and disabilities and cost pressures on contracts with providers e.g. social care providers and GLL as the provider of the Council's swimming pools service. This will be reported regularly in the monthly budget reports.

3.4.9 Asylum Seeker and Refugee costs

The Council is fully supporting the Government's Homes for Ukrainians programme and it is expected that over time the Council will need to provide additional support to the families. No additional funding has been allocated to councils for support beyond the initial six month period and so if no further funding is provided the Council will need to deliver statutory services.

The Council is not officially responsible for Ukrainians arriving under the Family Visa Scheme or for other refugees and asylum seekers housed in the borough by the Home Office. However, again the Council can find itself having to deliver statutory services such as homelessness services and social care. With over 1,000 refugees and asylum seekers housed in the borough through Home Office contracts, this continues to be a serious financial risk for the Council.

3.4.10 Department for Education High Needs Safety Valve

The Department for Education (DfE) recently introduced an additional intervention project called the 'safety valve' (SV) programme. This initiative is designed to assist local authorities with the very highest percentage of cumulative Dedicated School Grant (DSG) deficits on their balance sheet. The rationale is to inject cash in a form of both capital and revenue to fund the provision of more school places for children with special educational needs and disabilities (SEND) as well as clear the agreed historical deficits. This intervention will be implemented once the local authority reaches an agreement with the DfE.

This (SV) intervention programme expects those affected local authorities to develop substantial saving plans with reforms to their high needs systems and spend level. The DfE will provide support and challenge as well, aimed at helping councils to reach sustainable high needs spend using two key areas: These are:

- (i) Demand management through education, health and care plan (EHCP) assessment processes.
- (ii) Well-managed placement of education provision in a cost-effective way as well as effective resource utilisation.

The (SV) officers from the DfE recently met with the Chief Executive, Corporate Director Children, Young People and Education, the Corporate Director Resources (and s151 officer) and supporting officers. They discussed Croydon's previous Deficit Recovery Plan which has proved robust and successful over the last few years by reducing the in-year overspend from £6.7m in 2020/21 to a £3.4m overspend in 2021/22. However, the total accumulated deficit related to the Dedicated Schools Grant is £21.3m at the end of 2021/22 which is currently held as an overdrawn reserve. The High Needs Block overspend element is £28m, which is offset by unallocated mainstream DSG.

A new Deficit Recovery plan needs to be submitted to the (SV) team in September 2022 and work is currently underway to complete it. The Council will

also be required to review and agree the strategies supporting the plan. An official agreement will need to be reached between the (SV) DfE team and Croydon in relation to the targets in the plan. This will include an agreement on any write off from the current £28m overdrawn reserve. DfE will expect to hold regular meetings with the Council to review the progress of the Deficit Recovery Plan thereafter.

There is currently a national statutory override to allow councils to hold negative DSG reserves while the DfE resolves this issue. The override is due to end on 31 March 2023. Should there still be a DSG deficit in 2023/24, it is unclear where this should be funded from with the Department for Levelling Up, Housing and Communities and the Department for Education giving conflicting advice. DLUHC and the Council are clear that the historic deficits should be funded from additional DSG and not from councils' general funds. The DfE are still pressing for contributions from the General Fund. Discussion between officials are still underway and there will be regular reports on this as part of the monthly budget report to Members.

3.4.11 Housing Benefits

At year end the Housing Benefits service identified that a number of claims had been paid for tenants in properties that do not qualify for full Housing Benefit Subsidy from the Department of Work and Pensions (DWP). The service will need to carry out detailed due diligence on the impact of these properties on Council budgets, however as at end of 2021/22 the Council will incur a cost of £5.55m which it cannot reclaim from the DWP in Housing Benefit Subsidy grant. A review is underway as to how this budget pressure went unreported during the year and the governance on agreeing to the housing benefit claims for tenancies which did not fully qualify. The review will examine governance processes to understand when and how it was agreed that the Council would shoulder these additional costs beyond the subsidy from the DWP.

