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Scrutiny & Overview Committee

Meeting held on Thursday, 20 January 2022 at 6.30 pm

This meeting will be 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: Councillors Hamida Ali, Stuart King and Callton Young

Apologies: Councillor Mike Bonello

PART A

5/22 **Minutes of the Previous Meeting**

The minutes of the previous meeting held on 7 December 2021 were agreed as a correct record.

6/22 **Disclosure of Interests**

There were no disclosure of interest made at the meeting.

7/22 **Urgent Business (if any)**

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

8/22 **Community Fund - Community Infrastructure Levy Local Meaningful Proportion Assignment 2022/23**

The Committee considered a report set out on pages 5 to 10 of the agenda, which following a request made at the previous Committee meeting held on 7 December 2021, provided further information on the use of funds from the local meaningful proportion (LMP) of the Community Infrastructure Levy (CIL) for the Community Fund.

An introduction to the report was provided by the Council's Head of Spatial Planning and Interim Head of Growth Zone & Regeneration, Steve Dennington and Community & Voluntary Sector Manager, Simon Bashford. During the introduction the following was noted:-

- The Council had been collecting CIL income since 2013. 15% of the income raised through CIL was allocated as the LMP, which could be

used for anything that addressed the demand development places on an area.

- Government guidance advised that in an area where there were no parish or town councils, the borough needed to demonstrate that it had engaged with the community on the use of LMP.
- A bid was submitted by the Communities team to allocate £400,000 from the LMP for the Community Fund, which was considered as part of the budget setting process. Following consideration it was decided that this use of funds would reflected the demand new development places upon an area, and as such was considered an appropriate use.
- The Council was required to produce an annual statement on the use of CIL funding.
- The next commissioning cycle of the Community Fund would begin in the summer, with engagement starting in the spring. The outcome from the bidding process would be reported to Cabinet in November for final determination.

Following the introduction, the Chair commended the full response provided by officers to the questions raised by the Committee, noting that reassurance could be taken from the information given.

Further explanation was requested to explain how applications from community groups were submitted. It was confirmed that the Council created a prospectus to set out what it wanted to commission. This was then disseminated to local groups, with workshops held with the community and voluntary sector across the borough to spread the message. The four local community and voluntary sector coordination groups in the borough helped to raise awareness of the Community Fund.

It was agreed that sufficient assurance had been provided on the legality of using the LMP for the Community Fund. However it was questioned whether consideration had been given to the small grants fund. It was confirmed that the grants element for funding under £15,000 did not feature in the request for £400,000 as it was outside the timescale for this fund. It was highlighted that many small groups had still been able to access the larger sums, with groups encouraged to use the London Tender Portal as this would provide access to other funding sources.

Following discussion of this item, the Chair thanked the officers for the extensive information that had been provided to the Committee.

Conclusions

Following discussion of this item the Scrutiny & Overview Committee reached the following conclusions:-

1. From the information provided the Committee was reassured that the used of the local meaningful proportion of the Community Infrastructure Levy for the Community Fund was within the context of the regulations.
2. The commitment to promoting the availability of the Community Fund to local community groups was welcomed and it was requested that all Members be kept informed when the next round of commissioning was launched.

Recommendation

The Scrutiny & Overview Committee recommends that the Cabinet Member for Communities, Safety & Business Recovery ensures the dissemination of information about the Community Fund is circulated to all Members.

9/22

2022-23 Budget

The Committee considered a report set out on pages 11 to 12 of the agenda, together with three Cabinet reports provided in the supplemental agenda. The three report provided were:-

- Financial Performance Report – Month 8
- Medium Term Financial Strategy 2022/23 to 2024/25 – Update on Position
- Updated 2021/22 and
- Forecast General Fund Capital Programme 2022/23 to 2024/25

These reports were due to be considered by the Cabinet on 24 January 2022 and had been provided for the Committee to inform the budget scrutiny process.

An introduction to the information provided was given by the Council's Section 151 Officer, Richard Ennis, during which the following was noted:-

- The Council continued to deliver this year's budget. The Government had not yet provided confirmation on the £50m capitalisation direction, but feedback from the Improvement and Assurance Panel had been positive.
- The level of capital spend against the budget was still low, with an in-depth review planned to test the year end position.
- The Housing Revenue Account (HRA) continued to be overspent, which could mainly be attributed to pressures on maintenance.
- Good progress had been made on the 2022/23 budget to ensure it was robust, deliverable and sustainable.

