

## Scrutiny & Overview Committee

Meeting of held on Tuesday, 10 July 2018 at 5.00 pm in Council Chamber - Town Hall

### MINUTES

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

**Also Present:** Councillors Richard Chatterjee and Maggie Mansell

### PART A

#### 3/17 **Minutes of the Previous Meeting**

The minutes of the previous meetings held on 6 March and 23 May 2018 were agreed as an accurate record and signed by the Chairman.

#### 4/17 **Disclosure of Interests**

There were none.

#### 5/17 **Urgent Business (if any)**

There were no items of urgent business.

#### 6/17 **Leader's Question Time**

The Leader of Croydon Council, Councillor Tony Newman, was in attendance at the meeting to provide an update on the Administration's plans for the next four years which would be based upon the 283 pledges set out in the Labour Party election manifesto, Ambitious for Croydon. During the course of the Leaders presentation the following was noted:-

- The redevelopment of the Fairfield Halls was on track for the venue to reopen in early 2019. It was expected that information about acts appearing at the Halls would be announced in the near future.
- The Onside Youth Zone, which was being delivered through a combination of public and private investment, was currently onsite and was due to open next year. Once complete it would provide an excellent facility for young people across the borough.
- A recent peer review of Adult Social Care had highlighted the excellent performance within the Service.

- Following the inadequate rating of Children's Services in September 2017, further investment had been allocated to continue the work to drive improvements in the Service, with real progress being shown. There were wider issues relating to the underfunding of Children's Services across country but this had not stopped progress from being made.
- Progress continued to be made on the Westfield/Hammerson regeneration project for the town centre of Croydon, which had received support from both City Hall and the Government. Going forward, over next few years, it would be a huge challenge for the Council to oversee a project of the magnitude proposed.
- A new Corporal Plan was being developed and would be brought to Council in September. The Plan would translate the Labour Party Election Manifesto into a plan for the next four years. The Plan would emphasis working with the public and local communities and in particular focus on how the Council delivers its Services and who with.
- In recent years there had been cuts to local Government funding from central Government of approximately 65 – 70%. It was a tribute to the work and foresight of the Council that it was in a reasonably fortunate position in comparison to many other local authorities, but the impact from the cuts should not be underestimated. Looking forward, Croydon Council would be well placed to benefit from the Government's new scheme which would see local authorities being able to retain a large proportion of any new business rates generated within the Borough.
- Progress on the Clean, Green, Sustainable Croydon project continued with a new scheme for household waste and recycling due to be launched in September 2018.
- The Healthy Croydon project continued to frame the health agenda with a focus upon prevention. Given the reduction in funding over recent years it was essential to develop new and innovative services with partners that met resident's needs.
- Safer Croydon was a campaign to reduce knife crime in Croydon. Recent statistic had shown that Croydon was the only borough in London which had seen a decrease in knife crime, which demonstrated that the project was having an impact even though it was still in its infancy.
- Along with the Fairfield Halls redevelopment cultural regeneration was also planned across the Borough with investment in Stanley Halls in South Norwood the most recent example. Key aims in this area would include ensuring that there was a diverse cultural offering which benefited cultural centres across the Borough.

Following the Leader's presentation, the members of the Scrutiny and Overview Committee were given the opportunity to question the Leader. The

first question concerned the Leader's proudest achievements over the previous four years? In response it was advised that the increasing sense of place and identity for Croydon, with local people being proactively proud of the borough was an important achievement. The level of new investment in the town, with Body Shop relocating its headquarters and the regeneration of the Fairfield Halls amongst a number of projects was also important. The Council's continuing role in working with partners to deliver improvements in many areas, such as healthcare, should also be recognised.

As a follow up it was also questioned whether there was anything that could have been done differently over the same time period? It was advised that with the benefit of hindsight, opportunities to improve the performance of Children's Services should have been taken earlier, however the Council was now starting to deliver real improvement in this area.