- 3.5 The list of risks and issues flagged within paragraphs 3.4 1-11 reflects the Council review as at Period 1 and Period 2 verified figures were not available at the time of writing this report. It is therefore expected that with further detailed review the financial position will be refined to reflect a more accurate position.
- 3.6 Overall, the General Fund is currently projecting a £18.3m service overspend at the end of Period 1 for 2022/23, but with £9.4m of in-year risk and contingency provisions held corporately. These can be used to partially offset that forecast reducing the projected overspend to £8.9m. The Council will continue to work on risk mitigations as well as to identify opportunities to ensure the financial impact on the Council's finances are reduced.
- 3.7 No significant risks have been identified in relation to the Housing Revenue Account or the Capital Programme for 2022/23. An updated Capital Programme

for 2022/23 will be brought to Cabinet, Scrutiny and Overview Committee and Audit and Governance Committee later in the autumn.

4. SAVINGS STRATEGY

- 4.1. The Council's financial position continues to be very challenging. This is its toughest year yet for delivering its existing savings targets whilst still more has to be done to plan for further future year savings. Unfortunately, as described above, the Council is also facing an extremely challenging national and global financial environment.
- 4.2. In approving the 2022/23 to 2024/25 Medium-Term Financial Strategy (MTFS) in March 2022, the Council set out a balanced budget for 2022/23 (net of planning a contribution of £7m to earmarked reserves) but had remaining additional savings of £27m and £9m still to be identified in order to close gaps in the 2023/24 and 2024/25 budget positions.
- 4.3. These positions were inclusive of anticipated capitalisation direction approvals of £25m in 2022/23 and £5m in 2023/24 – the budget gap being correspondingly higher in those years should such directions not be finally approved by the Secretary of State.
- 4.4. Since the setting of the 2022/23 to 2024/25 MTFS, the issues outlined in Section 3 have been identified putting additional pressure on the Council's finances. As part of the annual budget planning cycle, the MTFS is being refreshed both to update the existing assumptions, build in the new pressures that have come to light and to extend the planning horizon by a further year to keep a three-year future outlook.
- 4.5. The high-level review of 2022/23 Period 1 revenue monitoring described above indicates a projected overspend of £8.9m against 2022/23 budgets through additional pressures or agreed savings not being deliverable. This quantum is likely to be ongoing over future years rather than just impacting the current year. The outturn position for 2021/22 has given some scope for the building of one-off earmarked reserves which may then be drawn down in 2022/23 to offset such an overspend but should be noted that in itself would be one-off rather than ongoing.
- 4.6. For illustrative purposes in this report, the previous assumptions in relation to council tax increases have been removed. Although these assumptions were included in the MTFS approved in March 2022, no formal decision can be taken on Council Tax levels until the February or March before the start of each new financial year. It is currently unclear what the government's presumption will be in relation to council tax increases for 2023/24 and therefore it is better the Council makes no assumptions in this regard and maximises the range of savings being developed to potentially balance future years' budgets. An

increase in Council Tax obviously remains a potential part of the solution for balancing the Council's budget in 2023/24.

4.7. A summary of the current outlook is summarised below:

	2022/23	2023/24	2024/25	2025/26
Brought forward		£8.9m		
Budget gap at March 2022		£27.4m	£8.7m	
Period 1 Projected overspend	£8.9m			
2025/26 Inflation				£16.8m
2025/26 Contingency				£5.0m
2025/26 Taxbase growth				(£3.3m)
Reversal of council tax assumptions awaiting government guidance		£6.6m	£7.0m	
Revised budget gap	£8.9m	£42.9m	£15.7m	£18.5m

- 4.8. A significant health warning on these figures is that more work needs to be done to assess the threat from rising inflation on Council budgets. It is also unclear what, if any, government support may be made to councils nationally in this respect. However, it is likely a larger number of savings will be required both in-year and for 2023/24 to offset rising costs. Council officers are therefore working towards identifying potential savings of £45m-£50m for 2023/24.
- 4.9. The financial outlook for Croydon is very challenging. In addition to the pressures outlined above, the 'Opening the Books' review may uncover further budget pressures unique to Croydon. The world economic outlook is also very uncertain, therefore as well as the pressures that are unique to Croydon, there are sector wide financial pressures that all of local government is experiencing due to rising costs, rising demand and falling income. It is thought unlikely that additional funding of any scale will be made available in the foreseeable future by central government, which itself is facing financial challenges. The global economic crisis puts at some risk the Council's plan to reach financial sustainability by 2024/25 as envisaged in the plan reviewed by the Improvement and Assurance Panel in January 2021.
- 4.10. Work is therefore underway across the Council to identify significant potential savings in the current year and for future years that will allow the Council to balance its books in a sustainable way. The Council has transformed its approach to financial management, governance and service improvement since 2020 but it is still necessary to go yet further. This next phase will need to move away from service-based transformation to corporate transformation, driving out cost and maximising income by re-thinking how the Council meets the priorities of residents within the financial envelope available.

