

## **Scrutiny & Overview Committee**

Meeting held on Tuesday, 10 September 2019 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

### **MINUTES**

**Present:** Councillors Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel, Jeet Bains, Jerry Fitzpatrick and Joy Prince

**Also Present:** Councillor Simon Hall

### **PART A**

#### **24/19 Minutes of the Previous Meeting**

The minutes of the meeting held on 16 July 2019 were agreed as an accurate record.

#### **25/19 Disclosure of Interests**

There were no disclosures of interest made at the meeting.

#### **26/19 Urgent Business (if any)**

There were no items of urgent business.

#### **27/19 Report from the Chief Executive**

The Committee received a presentation from the Chief Executive and Head of Paid Service of Croydon Council, Jo Negrini. During the course of the Chief Executive's presentation the following points were noted:-

- The population of Croydon continued to grow with current estimates indicating that nearly 400,000 people were living in the borough, with it predicted that the population would continue to rise to approximately 445,000 by 2031. As Croydon was one of the top five most affordable boroughs in London it had led to poverty being exported from central London, which placed an increased demand upon the Council's services.
- Having the Home Office located in Croydon created additional demand for support from unaccompanied asylum seeking children (UASC) and other people in need which also placed a significant demand on Council services.
- Brexit continued to impact upon other areas of government, such as the comprehensive spending review which had only covered the forthcoming year when it had been expected to cover a number of

years. Which together with uncertainty over the future of the business rate retention scheme meant that it was difficult to predict how the Council's finances would be impacted in the coming years.

- Key budget pressures included the cost of supporting UASC, a shortfall in the Dedicated Schools Grant, an increased demand for Special Educational Needs transport and the high cost for placements within the Adults Service.
- In light of the changing financial landscape a refreshed Medium Term Financial Strategy (MTFS) was being prepared taking into account the latest information. The MTFS would include a focus on identifying efficiencies, increasing reserves and maximise income generation capabilities with a view to putting the Council on a firm financial footing.
- A series of sprint sessions to address the budget shortfall had been arranged for early September. These sessions were focused towards areas of high cost, such as Children's and Adults services, as it was recognised that the biggest impact would be achieved from doing things differently in these areas. Arising from these sessions would be proposals for consideration at a Cabinet Away Day scheduled for the end of the month.
- One of the key aims of locality working was to deliver services in different parts of the borough which were designed to specific local needs. As part of this the Council was working on health and social care integration including linking localities to provide joined-up services.
- The first localities pilot was based in North Croydon as there was an existing level of partnership working in the area. It was also known that there was a high demand for Children's services and the localities work included a combination of both acute and preventative services. Work also continued on two other localities pilots which were based in New Addington and South Croydon.
- Preparations continued to be made for the possible impact from Brexit with work being coordinated with partners such as the Croydon Health Service NHS Trust and the Police, through the London Resilience Forum. The looked after children who needed to apply for looked after status had been identified, plans had been reviewed for Tier 1 contracts such as with Veolia for waste and recycling service, and service level Business Continuity Plans had been updated.
- The improvement plan for Children's Services had been divided into three phases, namely stabilising the service, building the foundations to take the service forward and the current phase which was driving improvement.
- Croydon Council employed 3,387 staff who were overall fairly representative of the local population. 41% of the workforce was over 50, which was high and 30% of people had not disclosed whether they

had protected characteristics. Staff turnover at the Council was 3.7% which was low in comparison with other organisations.

