

Scrutiny & Overview Committee

Meeting held on Tuesday, 15 January 2019 at 6.30 pm in Council Chamber - Town Hall

MINUTES

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

Also Present: Councillor Simon Hall and Tony Newman

Apologies: Councillor Sherwan Chowdhury

PART A

1/19 **Minutes of the Previous Meeting**

The minutes of the meeting held on 11 December 2018 were agreed as an accurate record.

It was highlighted that the recommendation to provide Members with updates on Section 106 and Cil funding available in their Wards had not yet been implemented. The Cabinet Member for Finance and Resources advised that the recommendation had been accepted by the Cabinet and work was underway to prepare information on the quarter three S106 and Cil awards.

It was agreed that going forward requests for information would be listed separately from recommendations to prevent delays in the requested information being circulated to Members.

2/19 **Disclosure of Interests**

There were none.

3/19 **Urgent Business (if any)**

There were no items of urgent business.

4/19 **Question Time: Leader of the Council**

The Leader of the Council, Councillor Tony Newman, was in attendance at the meeting to provide an update for the Committee and answer questions arising. During the introduction to this item the following points were noted:-

- In light of ongoing cuts to the Council budget from central Government, the Administration had taken a clear view that the Budget proposals for 2019/20 would seek the maximum increase in both Council Tax and the Adult Social Care precept to continue to protect frontline funding.
- The redevelopment of the Fairfield Halls continued towards completion, with the venue due to reopen in September 2019.
- Work was underway on building the Legacy Onside Youth Zone, which once complete would have provision for 200 – 250 young people to use the facility every night of the week.
- Progress continued to be made on a number of different housing developments through Brick by Brick, with families from across the borough starting to move into properties as they were completed. Work was continuing on the redevelopment of the Taberner House site which would provide over 500 homes, 50% of which would be affordable.
- The Council continued to maintain ongoing investment into the Children's Service following the disappointing results from an Ofsted inspection in July 2017. As a result the Service was starting to see improvement in performance data and was heading in the right direction. A key priority for the budget was to maintain the increased investment to ensure that the good work continued.
- There had initially been controversy over changes made to bins as part of the Sustainable Croydon project, but the change was required if the Council was to achieve its targeted recycling rate of 50%.
- Croydon's Violence Reduction Unit was a priority for the Administration as part of its work for Safer Croydon.
- The Council had recently been awarded funding of £500,000 to help to develop a Creative Enterprise Zone in the borough. Work was also underway on the Music City project which would give recognition to the music coming out of Croydon, as well as the musical heritage of the borough.
- The Sustainable City project was aimed at ensuring that growth in the borough provided benefits to the residents of Croydon. The project covered a wide range of factors including the need to create sustainable jobs and transport as well as environmental measures. The key challenge for the Council was to ensure that infrastructure in the borough matched the growth.

It was noted that the Government's review of Fair Funding was due to conclude in February and as such it was questioned what the Council could do to ensure that the funding issues facing itself and other outer London borough were addressed. The Leader highlighted that the Fair Funding Campaign in Croydon had always received cross party support. A strong case had been made to the review on behalf of Croydon, with the initial indication

being encouraging that outer London boroughs may come out in a better position than at present, but this was still uncertain.

Concern was raised that despite increased resources being invested in the Children's Service the outcomes were not improving as quickly as may have been hoped. In response it was highlighted that the changes made to the service, including the extra resources, had led to improvements in many of the key indicators, but others would take longer to turn around.

As a follow up it was questioned when looked after children would start to see the results of the improvement work, to which it was advised that they were already seeing results. Recent Ofsted reports had shown that outcomes for young people were improving and the Administration was committed to delivering long term improvement.

It was noted that Croydon was looking to adopt the Glasgow model to reducing knife crime through using a public health approach and as such it was questioned how this would work in practice in the borough. The Leader advised that the first event with partners involved in the project had been held earlier that day and given the strong history of partnership working in the borough and a strong voluntary sector there was every reason to hope that positive results could be achieved. A lot of the work would be from the ground up such as a long term preventative approach in schools.

As it had been highlighted that the Council was aiming to achieve a recycling rate of 50%, it was questioned whether there were similar targets for the reduction of waste and to encourage reuse. It was advised that there was a key role for both local and national government to educate and encourage people to reduce waste, with a lot of good work taking place in schools on a local level.

In response to a question about how delays to developments were effecting the local community it was advised that it had been the right decision to extend the redevelopment of the Fairfield Halls. This was to take into account unforeseen work arising from the building, which was the second biggest cultural venue in London after the Southbank, as the final development would be excellent. The Westfield development was still looking very positive and in a challenging retail environment, Croydon was looking as strong as anywhere.

As a follow up the start date for the Westfield project was questioned. It was advised that the exact start was currently been determined, but a recent meeting with the new Chief Executive had given very encouraging signs about their commitment to Croydon and the green agenda with positive discussions on transport provision and car parking.