- The grant settlement from Government had been better than expected, but it was important to continue with cross party lobbying for more support in light of the unique challenges Croydon faced.
- The cost of the concessionary fares scheme had reduced by £4m, which helped to reduce the budget gap.
- There was concern about the possible impact of inflation, with additional allowance added to the budget. The Council would take a robust position when dealing with contractors trying to pass the cost of inflation onto the Council.
- There was currently a gap of £11m in the 2022/23 budget, with work continuing to identify options for closing this gap. There was confidence that a balanced budget would be delivered.

The Leader of the Council, Councillor Hamida Ali, also provided an introduction to this item, during which the following was highlighted:-

- The Council was in a very different place to last year, which was the product of a lot of focussed work over the past 15 months on the Croydon Renewal Plan delivering improvements in the Council's governance and culture.
- Work continued on recruiting a new Corporate Management Team with Jane West being appointed as the new Corporate Director for Resources and Annette McPartland appointed as the permanent Corporate Director for Adult Social Care and Health.
- There had been difficult choices made in the budget, but this reflected the determination of the Administration to get to grips with the challenging nature of the financial environment for local government.
- Despite the scale of savings required, the Council still had approximately £300m in controllable spend. Choices made on this controllable spend had meant that the Council was able to maintain services for residents including fortnightly bin collections, keeping all libraries open, continuing community grants and maintaining the Domestic Abuse Centre.

Following the introduction to this item the Committee was given the opportunity to ask questions about the information provided in the three reports. The first question related to the overspend in the budget for temporary accommodation and whether there was a plan in place to contain the costs. It was confirmed that the Corporate Director for Housing had been reviewing the Council's processes and procedures for temporary accommodation, including looking at other authorities. A report was due to come to the Cabinet in February on the outcome from this review.

Given that it had been highlighted that the Housing Revenue Account was overspent, it was questioned how this was being addressed. It was confirmed

that the majority of the overspend related to repairs and claims against the Council for not processing repairs within the required timescale. The Directorate was aware of the issues and was in the process of identifying improvements for the repairs service.

Further information was sought about the fees and charges review included in the section of the report detailing the Medium Term Financial Strategy (MTFS) savings risks. It was advised that due to the difficulties in the economy the demand for income services needed to be reassessed, which was why it was shown as a risk. Further detailed work was underway to prepare an updated schedule with improved forecasting.

As approximately 1,000 asylum seekers had been placed in hotels in the borough by the Home Office, it was questioned whether a needs assessment had been undertaken on the level of support that may be required from the Council and how this will impact upon the budget. It was confirmed that this was being worked through and more detail would be included in the Month 9 – Finance Performance Report.

The Council was constantly working on the broader question of the cost of supporting unaccompanied asylum seeking children (UASC) and liaised closely with the Home Office to make the point about the pressure it placed on the Council's resources. It was confirmed that going forward the cost would be held as a corporate item, as it should not be the responsibility of the service to fund the support. Although the Government had provided a one off payment this year to support the Council with the cost of supporting UASC, lobbying would continue for more sustainable funding.

Although there was cross party support for the Government funding the cost of support for UASC, it was highlighted that there was a risk that the £2.9m shortfall may not be funded, which would leave a gap in the budget for 2022/23. It was suggested that the Government should be approached again before the budget was finalised to try to gain some certainty on this amount.

In response to a question about when the Council would receive the funds for the sale of the College Green site and the Croydon Park Hotel, it was confirmed that the sales had been completed at the end of 2021. The Council had achieved a value of £24.9m for the hotel and £22m for the College Green site, which was felt to be a good return in the current market conditions. The Administration had set out how it wanted to use any capital receipts, with the first part being to fund transformational work and the second being to reduce the Council's debt and to fund capitalisation.

The Committee was supportive of the need to start the budget setting process for 2023/24 as early in the new financial year as possible, but it was acknowledged that there was a risk that this would be impacted by the election of a new Mayor in May 2022 whose priorities would need to be taken into consideration. The Administration wanted to move away from using a salami slicing approach to a more considered budget approach. As this required longer to prepare, work had already started on this budget.