- Equal pay calculations which compared the average pay of staff on the same grade show a gender pay gap of 1.6% against an Outer London borough average of 4.7%. There was a 9.7% ethnicity pay gap which could possibly be caused by a higher proportion of BAME staff at lower pay grades. The disability pay gap was 2.7%. There was a BAME Leadership Development Programme which would help to tackle the ethnicity pay gap. To date there had been 75 participants in the programme, 25 of which who secured either a promotion, a secondment or an interim role.
- Croydon had been a disability confident employer since 2017 with 12% of the workforce at the level of Head of Service or above against 9% across the total workforce having a declared disability.
- Support was available for staff through the staff networks and there was compulsory equalities learning and training. The Council also had policies for flexible/agile working and family friendly policies.
- 13.8% of the total workforce employed by the Council were agency staff. Within the Childrens, Families and Education department the percentage of agency staff was 21.05%. One of the objectives for the Sprint Sessions was to look at how these staff members could be made permanent employees.
- The average sickness and absence rate for staff was approximately seven days per year which was below average. An emphasis was placed on return to work interviews as it was important to identify the reasons for absence.
- The Workforce Strategy would set out the Council's commitment to its staff and also its expectations from them. A key aim was to ensure that the Council had an inclusive and representative workforce.
- A baseline review had revealed the need to improve the recruitment process to support further changes in the level of BAME representation at senior and middle manager level. There was also a focus on increasing the accountability of managers to increase the level of staff engagement and inclusivity while also developing manager's core skills and confidence in implementing the Council's core values.
- The performance framework and appraisal process had been revised to reflect the diverse needs of the organisation and the induction process had also been revised to ensure that new employees understood what was expected from working at the Council.
- Recruitment standards were being introduced to ensure that there were diverse interview panels interviewing prospective candidates.

- The Council was due to undertake the Equalities Assessment for Local Government (EFLG) assessment in November 2019. It had been confirmed by an external assessor that the Council was in a good position to secure 'achieving' status.

Following the presentation by the Chief Executive the Committee were given the opportunity ask questions, with the first questioning the most significant threat to the Council. In response it was highlighted that the Council's finances continued to be the biggest threat along with the ongoing need to secure additional funding. The level of reserves held by the Council currently equated to 3.5% of the total budget, but there was an ambition to increase this to 5%, with the Sprint Sessions helping to identify savings to achieve this.

It was highlighted that having good quality data available would help to ensure that the Council's policies had a sound grounding and as such it was questioned whether the current use of data was sufficient. It was confirmed that the collection of data was a continual process, but the Croydon Observatory had provided a lot of data that was crucial to informing the localities work. Sharing data with partners remained a challenge, but it was essential to ensure the localities work was meeting resident's needs.

In response to a question about staff diversity, particularly the under-representation of males of African-Caribbean ethnicity in middle and senior management roles, it was confirmed that action was being taken to address underrepresented areas. Although there were Leadership Courses for both female and BAME staff, there was another that was available to all staff to ensure that leadership development was as open as possible.

It was advised that the developers behind the Westfield project had made a commitment to make an announcement on the scheme by the end of September and had been in conversation with the Council's planners about their plans. It was important to remember that the scheme was being developed by a private company and as such it was not within the control of the Council. The ongoing uncertainty over Brexit meant that many developers were pausing projects until the outcome was clearer.

Representatives from the staff networks were in attendance at the meeting to provide additional insight for the Committee. The representatives were asked to highlight some of the positive aspects of working for the Council. Responses to this question included the availability of opportunities for career progression, flexible and agile working and the general dynamism of the working environment which would be supported by the forthcoming Workforce Strategy.

In response to a question about one aspect of working for the Council the staff network representatives would like to change, areas highlighted included cultural change to improve working between departments and a greater level of communication across the organisation. The Committee noted that they had raised organisational culture as a risk during their consideration of the Digital Strategy earlier in the year.

Although there was appreciation of the work that had gone into improving Children's Services, a Member highlighted that anecdotal feedback had raised concern that these improvements were not yet reaching frontline service delivery. In response it was highlighted that the need to improve Children's Services was one of the biggest challenges faced by the Council, but improvement was starting to be seen. A critical factor was the number of agency staff needed to provide the service as this had an impact upon the consistency of the service provided.

In response to a question about the integration of services with the NHS it was advised that this was forming part of the localities work in North Croydon, with the public service offer being reviewed to identify areas of duplication. This information would then be used to design service provision going forwards.

Initiatives being introduced to allow the Council to move towards best practice staff management were welcomed. However it was questioned what success in this area would look like. In response it was advised that success would be helping staff to thrive and reach their potential, as well as them enjoying working for Croydon Council. The outcomes from the initiatives would be monitored through the staff networks and staff surveys.

