

## **Scrutiny & Overview Committee**

Meeting held on Tuesday, 19 October 2021 at 6.30 pm

This meeting was held remotely and a recording can be viewed on the Council's website

### **MINUTES**

**Present:** Councillors Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Jade Appleton and Joy Prince

**Also Present:** Councillor Hamida Ali and Callton Young

**Apologies:** Councillor Mike Bonello

### **PART A**

#### **81/21 Minutes of the Previous Meeting**

The minutes of the meetings held on 15 June, 7 September and 20 September were agreed as an accurate record.

Councillor Ward provided an update on the previous request made by the Committee to access to information about the redevelopment of Fairfield Halls. It was confirmed that most of the information requested had either been provided or confirmation given that it could not be located. There were three items still to be confirmed, which were correspondence between Mott MacDonald and Council about their leaving the project, a report from Mott MacDonald on the phased refurbishment of the venue and further information on the use of Coast to Capital funding. It was expected that these outstanding items would be resolved before the next meeting of the Committee on 7 December 2021.

#### **82/21 Disclosure of Interests**

At the start of this item the Chair of the Committee reminded Members of the requirements as set out in the Code of Conduct adopted by the Council on 11 October 2021.

There were no disclosures of interest made at the meeting.

#### **83/21 Urgent Business (if any)**

There were no items of urgent business for consideration at the meeting.

**Budget & Medium Term Financial Strategy - Risks**

The Committee considered a presentation on the key risks in the Council's budget and Medium Term Financial Strategy (MTFS). The presentation was delivered by the Interim Director of Finance, Matthew Davis. A copy of the presentation can be found at the following link: -

<https://democracy.croydon.gov.uk/documents/s33002/Appendix%20A%20-%20Budget%20MTFS%20Risks%20Presentation.pdf>

Prior to the presentation, the Leader of the Council, Councillor Hamida Ali, introduced the item by highlighting the progress made in the past year which had included a focus upon introducing a robust governance framework and putting the Council's finances on a sustainable footing. The Council was still on track to deliver its budget for 2021-22, which included £44m of savings and an increase in the level of reserves held. In addition, a way forward for Brick by Brick had been found through a managed build out process that would provide further new homes. The progress made by the Council had been reflected in feedback received from the Government's Improvement and Assurance Panel.

Although significant progress had been made, delivering a balanced budget for 2022-23 remained a considerable challenge. The Council needed to find an additional £38m of savings, in addition to the £25m savings identified in the MTFS. £25m had been requested through the capitalisation process, which if not agreed, would require even further savings. As such the process to set the Council's budget was following a painstaking approach, undertaking a holistic review of the entire budget.

The decision taken by the Cabinet, at its meeting on the previous evening, about the future of Purley Leisure Centre, could be taken as evidence that the administration was prepared to make difficult decisions to ensure a balanced budget was delivered. At the same time, consultations about the future delivery of the Libraries Service and children's centres indicated that the Council was listening to local people to inform its decision making. The immediate focus for the Administration was to deliver a balanced budget which would ensure the future of Croydon remained in its own hands.

Following the introduction and the presentation the Committee was given the opportunity to ask questions about the information provided. The first set of questions sought clarification on a number of areas, with confirmation given that earmarked reserves were funds allocated by the Council to mitigate against specific identified risks. The general fund reserves were held for more unexpected events such as the pandemic. In theory the Council could just have general fund reserves, however best accounting practice recommended having earmarked reserves for known risks.

The Council Tax base had grown on average by 1.5% per annum over the past five years. This increase was equivalent to an extra £3m per year, which given the potential risk that the Council Tax base may stagnant or decline,

needed additional consideration over how best to mitigate against this eventuality.

At present the Council retained approximately £71m of the business rates raised in the borough. When a business premises became empty, the owner was entitled to business rate relief for the first three months the premises was empty. When this three month period ended, payment of business rates resumed, even if the unit remained empty. Business rates only stopped being due if the unit was demolished. The Council had a level of protection through the localised business rates system, which capped the potential loss of business rate income at a maximum of 7%. This was equivalent to approximately £5m per annum.

As there had been criticism of the Council's past use of transformation funding, it was questioned how the process had been strengthened to minimise risk in this area. It was highlighted that transformation projects had been agreed at a meeting of Council earlier in the year. Any new transformation funding bids would need to follow the same process in gaining Council approval as well. Prior to reaching Council, a robust business plan was required to support the bid. This was reviewed by an officer panel and if it passed this stage the bid would be submitted to a meeting of the Council for final approval.

It was confirmed that inflation across all areas of spending had been factored into the budget assumptions, with 1% contract inflation equivalent to an additional £3.7m. Officers and the Cabinet Member for Resources & Financial Governance were in the process of reviewing all Council contracts on a line by line basis to identify savings. This presented a significant opportunity to make savings, with £7m targeted, but as this work was still ongoing there was still a degree of risk over whether this target could be reached.

The Council's total budget was approximately £1b, with a significant percentage accounted for in funding passed through the Council for areas such as education funding and benefits. The net budget requirement was £283m, which was part funded by the Revenue Support Grant, Business Rates and Council Tax.