4.11. It is anticipated that a range of in-year savings will be presented to the Cabinet, Scrutiny and Overview Committee and Audit and Governance Committee as part of the Period 4 Financial Performance Report. Future years savings proposals will be available to present to Cabinet in the late autumn for approval for consultation prior to budget setting. The final proposals will be presented to Cabinet and Council by 27 February 2023.

4.12. Good progress has been made already by the Council to deliver some of the actions required for future financial sustainability. This report sets out the additional work planned on 'Opening the Books' to deliver the next stage in this journey. Unfortunately, the global economic crisis is making the journey ever more difficult and increasing the challenge in relation to the requirement to deliver yet more savings in Council budgets in the coming years.

5 TIMETABLE

5.1 The timetable for reporting to Cabinet, Scrutiny and Overview Committee and the Audit and Governance Committee is set out in the table below.

Report	Time scale
Month 2 Financial Performance Report	September 2022
Outturn 2021/22	By October 2022
Month 3 Financial Performance Report and In-Year Savings Proposals	By October 2022
Medium Term Financial Strategy Update and Savings Strategy	By November 2023
Month 4 Financial Performance Report	By November 2022
Month 5 Financial Performance Report	By December 2022
Opening the Books	By January 2023
Month 6 Financial Performance Report	By January 2023
Month 7 Financial Performance Report	By February 2023
Housing Revenue Account Thirty Year Business Plan Update	By February 2023
General Fund and Housing Revenue Account Budget 2023/24-2025/26	By 27 February 2023

6 CAPITAL PROGRAMME

6.1 The General Fund and HRA capital programme are due to be reported for the first time in the Period 2 budget monitoring report.

7 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

7.1 Finance comments have been provided throughout this report.

(Approved: Matt Davis – Interim Director of Finance)

8 LEGAL CONSIDERATIONS

8.1 The Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

8.2 The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Chief Finance Officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for the Executive Mayor in Cabinet to receive information about the revenue and capital budgets as set out in this report.

8.3 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report also complies with that legal duty.

(Approved by: Sandra Herbert Head of Litigation and Corporate Law on behalf of the Interim Director of Legal Services & Deputy Monitoring Officer)

9 HUMAN RESOURCES IMPACT

9.1 There are no immediate workforce implications as a result of the recommendations in this report. Any mitigation on budget implications that may have effect on direct staffing will be managed in accordance with relevant human resources policies and where necessary consultation with recognised trade unions. As a result of budget reductions in particular it is likely the Council will need to restructure and reduce services. The Council will apply its jointly agreed restructuring and reorganisation policy and procedure and will need to ensure adequate consultation arrangements are in place with affected staff and their trade union representatives, as well as seeking to mitigate any redundancy impact as far as possible.

(Approved by: Gillian Bevan Head of Human Resources (Resources and ACE))

10 EQUALITIES IMPACT

10.1 There are no specific equalities issues set out in this report.

10.2 The Council has a statutory duty to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must therefore have due regard to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

10.3 In setting the Council's budget for 2021/2022, all savings proposals were required to complete an Equality Impact Assessment. As Officers deliver against the approved budget, including the savings within it, they will continue to monitor for any unanticipated equality impacts.

10.4 The Council considers the socio-economic impact of its policies on the protected characteristics. The cost-of-living crisis is likely to have an impact across a range of characteristics. This is likely to create new debt for people who were just managing and exasperate debt for those who had existing debt. This could potentially impact on the collection of monies in relation to rent and Council tax payments along with other charges such as garage leases and commercial rents. The borough's geographical differences may also have an impact to this regard in that the north and east of the borough have more deprivation than the south of the borough. Our local data indicates that African/African Caribbean, Asian and other global majority communities are more likely to be located in the north and east of the Borough. It should be noted that rent increases could potentially increase the number of homeless people and families.

10.5 The budget should take due regard to this objective in relation to each protected characteristic. The Borough's responsibility to asylum seekers, young people, and disabled people and families is key to this regard.