In response to a question about the loss of senior officers, it was advised that while it was always disappointing to lose senior officers, the current team was excellent in terms of skills and was also a reflection of the borough. It was often the case that if you employed talented people, then they would be attractive to other organisations.

The Leader was questioned about his expectations for the Governance Review that was currently in progress. It was advised that it was hoped that it would be radical and would take into account factors such as the use of technology and devolution. It would also be positive to look at how the Council used its influence with other organisations and partners to deliver improvements for residents and the local area.

As there had been concerns about the new bin collection and street cleaning service, introduced in September 2018, the Leader was asked for his view on how well the new service was performing. It was advised that although these services had improved since the new contract commenced in September, there were issues around the consistency of the service across the borough which were being addressed with Veolia by the Portfolio Holder, Councillor Stuart Collins on a weekly basis. If the service did not improve then it would be escalated to the highest level to ensure that the people of Croydon received the standard of service they expected.

As a lack of affordable housing continued to be an issue for many people in the borough, it was questioned whether any thought had been given to developing greenbelt land for housing. In response it was highlighted that the Mayor of London had made clear that he would not countenance allowing development in the greenbelt, so this was not an avenue to pursue. At the moment the Council was working on a number of developments through Brick By Brick that would increase the supply of affordable homes.

It was questioned whether there was any prospect of a university being delivered for the borough. In response it was advised that the Council was open to having discussions with potential providers about the provision of a university and wanted to keep the options for its delivery open.

It was highlighted that there was an issue with people travelling to and from Croydon to South London with a lack of interconnectivity in public transport provision, which was not easily improved as an extension of the tram network was not a priority in the Mayor's Transport Strategy. As such it was questioned what the Council could do to improve provision. It was advised that future public transport provision needed serious consideration if it was going to be able to cope with the planned growth in the borough.

The Chair thanked the Leader and Officers for their attendance at the meeting and answering the Committee's questions.

Conclusions

Following the discussion of this item, the Committee reached the following conclusions:

1. The Committee were concerned about the lack of clarity on the start of the Westfield redevelopment and felt that further information was needed to provide reassurance.

2. The Committee agreed that the relevant partners in the Westfield project would be invited to a future Scrutiny & Overview Committee meeting to provide an update on the project.

5/19

Pre-Decision Scrutiny: Proposed General Fund Revenue Budget 2019-20

The Cabinet Member for Finance and Resources, Councillor Simon Hall introduced the report with a summary of the key points of the budget in the year ahead. It was noted that the financial landscape for local government continued to be challenging, with the outlook for beyond April 2020 unknown at the present time. From the introduction, the following points were noted.

- There were no material changes to the Local Government Settlement, which had seen our funding from government fall by 6.5% as predicted.
- There was an assumption in the Budget that Council Tax would rise by 3%, the Adult Social Care Precept would also rise by 3% and the Greater London Authority were planning to raise the Police Precept by £24 per annum.
- Nationally £180m had been released to local authorities from the Central Business Rate Account, with £1.1m of this awarded to Croydon.
- The budget for 2019/2020 was balanced, but in the Medium Term Financial Strategy it was predicted that there would be a £20m gap in funding in the subsequent two years.
- Substantial growth in demand was predicted in the services for the people of the borough and in particular vulnerable residents. £12m had been allocated to Children's Services, £10.2m to Adult Social Care and £3.2m to the Gateway Service to account for the growth in demand.
- Within the budget there was an assumption that there would be a rise in income from car parking and also through investing in assets, such as the recently purchased Colonades. It was also proposed to transfer property owned by the Council to the pension fund to reduce the cash contribution on the fund deficit.
- Brexit and the impact it would have upon both the local and national economy was a significant unknown risk to the budget.
- The Capital Programme included provision for a new Special Educational Needs School, which would help to reduce the reliance on the private sector. There were also plans to deliver £150m of affordable housing, investment in the Growth Zone, a new leisure centre in New Addington and investment in libraries across the borough.

It was questioned whether representations were being made on behalf of Croydon to the Fair Funding Consultation. In response it was advised that

representations were being made on both a national and regional level, as well as individual representation on the circumstances specific to Croydon, such as Unaccompanied Asylum Seeking Children.

It was questioned how the budget would be impacted if Council Tax was not increased by the planned 3%. It was advised that should Council Tax remain at its current level, an additional £7m would need to be found within the budget which was likely to mean there would be a significant impact upon services provided to residents.

It was confirmed that the Council was on track to save £1m over half a year from the new Waste and Recycling contract. This had been extrapolated for a full year and used as a basis for the assumed income from the contract for 2019/2020.

As the Business Rate Retention Scheme was being reduced from 100% to 75%, it was questioned how this would impact upon the budget. It was confirmed that as the Council had been pessimistic in predicting the income from the scheme, the reduction had not cause significant problems. The 25% reduction equated to approximately £1.5m.