It was noted that the Council was using a Star Chamber process to set the budget for 2022-23. It was questioned whether this approach had used a zero base budget method as a means of identifying savings. It was confirmed that a zero base budget approach had been used in part for some services, but not all as the budget process had already identified a number of savings. In some areas the budget had been stripped back, but due to the limited timescale available for budget setting the focus was on ensuring the delivery of a robust budget.

As a follow-up it was questioned whether consideration would be given to using a zero base budget approach in the future. It was advised that there was a need for the Council to improve its budget processes, including bringing certain aspects forward to earlier in the year, such as setting out the political

aspirations for the budget. It was likely that a report proposing changes to the budget process would be brought forward in due course.

It was highlighted that the Committee had raised concern about the Council's ability to deliver its budget in previous years. As such, it was questioned what systems needed to be introduced to ensure there was a robust budget setting process going forward. It was advised that the prior lack of corporate systems for budget development had presented a significant challenge and a lot of activity in the past year had been invested in building and embedding new systems. It was essential for the Council to have a robust finance system in place to closely monitor the delivery of the budget, particularly for high risk areas such as Children's and Adults Social Care. Other systems such as those used for complaint handling and resident engagement were also being reviewed.

Given the presentation had highlighted a variety of different risks, it was questioned whether all of these were captured on the Corporate Risk Register. It was confirmed that many of the risks raised were captured and there was an ongoing process to refine and improve the risk register. Part of the Star Chamber process involved analysing each saving proposal on the risk of delivery.

It was confirmed there was an intention to increase the Council's ear-marked reserves as part of the budget setting process for this financial year. Work was also underway to reduce the level of debt held by the Council to lessen the amount of interest paid on borrowing.

It was acknowledged that managing demand in services such as Children and Adult Social Care was as much about changing the culture as about changing the systems used. It was questioned whether the work to manage demand in these services was progressing as expected. It was recognised that the Council's spend on social care was higher than other similar London authorities, but did not always deliver better outcomes for the additional cost. By using learning from other local authorities, it was felt that better quality outcomes could be delivered at the same time as reducing costs to a level more in line with the London average. Given the vulnerability of many of those accessing these services, any change in social care needed to be managed extremely carefully and this remained a work in process.

As the Council had received criticism in the Report in the Public Interest about its commercial investments, it was questioned whether this option would be considered in the future. It was highlighted that commercialisation had been driven by central government, but past experience demonstrated that any such ventures needed careful planning to ensure they were executed effectively. It was unlikely that further commercial investment would be pursued in the near future as the Council had embarked upon a three year plan, with a focus on working within its existing financial envelope and a reduced appetite for risk.

In response to a question about the role of the political leadership in the Star Chamber process, it was confirmed that the Leader of the Council chaired the

process and the Cabinet Members for Croydon Renewal and Resources & Financial Governance attended each session along with the Chief Executive, Assistant Chief Executive and Section 151 Officer. The Star Chamber met with the management of each service and with the respective Cabinet Member to review budgets. The first round of the Star Chamber process had been completed and the second round had begun. It was confirmed that the process was led by the political leadership, who were working in collaboration with the corporate leadership to deliver a robust budget. Further assurance was given that a rigorous process was in place to test officers on the savings presented, with the information provided often reviewed at an almost granular level.

As a follow-up it was questioned how the information provided to the Star Chamber was tested. It was advised that the Star Chamber process provided the opportunity to challenge and test the budget proposals put forward by services. Having the opportunity to test and challenge individual budgets allowed the members of the Star Chamber to use their judgement on the deliverability of the proposals. Budget proposals would not be signed off without a robust delivery plan. It was confirmed that savings proposals were being generated from across the organisation, with it highlighted as an example that front line staff in Adult Social Care were being encouraged to submit ideas for efficiencies and managing demand.

It was confirmed that a dialogue had been opened with partners in the NHS about cost sharing in areas, such as hospital discharge, where joint working was delivering greater benefits to the health service. As would be expected, a strong business case driven by evidence was required to support the Council's position. These discussions were being managed on a directed basis, with an awareness of the short timescales for resolution. It was evident from the discussions that both sides appreciated the partnership working between health and social care and had shown a willingness to continue working together. However, in the event that these discussions were not successful, alternative plans were being prepared.

At the end of the questioning section of this item, the Chair thanked the Cabinet Members and officers for their attendance at the Committee meeting and the engagement with the questions of Scrutiny.

## **Conclusions**

At the end of this item, the Scrutiny and Overview Committee reached the following conclusions:-

1. From the evidence provided, the Committee concluded that the budget setting process seemed to have been significantly improved, with a greater degree of rigour than in recent years.
2. The information provided on the budget risks provided reassurance that there was a greater awareness and understanding of the potential risks to delivery. It was also recognised that a lot of the risks were outside the control of the Council and would require careful monitoring

to ensure that mitigating action could be taken at the earliest possible stage.

3. Given that the robust approach to budget setting was encouraging, it was agreed that embedding these processes as part of good practice across the Council should be a priority going forward.