It was questioned how increased input from local communities would be used to inform the Clean, Green, Sustainable Croydon project. In response it was confirmed that there were opportunities for public involvement to inform the future use of local parks including the facilities provided. Other ongoing work in this area included reviewing the Council's procurement policy on what was being used to clean streets and parks and also pushing for an extension to the London Air Quality programme to include Croydon.

It was agreed that further work was needed on educating residents about their own responsibilities to the environment. The Council had taken the lead in certain areas such as the campaign focussed on turning off cars when waiting for children at school gates. It was the view of the Administration that the Council should be taking a lead in this area and providing an example for residents.

It was noted that the deadline for certain projects in the capital programme had been extended and as such it was questioned what could be done to ensure that that future projects were delivered on time. In response it was advised that projects of the scale of the Fairfield Halls redevelopment could often be subject to unforeseen complications as the project progressed. It was always the Council's target for projects to be delivered on time, but it was good to be open and honest about any challenges that arose which resulted in slippage. Conversely It would not be beneficial to create artificially long deadlines for projects simply to ensure that they were completed on time.

Given that the project to redevelop the Fairfield Halls had slipped it was questioned whether there was contingency to mitigate against this risk and what the cost had been for overrunning. It was confirmed that the budget for the project had not been impacted as a result of the extended time frame for the project. The Administration was comfortable with the extended time frame as it wanted the venue to be in pristine condition when it opened. As with any project there would be lessons to learn and the Fairfield Halls project was particularly important as one of the largest infrastructure projects run by the Council in recent years.

As it had previously been noted that the Westfield/Hammerson project would lead to the creation of approximately 7000 jobs, it was questioned what kind of jobs these would be? It was confirmed that there was an expectation that any jobs created would be paying the London living wage as a minimum starting point. An updated model based on the version used at the Westfield development in Stratford would be used, which would have a jobs and training academy onsite to deliver jobs for local people.

Given the level of investment in Croydon town centre it was questioned whether there were plans to develop the surrounding town centres in the Borough, such as Coulsdon and Purley. It was confirmed that the Council was working hard across the borough to deliver a number of different projects which included supporting the creation of a New Addington Business Improvement District and discussions were beginning on possible improvements for Purley and Thornton Heath.

It was also questioned how the other Borough centres could be encouraged to “take up the slack” from Croydon during the Westfield regeneration. It was confirmed that possible options for devolution would be considered, with local Ward budgets having already been introduced. Other possibilities could include investigating the viability of establishing town or community councils to ensure that local communities felt ownership over decisions effecting their area.

The provision of the Onside Youth Zone facility was welcomed, but it was also noted that it may be a challenge to attract young people from across the Borough to the one venue. In response it was confirmed that the Council was keen to attract as many young people as possible to the facility, but work was also needed to consider how it interacted with other traditional youth services.

A question was asked on whether there was a contingency plan to mitigate against any negative impact arising from Brexit? It was advised that at present there were still a large number of unknowns about the potential outcome from Brexit, but it did represent the biggest risk to the economy of Croydon, London and the country as a whole. In the meantime the Council would continue to do all it could to welcome new investment and business to the Borough.

As a follow up it was noted that there were a large number European Union citizens in the Borough and as such it was questioned what Croydon could do to help these people? It was confirmed that this was something the Council was investigating, in conjunction with the Mayor of London. The ongoing message was that EU citizens were welcome in the borough and the Council would want to provide support for people if future issues should arise.

In light of a continually reducing budget it was highlighted that it was essential for the Council to ensure that its services were made available in the most accessible format whether that be through a physical interface or online. The Leader advised that there were still pockets of inequality within the borough, which was not acceptable, and it was an important challenge for the Administration to continue to play a role in addressing these inequalities over the next four years. One of the key roles of the Council was to ensure that

people could access services and to do this work was needed with partners at a strategic level to ensure that the right infrastructure was in place.