10.6 The proposal to increase parking charges is likely to have an adverse impact on poverty and a socio-economic impact on residents. Deprivation in borough is largely focused in the north and the east where most ethnic residents reside. Any increase in parking is likely to impact further on communities already suffering from poverty and the impact of Covid 19 and job losses because of this

10.7 The full impacts of Covid 19 and long Covid on the Adult Social Care Service may not be apparent at this time and could possibly lead to more adults experiencing disabilities and additional pressure on Adult Social Care. There may also be a subsequent impact on disabled children along with their parents. It is essential to ensure that both groups receive an appropriate standard of care despite the pressure on services to reduce costs. Subsequently young people transitioning from Children's social care to Adults Social Care could impact heavily on budget dependent on the needs of individuals identified.

- 10.8 The impact on poverty and inequality may be increased for those residents who were economically affected by Covid 19 and are currently in rent arrears. The rent increase may exacerbate this, and mitigation has already been identified to this regard.
- 10.9 Departments should ensure that they pay due regard to all protected characteristics regarding potential mitigation to proposals.

(Approved by: Denise McCausland, Equalities Programme Manager, Policy Programmes and Performance)

11 ENVIRONMENTAL IMPACT

- 11.1 There are no specific environmental impacts set out in this report

12 CRIME AND DISORDER REDUCTION IMPACT

- 12.1 There are no specific crime and disorder impacts set out in this report

13 DATA PROTECTION IMPLICATIONS

- 13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

- 13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO, as the report contains no sensitive/personal data

Approved by Nish Popat – Interim Head of Corporate Finance

REPORT TO:	Scrutiny & Overview Committee 21 July 2022
SUBJECT:	COST OF LIVING CRISIS REVIEW
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Councillor Rowenna Davis – Chair of the Scrutiny & Overview Committee
PUBLIC/EXEMPT:	Public

ORIGIN OF ITEM:	The impact of the cost-of-living crisis has been identified as an area of concern for the Committee to review.
BRIEF FOR THE COMMITTEE:	The Scrutiny & Overview Committee is asked to review the information gathered from its preliminary meetings with Community Groups and council officers.

1. COST OF LIVING CRISIS REVIEW

- 1.1 Given the scale of its potential impact, the cost-of-living crisis currently being experienced across the country has been identified as an area for the Scrutiny & Overview Committee to review. Although it is unlikely that the Committee will be able to solve the crisis, it is important to ensure that the Council is able to provide the most effective support for residents and businesses in the borough, within its available resources.
- 1.2 In order to start to understand to scale of the impact of the cost-of-living crisis, the Committee has held two meetings. The first meeting held on 7 July was with representatives from local community and voluntary sector organisations. The second meeting, to be held on 12 July, will be with council officers who work in services with direct experience of the impact of the crisis.
- 1.3 Once both meeting have been held, the feedback from both will be compiled and published as a supplement to this agenda later in the week. The Committee is asked to review this information once it has been received and consider how it wished to proceed.

CONTACT OFFICER:

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Appendices

To follow

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Agenda Item 7

REPORT TO:	Scrutiny & Overview Committee 21 July 2022
SUBJECT:	SCRUTINY & OVERVIEW COMMITTEE WORK PROGRAMME 2022-23
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Councillor Rowenna Davis – Chair of the Scrutiny & Overview Committee
PUBLIC/EXEMPT:	Public

ORIGIN OF ITEM:	The work programme of the Scrutiny & Overview Committee and its Sub-Committees is included as a standard item on each agenda.
BRIEF FOR THE COMMITTEE:	The Scrutiny and Overview Committee is asked: - <ol style="list-style-type: none">1. To note the draft version of the Work Programme that will continue to be developed over the summer period by the Scrutiny Chairs.2. Consider whether there are any other items that should be provisionally added to the work programme as a result of the discussions held during the meeting.

1. SCRUTINY & OVERVIEW COMMITTEE WORK PROGRAMME 2022-23

- 1.1. At the previous meeting of the Scrutiny & Overview Committee on 14 June 2022, the following underlying principles were agreed for the work programme: -
 1. Community engagement to inform the scrutiny process will be sought where possible and appropriate.
 2. The Scrutiny Work Programme will be focussed on critical matters where it can make a difference, which can be demonstrated through tangible outcomes.
- 1.2. It was also agreed that the following work streams identified in the Scrutiny Improvement Review remained relevant -
 - Workstream 1: Corporate recovery
 - Workstream 2: Ensuring that scrutiny understands and acts on the impact that strategic risks may have on the delivery of the Renewal Plan
 - Workstream 3: Supporting local people and keeping them safe
- 1.3. Since the previous meeting, an outline work programme has been created for the Scrutiny & Overview Committee based on the discussions held at the previous two meeting. Two of the three Sub-Committees have met and have compiled a list of potential items for scrutiny. These are set out in the appendix to this report. The Street, Environment & Homes Sub-Committee will meet on 20 July, to develop its own list.