## 85/21 **Annual Complaints Report**

The Committee considered the Annual Complaints Report which provided analysis of the complaint received by the Council. It was highlighted that due to a combination of factors, including the pandemic and the financial challenges of the Council, the report was delayed last year and as a result two years' worth of information had been provided.

During the introduction to the report the importance of the organisation using complaints to identify areas for improvement and understand the concerns of residents was highlighted. It was also highlighted that as part of the reorganisation of the Council, the Complaints Team and other resident access services had been brought together under the Chief Digital Officer. One of the key drivers for this was to better harness user feedback in driving service redesign and culture change across the organisation. An explanation was also provided for the Committee on what actually constituted a complaint being made, rather than a more general enquiry.

Following the introduction, the Committee was given the opportunity to ask questions about the information provided. The first question concerned the information provided on the Council's website about the complaints process and whether this needed to be reviewed. It was confirmed that the web page was being reviewed to make the difference between a service request and complaint clear for the public.

It was noted that the public may contact specific services directly to make a complaint and as such it was questioned whether these were being reliably recorded. It was advised that the standard of complaint recording varied from service to service, with some being very stringent in their reporting. Others were less so, but this could be for a variety of reasons, including the volume of contacts and whether an issue was resolved at the first point of contact.

It was highlighted that the Complaints team always tried to convey to other services that complaints should not be viewed as purely negative, instead they should be used to inform service improvement. It was an ongoing process to educate services on what a good complaints handling process looked like.

In response to a question about the reasons for changing the complaints handling software used by the Council, it was advised that the license cost for the previous system had been expensive and did not deliver the functionality expected. The new cost-effective solution was a low code system that could be maintained in-house. It was confirmed that although other local authorities

used a range of software solutions, the new system chosen by the Council was used by others.

Given the significant issues reported within the Housing Service earlier in the year, it was questioned how the Committee could be reassured that there was an adequate system in place to raise a 'red flag' if a lot of complaints were received on a specific problem. It was advised that a lot of lessons had been learnt in the Housing Service, with a new system in place to log complaints. There was still work to do on the repairs systems, but work was ongoing to introduce a standardised approach which interacted with other Council systems. At present, the Council did not have a single overarching system that could analysis and flag patterns of complaint, but this would be targeted as part of the refreshed Digital Strategy.

To address the specific issues with housing repairs, options being considered included the possibility of the Axis Repairs team co-locating with their counterparts at the Council and having a more robust system for following up with customers once repairs had been completed. Weekly meetings had been set up to monitor the Axis contract using data controlled by the Council, to ensure it was being delivered as expected.

It was confirmed that complaints were reviewed corporately on a monthly basis, allowing the leadership team to identify areas of concern. As the use of information improved it would allow specific issues to be pin pointed and addressed before they could develop into a larger problem. The Complaints team worked with external providers, such as Axis, to ensure the correct information was provided. It was also confirmed that the Complaints team met with the leadership team of each directorate on a monthly basis to ensure there was a regular review on the use of complaints, in order to drive improvement.

In response to a question about whether individual Cabinet Members had sufficient oversight of the complaints received for their specific areas of responsibility, it was advised that at this stage reassurance could not be given that this was definitely happening. However, with new reporting systems being installed, it was hoped that by the time of the next annual report, complaints would be routinely reviewed by all Cabinet Members.

It was confirmed that each service had a single point of contact for complaints, which enabled the Complaints team to develop a consistent approach to complaint handling. In additional, information was provided on the Council's intranet to instruct staff on the complaints process.

At the conclusion of the questioning section of this item the Chair thanked the officers involved for their engagement with the Committee, both at the meeting and in the lead up, which had helped to provide reassurance that the process for handling complaints at the Council was heading in the right direction.

## **Conclusions**

Following its discussion of the Annual Complaints Report, the Scrutiny & Overview Committee reached the following conclusions: -

1. The openness of the Complaints team to engage with the Scrutiny & Overview Committee, along with the quality of the report provided, was commended.
2. It was accepted that the Council was in the process of putting a much more robust system in place for handling and monitoring complaints, but issues such as the need to replace the telephony system and the need to change the complaint handling system twice in a short period of time had hampered progress.
3. Although some services had a positive attitude towards complaints, the Committee remained unconvinced that the culture of the Council had changed sufficiently to move towards a more open system of using complaints to drive service improvement.
4. The Committee would request that future reports evidence how the culture of the Council has changed towards complaints and provide examples of where complaints data has been used to influence service improvement.
5. It was accepted that due to changes in the complaints reporting system, a process for Cabinet Members to routinely monitor the complaints received in their areas of responsibility had not been put in place. However, if this was not in place and evidenced when the Committee next considered the Annual Complaints Report, it would be a cause for significant concern.

86/21 **Scrutiny & Overview Work Programme 2021-22**

The Committee considered its work programme for the remainder of 2021-2022.

**Resolved:** That the Scrutiny and Overview Committee work programme be noted.

87/21 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.54 pm

**Signed:**

**Date:**

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