Although the very positive outcomes from the peer review of Adult Social Care were welcomed, a note of caution was voiced that the outcomes from the Ofsted review of Children's Services had not been foreseen and as such reassurance was sought that a similar situation would not occur in Adult Social Care. It was advised that the Ofsted report raised concerns that the voice of the service user was not being heard in the process, but from the Peer Review of Adult Social Care reassurance could be taken from the outcomes indicating that the voice of the user was heard. At present the Council was looking to deliver sustainable improvement in Children's Services and was keen to ensure that there was no complacency within Adult Social Care, with a clear need to remain on top of performance.

It was noted that there were plans to review the governance arrangements of the Council with a view to tapping into the experience of as wide a range of Councillors as possible. It was agreed that Scrutiny worked well in Croydon, but there was a greater need for the Council as a whole to agree its response to wider issues, as this was more powerful approach than being divided along party political lines. Coupled with this, there was also a drive for greater devolution and community decision making.

In response to a question about the Administration's vision for the community of Croydon in terms of outcomes for ordinary people, it was advised that the provision of affordable homes was a key issue. If there was adequate provision, it would encourage people to put down roots within the borough. Another key challenge was how to look after the needs of the increasingly elderly population within the Borough, with the Council able to play a big role in this through partnership working.

7/17

### **Pre-Decision Financial Strategy 2018/22**

The Cabinet Member for Finance & Resources, Councillor Simon Hall, and the Executive Director of Resources & S151 Officer, Richard Simpson, gave a presentation to the Committee on the background to setting the new Financial Strategy for 2018 to 2022. The Committee was asked for any recommendations it wanted to make on the process, which would be fed into the production of the final Strategy, to be considered by the Cabinet in September. During the course of the presentation the following was noted:

- It was intended that the new four year Financial Strategy would dovetail with the Corporate Plan, which would also be considered by the Cabinet in September. The Strategy would look to build upon the approach of the Administration over the past four years.
- At the end of the last financial year the Council had a £5m net overspend in its budget, which could principally be attributed to spending in the People department relating to work required as a result of the Ofsted Inspection of Children's Services. This overspend had been balanced by

a £4.7m surplus in the collection fund and £332,000 from the general fund balance.

- The level of earmarked reserves had increased with a significant receipt from the Right to Buy scheme that the Council would look to use for the provision of new affordable housing.
- A recent rule change meant that Local Authorities now had greater flexibility around how it used capital receipts. Previously these could only be used for other capital expenditure, but could now be used for other purposes such as invest to save projects.
- Since 2010/11 it had been the Council's policy not to budget for the use of reserves to balance the budget, although there had occasionally been the need to do so as a result of overspends.
- The funding required for Children's Social Care was one of the biggest risks to the overall budget, with increased pressure from rising demand, the provision of Special Educational Needs transport and the provision of support for Unaccompanied Asylum Seeking Children.
- With people living longer, there was also a huge demand for Adult Social Care. The Council was focused on providing support that allowed for preventative support and early help within local services. As a result, this meant that schemes needed to be pump primed before any outcomes were delivered.
- Other considerations factored into the Financial Strategy included the Spending Review 2019, the Fair Funding Review and the new scheme for the retention of business rates.
- Further consideration also needed to be given on the level of borrowing acquired and amount of debt taken on to invest in services and local infrastructure. At present the current repayment on the Council's borrowing was £20m per year which was a sizable portion of the overall budget.

Following the presentation, concern was raised about the level of balances with a view taken that the budgeted savings in Children's and Adult Social Care may be optimistic given the recent history of overspending in these areas. In response it was advised that the budget for these areas was being worked on to ensure it was set at the right level and in fact the budget for Adult Social Care had been delivered approximately to budget in 17/18. This had been aided by increased Government funding allowing for more realistic budgeting. The Children's Service faced more difficult circumstances due to the inadequate rating from Ofsted which had required increased investment to correct, but should lead to more stable costs in the future.