As it was noted that an additional 2% had been added to the budget on top of the already budgeted 3% increase for inflation, it was questioned whether it was expected that this risk would be realised. It was advised that inflation was a big issue nationally and it was difficult to forecast the length of time it would have an impact. The additional sum had been added into the budget to ensure that inflationary costs had been realistically estimated. It was not a given that the Council could pick up inflationary pressures from contractors. The inflationary increase would be held corporately and only released to services once it had been demonstrated that they had done everything possible to keep costs down.

The Committee welcomed confirmation that a group had been set up to improve the capital programme. This group had started by creating the capital budget set out in the Cabinet report and would next be testing the forecasting on delivery. Having a capital programme with a focus on reducing ongoing revenue costs was also welcomed.

It was questioned whether there was a sufficient stock of places of association to accommodate the voluntary sector and whether this could be a principle that was embedded in the capital programme. It was advised that the asset disposal plan needed to consider the broad aspects before disposal. If the Council wanted to drive its debt down, one way of achieving this was through selling assets. However, there was also a need to take a balanced view and look across services to ensure that disposal did not lead to significant knock on problems elsewhere.

The recent disposal of Ashburton Lodge was highlighted as an example of the Council taking account of other factors beyond financial income. It was confirmed that all asset disposals were promoted to the voluntary and community sector in the borough, with a one smaller asset recently sold to an organisation in the sector.

At the end of this item, the Chair thanked the officers and the Cabinet Members for their contribution to the discussion, noting that the progress made with the budget was largely reassuring.

Conclusions

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

1. It was recognised that although there were still challenges requiring a continued tight control on expenditure there was a reasonable expectation that the Council would come in on budget.
2. The Committee was supportive of the recommendations set out in the Cabinet reports.
3. The flexibility displayed on capital disposals where there was community interest in the asset was to be commended.

4. Given the Capital Programme was being reviewed, the Scrutiny & Overview Committee would like to be kept informed of the outcomes arising from this, with a view to scheduling further scrutiny of the programme in 2022/23.

10/22 **Scrutiny - Budget Challenge**

The Committee considered two separate reports set out between pages 13 to 40 of the agenda which provided a response to the two budget areas chosen by the Committee as a focus for a deep dive.

The first area was the Corporate, Resources and Assistant Chief Executive areas, from which the Committee was looking for reassurance that it was resourced at the right level to support the improvement journey of the Council. The second area looked at the preparations for the move to the mayoral model of governance and ongoing support for Members, to ensure that these areas were also appropriately resourced.

Corporate, Resources and Assistant Chief Executive areas

In reviewing the information provided in the report on the budget for the Corporate, Resources and Assistant Chief Executive service areas, the Committee agreed that it would focus on how the budget would enable the services to support the organisation to deliver cultural change and system improvement.

The first question asked for more information on how the expectation of increasing digital revenue (as set out in the budget report) was estimated. It was confirmed that it had been anticipated that there would be an income from digital advertising once the new digital bus stops had been rolled out. As the full roll out would not be completed in the next year, the estimated income had been reduced.

As the need to change the culture of the Council had been highlighted in both the Report in the Public Interest and the Ark report on Regina Road, particularly the need to improve financial discipline and customer service, it was questioned how the budget would help to deliver this. It was advised that the Beyond Business School had been commissioned, following a procurement exercise, to deliver a key piece of work on cultural change. This work would take a Train the Trainer approach, upskilling Council staff to roll out the change across the organisation. This work would focus on embedding improved customer services skills and improving resident engagement. Once the results had been analysed, the recently completed staff survey would also help to inform the cultural change work. There was also work with the digital team to ensure that staff were aligned to the digital world.

It was questioned whether there was sufficient resource in the Human Resources team to be able to support the improvement of the Council, particularly as there were savings for the team in the budget. The Interim Chief People Officer, Dean Shoesmith, advised that when he joins the Council in the autumn, he had undertaken a HR Maturity Index of the service, which

had identified a number of opportunities for efficiencies and improvements through business process reengineering using the Lean process.

Along a similar vein, it was also questioned whether Croydon Digital Service was able to deliver the system improvement of the Council. The Interim Head of Corporate Technology, Paul Golland, advised that the work of the service had been reviewed to ensure that the projects being delivered aligned with the Council's priorities.