As the Council was now pursuing additional income streams through the purchase of assets, it was questioned whether there was a specific strategy in place to guide the type of assets the Council would and would not invest in. It was advised that the Council had a three year programme of investment, which was set out in the Asset Acquisition Strategy that sat alongside the Medium Term Financial Strategy and informed the type of investments the Council would pursue. It was agreed to share a copy of the Strategy with the members of the Committee.

In response to a question about the basis for the predicted increased income from parking and penalty charge notices, it was advised that it was based on a combination of factors. In 2017/2018 the Service had been cautious in predicting its income, so the base rate for 2018/2019 had been underestimated. As the growth rate was expected to continue, the increase had be carried forward into the next year. The size of the enforcement team had also been increased which would lead to a likely increase in income from penalty charge notices.

It was noted that the Budget had assumed that there would be a saving from the charging policy in the Adults Service. As the charging policy was still being consulted upon, it was questioned what had been used as the basis for the assumption. It was advised that although the consultation was still underway, it was assumed that the proposals set out in the consultation would be endorsed. If there were major changes arising from the consultation, then the budget would have to be adjusted.

In response to a question about the assumed dividend of £2.2m from Brick by Brick, it was highlighted that the Council had not taken a dividend since the company was set up. As there were now 20 separate schemes in the process

of completion, the dividend had been based on a prudent assumption of profit available in 2019/20.

The low level of reserves held by the Council in comparison to other local authorities was highlighted and questioned whether this should be any cause for concern. It was advised that the level of reserves held by the Council was something that was tracked and balanced as needed. In the Medium Term Financial Strategy there was an aim for the level of reserves held to be 5% of the net budget, which equated to £12m, but since 2010 the level of reserves had varied between £10m - £11m.

In response to a question about the increased demand for Adults Social Care, it was advised that demand was increasing as people were now living for longer and the complexity of cases had increased. It was also highlighted that demand for Children's Services had also increased, with a large increase in the number of foster children, including additional pressures from Unaccompanied Asylum Seeking Children. It was agreed that statistics on the numbers of children in the care system over the past few years would be provided to the Committee to demonstrate the increased demand.

It was noted that the Budget included an assumption of reduced costs in the Revenues and Benefits team and as such it was questioned what this assumption had been based upon. It was advised that it had been based upon the introduction of news systems and increased engagement through the new Gateway Service, which would reduce the level of engagement with the Revenues and Benefits team.

It was highlighted that voluntary organisations were finding they were having to help people with applications for grants and benefits more frequently due to issues caused by many of the application now being online. As such concern was raised that the Council may be adding to this problem by introducing new systems. Reassurance was given that the Council was determined to safeguard the face to face option for those residents who preferred to interact with the Council in this way. Additionally the ongoing work on locality based services was about providing support for people where it was most needed.

As it was noted that the Election team was being reshaped, it was questioned whether the team would be able to cope in the event of having to deliver either the European Elections or a snap General Election. It was confirmed that contingency plans had been made should either of these elections happen this year.

In response to a question about what lessons had been learned from past budgets, it was advised that the Finance team now had a stronger handle on the areas for growth and pressures within the budget. There were better systems in place for tracking the budget and there had been more detailed work undertaken focussed upon the key areas of pressure within the Council. However there would always be unknowns and risks to the budget and it was essential to prepare for these where possible.

It was suggested that it would be useful for the Committee to meet with the Cabinet Member for Finance and Resources early in the budget setting for 2020/2021 to focus on the actual process of setting the budget in more detail and ensure it was fit for purpose.

The Chair thanked the Cabinet Member and the Officers for their attendance at the meeting and answering the Committees questions. In particular extending the thanks of the Committee to the Executive Director for Resources and Section 151 Officer, Richard Simpson, who was attending his last Scrutiny meeting before leaving the Council.

Additional Information Requested

1. Figures providing a breakdown on the number of Looked After Children in the borough over the past few years, broken down to provide data on the number of Unaccompanied Asylum Seeking Children and locally Looked After Children.
2. A copy of the Asset Acquisition Strategy.

Conclusions

Following the discussion of this item, the Committee reached the following conclusions:

1. That the Budget being proposed by the Administration was reasonable and took into account potential risks where possible.
2. That it would be beneficial to scrutinise the budget setting process in the new municipal year, to provide reassurance on the preparation of the budget at an early stage.

Recommendation

The Scrutiny and Overview Committee agreed to recommend to the Cabinet Member for Finance and Resources that he be invited to attend a meeting of the Committee early in the new municipal year to discuss with Members on the process for setting the next budget.

6/19

Work Programme 2018 - 2019

It was confirmed that the Chair of the Children & Young People Sub-Committee would provide the Annual Report of the Sub-Committee at the Scrutiny & Overview Committee meeting scheduled for 30 April 2019.

It was highlighted that new guidance for scrutiny was expected to be published by the Government later this month and as such an item on this may need to be scheduled for a future meeting.

The Work Programme was noted.

7/19 **Exclusion of the Press and Public**

This motion was not needed.

The meeting ended at 9.10 pm

Signed:

Date:

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