It was confirmed that the £7m cost for Unaccompanied Asylum Seeking Children (UASC) included the cost for people with no recourse for public funds, which had not been factored into the grant provided by the Government.

In response to a suggestion that public involvement should be encouraged to help make the case for fair funding for the Borough, it was advised that there would be merit in publically motivated campaigns on issues such as UASC but it primarily rested with Councillors and officers to make the case along

with the support of local MPs. It was highlighted that cross party support, such as there was for fair funding for UASC helped to strengthen the case when made to central Government.

In response to a question about the Council working with the third and voluntary sectors, it was highlighted that there was a lot of good work carried out which provided an example of what could be achieved. There was a continuing move to increased levels of partnership working with the voluntary sector, particularly as part of a locality based model working with communities.

It was noted that the Council was spending money to bring services in-house and dismantling many of the previously large contracts to make them more accessible to local businesses. Evidence of this could be seen in the development of a new app for reporting fly-tipping that had been developed by a Croydon based business. In the instances where large contracts were still in place an obligation was included within the contract to use the local supply chain and local employment where possible. The Council had also recently launched the Easy Buy scheme for the procurement of small contracts which made them initially available on a local portal open to local businesses.

As it was noted that there was likely to be a profit made by Brick by Brick, the housing development company set up by the Council, it was questioned how this would be used. In response it was confirmed that as the Council was the sole shareholder in the company there was a degree of flexibility as to how any profits could be used. It could be reinvested back into the company to produce further housing, left as equity or taken out and used to fund another area of the Council.

It was noted that there were risks from having a property company such as the property market experiencing a downturn or a rate increase on borrowing. To mitigate against this, all the loans acquired to fund schemes were obtained at a fixed rate. It was an aim for Brick by Brick that it would make a profit from the schemes it delivered, which was assisted by the Council using its own land for projects, reducing the upfront cost of purchasing land. It was questioned whether any receipts from Brick by Brick would be included in the Financial Strategy. It was confirmed that it would not generally be accounted for in the base budget, with income from Brick by Brick included as a consideration rather than a presumption.

A change to how local government is funded from 2020/21 was being developed by the Government that would allow local authorities to retain 75% Business Rates raised above the current level. Although the final details for this scheme were still to be announced, the Council should be in a good position to generate income from the scheme.

The risk to maintaining the current level of balances was questioned, as there was a concern that overspending in certain services would have an impact. It was advised that it was expected that the Council's balances would broadly remain the same over the four years of the new Financial Strategy, with the level of contingency increased from £1m to £2m in the 2018/19 budget. It was

suggested by the Committee that the level of contingency should be reviewed to ensure it was set at the appropriate level.

A Member expressed doubt about the sustainability of retaining the previous principle on taxation, which aimed to keep any increases either on or below the level of inflation, while maintaining the general fund balance at 5% of the total budget. As such it was questioned whether this would remain the same in the next Financial Strategy? In response it was advised that although it had yet to be finalised, it was likely that the rate of taxation would continue to be less than inflation. It was also advised that it was likely that capital receipts would become increasingly relevant to supporting the prevention programme and reducing future demand.

From a discussion on the principles used to inform the new Financial Strategy, it was suggested that it should include a principle around the use of any profit delivered by Brick by Brick to be transferred into reserves. It was also suggested that there should be a principle included on borrowing to cover how, why and when it was used.

As it was highlighted that the Council could in theory run its statutory services down while still meeting the current principles set in the Financial Strategy, it was suggested that a principle on statutory services being provided at a good standard should be considered. In response it was highlighted that the manifesto commitments included a thread of protecting services, but how they were delivered may be subject to change.

It was questioned whether there were any plans over the next four years to undertake a root and branch review of the Council's expenditure. It was confirmed that each part of the budget was challenged annually, however there was likely to be a change in the approach to how money was allocated, moving from a service by service approach to a more overarching funding model focussed on the budget required across services to address a particular issue.