The Deputy-Chair and Vice-Chair of the Committee reported back on a meeting they had with officers from the Programme Management Office (PMO). It confirmed that the meeting had provided significant reassurance that good people were involved in the team. The only concern raised was whether the PMO was sufficiently resourced to deliver the Council's change programme. It was confirmed that additional external resource had recently be brought in to increase the capacity of the team and to expand expertise, as there was a need to move at pace with this work. A key element of changing the culture of an organisation was to develop an accountable culture. To help achieve this the performance framework had been strengthened to include more KPI's on satisfaction levels.

Concern was raised about the lack of pace in improving the telephony system, with an update on this work requested. It was advised that work on a new telephony system was well underway with the procurement of the new system due to end on Friday. Once the procurement process was completed, the project would move to the implementation phase with a three month roll out programme. The chosen supplier was well proven and key benefits of the new system included staff having access to soft phones and apps to take calls. The implementation team for the project included key services such as customer services. As a result of the new system, mobile phone usage could be reviewed, which should deliver a saving.

It was highlighted that apprenticeships were a good way to change the culture of an organisation and as such was there any plans to increase the number of apprenticeships offered by the Council. It was agreed that apprenticeships were important, not just to changing the culture of the workforce, but also boosting the local economy and community. The Government offered a levy for apprenticeships and it was important that it was fully spent by the Council.

It was agreed that the public also needed to have confidence that the culture of the Council was changing and it was questioned whether external communication had been considered. It confirmed that there was a need to communicate the behavioural changes in the Council, but how this was delivered would need careful consideration.

Move to the Mayoral Model of Governance and Support for Members

This report was introduced by the Council's Monitoring Officer, John Jones, and Governance Improvement Advisor, Heather Wills. During the introduction to the report the following was noted:-

- There was a lot of work being put in to prepare for the move to the new mayoral model of governance. This included the Local Government Association (LGA) carrying out a peer review looking at the progress made to date, the results of which should be available by the end of February.
- The LGA had also been asked to conduct a peer review on the Democratic Services function to give reassurance on what the team should look like and to ensure the structure was fit for purpose ahead of the move to the mayoral system. This was particularly crucial with the election likely to lead to a large cohort of new Members requiring induction and training.
- There was currently staffing challenges within the Democratic Services team, with four vacancies. One of the two senior officer vacancies had been recruited and an interview was scheduled, which if successful, would fill one of the officer vacancies. Democratic Services was a difficult area to recruit staff as the role was specialised, with certain skills needed.
- To cover the immediate resource gap, mutual aid had been sought from other local authorities, with support provided to clear the back log of minutes. Officer support was also being provided by the LGA and a graduate trainee was being seconded from another team in the Council.
- Although the current arrangement was not ideal, having the temporary support in place meant that the immediate situation was manageable with all Committee meetings covered up until the end of March. Tribute was also paid to the commitment of the team who had been working under significant pressure since the start of the pandemic in 2020.

Following the introduction, the Chair highlighted that the Report in the Public Interest and the Governance Review had emphasised that the Council needed to strengthen its governance processes. Areas such as access to information and the availability of the Forward Plan continued to remain a concern for Members.

Thanks was given to the officers in Democratic Services for their hard work, particularly since the start of the pandemic, with it questioned how robust the review would be. It was hoped that the review would show what good looked like and what a good Democratic Services team does, which should include providing support for all members of the Council. There was additional money in the budget to help implement the findings of the review, but the question was whether would be enough. It was likely that any implementation would need to carefully planned and delivered incrementally

At the conclusion of this item the Chair thanked all those involved in the preparation of both reports for the meeting and the participation and engagement of officers with the questions of the Committee.

Conclusions

Following the discussion of the Budget Challenge items, the Scrutiny and Overview Committee reached the following conclusions:-

1. The work commissioned on cultural change was welcomed and it was agreed that this maybe something the Committee would want to revisit later in the year.
2. It was agreed that the cultural change programme was vital to the Council going forward, including the need to ensure the organisational valued its staff. From the information provided, there was a good indication that change was being made in the right direction.
3. A request was made for a summary of the cultural change programme to be provided for the information of the Committee.
4. The Committee was reassured by the information provided in the report on the preparations for the move to the mayoral model of governance and the reassurance given on the commitment to continuing to improve the Council's governance. It was welcomed that significant progress had been made since the report was requested before the New Year and the outcome from the review was eagerly awaited.

11/22 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.30 pm

Signed:

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Date:

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