- 1.4 The next stage in the process will be for the Scrutiny Chairs to review these items to identify where scrutiny can make the most impact. The outcome from this will be used to prioritise the items scheduled for scrutiny in 2022-23. The work programme report for the next meeting will include work plans for each of the Sub-Committees.
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Appendices

Appendix 1: Draft Scrutiny Work Programme 2022-23

Scrutiny & Overview Committee

Month	Topic/Item
12/07/22	Finance Cost of Living
06/09/2022	People Strategy Croydon Renewal Plan (Main Business outside of meeting) Borough of Culture
18/10/2022	Council's Relationship with Croydon (Annual Complaints Report , Community Engagement etc) Cost of living
06/12/2022	Budget – Early proposals
10/01/2023	Community Safety Strategy - Review
14/02/2023	Budget
28/03/2023	Town Centre Masterplan Climate Change

Children & Young People Sub-Committee

Items arising from the Sub-Committee meeting on 21 June 2022

The next step in the process will be for these items to be investigated in greater detail to establish whether the Sub-Committee is able to add value from scrutinising a topic. Once completed, a work programme will be scheduled for the remaining meetings of the Council year.

Work Programme Item	Specific Areas for Scrutiny or requests of Officers
Antenatal and Health Visiting	To review shortfalls in the number of health visitors, antenatal and postnatal visits
Unaccompanied Asylum Seeking Children	<ul style="list-style-type: none"> • Ukrainian Children and families • National Transfer Scheme
Recruitment and Retention	<ul style="list-style-type: none"> • Staff Caseloads, AYSE Caseload Sharing, number of supervisions • A breakdown of vacancies and caseloads by teams • London Councils best practise for recruitment and retention. • Engaging directly with social workers • Act on feedback from exit interviews and incorporate that learning into retention strategies
Exclusions	<ul style="list-style-type: none"> • Behavioural Isolation Units • Pupil Referral Units • Off-siting
Police representation and Multi-Agency Working	<ul style="list-style-type: none"> • Police Partnering - Use of stop and search • Youth Safety Strategy
Child and Adolescent Mental Health Services	To look at targets for waiting times and monitoring framework.
Outreach work with children and young people in the borough	<ul style="list-style-type: none"> • Direct youth engagement through Care Homes and Children's Centres • Inviting young people to meetings • Visiting children in schools
Engagement with the Gangs Team	
Budget Scrutiny	

Children's Centre Contract	Post decision scrutiny of the contract
Elective Home Education	<ul style="list-style-type: none"> • Children who have not returned to schools following the pandemic • To review how many families follow the curriculum and framework, children completing exams and other data.
Apprenticeships & Youth Unemployment	
Croydon Safeguarding Children Board – Annual Report	
Improvement Journey	<ul style="list-style-type: none"> • Looking at the transformation from inadequate to good • Standing Item – Dashboards for Education, Early Help and Children's Social Services
School Estates Strategy	
LEA Budget	
OFSTED Boroughwide Report	

Health & Social Care Sub-Committee

Items arising from the Sub-Committee meeting on 28 June 2022

The next step in the process will be for these items to be investigated in greater detail to establish whether the Sub-Committee is able to add value from scrutinising a topic. Once completed, a work programme will be scheduled for the remaining meetings of the Council year.

Work Programme Item
Sexual health Services
Menopause services,
Use of restraint
Older people Mental health
Mental health transitions
Community Service
Integrated Care Partnerships
Social Care Budget Savings
Obesity
Immunisation
Dental Provisions in the borough

Streets, Environment & Homes Sub-Committee

The initial items listed below have been included following discussions with officers. The first meeting of the Sub-Committee will be held on 20 July and as such the list is likely to be expanded. After this meeting, the process outlined for the other Sub-Committees above will need to be followed.

Work Programme Item
Air Quality and
Reviewing the Mayors Pledges
Active Travel
Veolia Contract – October 2022
Sustainable Communities
Purley Pool Options Appraisal
Environment Bill responsibilities
Environmental Enforcement
Biodiversity Strategy

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