## **Conclusion**

The Committee agreed that the financial landscape for the Council remained challenging with the need to manage growth for services against a declining revenue base. It was also agreed that the principles informing the Financial Strategy needed to change to reflect the changing nature of local government.

## **Recommendations**

The Scrutiny & Overview Committee agreed to make the following recommendations to the Cabinet:

1. That there should be a fundamental rethink on the underlying principles of the Financial Strategy.
2. A principle should be established to inform how any income delivered from Brick by Brick is spent.

3. A principle should be established around how the Council works with its partners, with a focus on local wealth building and on social value as well as economic benefit.

The principles should not be overcomplicated and effort should be made to ensure they are simple and understandable.

8/17

### **Annual Complaints Report 2017/2018**

The Support Service Manager, Marion Leigh and the Complaints Manager, Clare Davies, were in attendance at the meeting to provide a summary of the Annual Complaints report and answer any questions arising. It was confirmed that Croydon Council operated a two stage Complaints Policy. In the first instance a complaint would be dealt with by the respective service and if the complainant did not think the response at this stage had resolved the issue, it would be escalated to the Corporate Complaints Team.

In terms of Stage 1 complaints, there had been an 8% reduction in the amount received over the past year. Response times had also improved with 88% answered within 20 working days against a target of 90%. The number of Stage 2 complaints had also decreased by 8% as well. Response times had also improved, but due to the complexity of the complaints at this stage only 39% had been answered with 20 working days.

The report included a summary of the statutory complaints for both Adult's and Children's Services as there were different procedures for complaints in these areas. Adult Services only had a one stage process, which had seen a reduction in the number of complaints received. The Children's Service had a three stage process. The complaints made at stage 1 had increased in 2017/2018, but there had been a reduction in complaints reaching stage 2 and 3.

The Committee agreed that in order to put the Council's performance into context, it would be very useful for future reports to include benchmarking data to allow comparison with the performance of other local authorities. In response, it was confirmed that although this data was not currently available, officers were in the process of developing a network with other Councils which would lead to future opportunities for benchmarking.

In response to a question about how the Council looked to learn from the complaints it received, it was confirmed that the Corporate Complaints team looked to work with departments to ensure that a timely response was provided to complaints and that were used to inform their own learning. As well as working directly with departments, the team also reviewed all complaints to look for overarching themes that might need action. For instance within the Benefits Service, there had been a reduction in the number of complaints received in 2017/18, but many had been related to the theme of delays. As such the team had been working with the Service on their processes and putting measures in place to address this issues.

It was questioned whether the details about complaints were left on file should it be upheld, as there was a concern that it may be difficult for the complainant to continue to access services. It was confirmed that the information was held within the Complaints system and it was important to ensure that the complainant could continue to access Council Services. If the complaint was of a sensitive nature, then it may be the case that the officer involved could be moved and another officer allocated to work with the complainant going forward.

### **Recommendations**

The Scrutiny & Overview Committee agreed to make the following recommendations for future complaints reports:

1. That a section be added to the report detailing trends in complaints
2. That benchmarking data with other local authorities be included.
3. That a section be added on what has been learnt from the complaints during the year and how processes have changed as a result.

9/17 **Annual Scrutiny Report 2017/18**

The Committee received the Annual Scrutiny Report for 2017/18. It was noted that the report had been considered at a meeting of the Council on 9<sup>th</sup> July.

10/17 **Scrutiny Work Programme 2018-19**

The Committee considered its Work Programme for 2018-19. It was noted that the current version contained a draft programme and the relevant Chairs were working with officers at present to finalise items coming forward to the Committee and Sub-Committee throughout the year.

11/17 **Exclusion of the Press and Public**

Not Needed.

The meeting ended at 7.55 pm

**Signed:**

**Date:**

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