It was confirmed that it was envisioned that the localities work would help to tackle issues such as youth violence and antisocial behaviour through partnership working with other agencies such as the Police. There may be opportunities for Residents Associations to feed into the localities work through their role as community representatives.

In response to a question about what the Council was doing to address unconscious bias, it was advised that compulsory e-learning training had been undertaken by all staff. The next step would be a more targeted approach focused towards managers having difficult conversations. It was confirmed that at present there was no facility available in-house to trial blind recruitment, but the possibility of working with partners to test this on senior officer recruitment was being explored.

It was confirmed that any staff potentially effected by Brexit had been offered support from an early stage with applications for settled status. It was also confirmed that officers were working hard on a submission to Stonewall, with it hoped that the Council would be placed on its Top 100 Employers list when it was next announced.

It was agreed that data on the number of participants in the '100 days, 100 apprenticeships' scheme and the number of job shares in the Council would be provided to the Committee after the meeting.

The Chairman thanked everyone for their attendance, agreeing that any issues raised would be picked up through the Committee's recommendations.

### **Information Requested**

1. An update on the number of participants in the '100 Days, 100 Apprenticeships' scheme
2. Information on the number of job share arrangements in place within the Council's workforce.

## **Conclusions**

Following discussion of the report, the Committee reached the following conclusions:-

1. The Committee welcomed the steps taken by senior management to engage with staff across the organisation and looked forward to having the opportunity to review the results of the next staff survey.
2. The Committee welcomed the Council monitoring the BAME pay gap and hoped to see progress in narrowing the gap in future updates
3. Having raised similar concerns during its review of the Council's Digital Strategy, the Committee agreed that resistance to cultural change remained a key risk for any new corporate initiatives and felt that having a sponsor for cultural change within the Executive Management Team would begin to address this issue.
4. The Committee agreed it was difficult to make a judgement on the overall performance of the Council from the information provided and agreed that comparison data highlighting performance over a number of years and benchmarking with other local authorities would be requested for future reports.

## **Recommendations**

The Committee **RESOLVED** to recommend to the Cabinet Member for Finance and Resources that consideration be given to appointing a sponsor for cultural change in the Executive Management Team

28/19

### **Question Time: Cabinet Member for Finance and Resources**

The Cabinet Member for Finance and Resources, Councillor Simon Hall, was in attendance at the meeting to provide the Committee with an update on his Portfolio and answer questions arising.

During the course of the presentation, the following points were noted:-

- It was highlighted that Croydon had lost three quarters of its funding from central government since the start of austerity in 2010. The General Fund balance had remained stable over the past 5 years and was actually showing a percentage increase due to budgetary control over that time period. In comparison to other London authorities the level of reserves held by the Council was relatively low and as such required careful management.

- From the 2018-2019 accounts there had been a revenue overspend of £5,466m, with this mainly attributed to an overspend on support for unaccompanied asylum seeking children (UASC) and a growing demand for high needs educational services.
- For the 2020-2021 budget a funding gap of £12.5m had been identified which was being addressed through 'sprint sessions' taking a detailed look at specific areas of the budget to identify areas of either saving or growth. A key driver of these sessions was to develop realistic options that did not lead to unintended consequences further down the line. Due to a lack of clarity from central government over funding there was a greater level of uncertainty in the budget than would usually be expected.
- From the recently announced Government Spending Review it would appear that cuts to grants were stopping and in some areas such as public health there would be a modest increase. The Adult Social Care precept had been extended and there would also be additional funding for Special Educational Needs provision. As the Business Rate Retention Scheme had ended in London, but continued across the rest of the country, it was hoped that the decision for London may be reversed.
- Electoral Services were currently running the annual canvass with a 57% response rate to date and 74% of electors matched. Home visits to non-responding properties would begin in October. There was a total of 267,776 electors in the borough, 8.7% of which were European Union nationals.
- The Polling District and Polling Place Review had been completed with a report due to be considered by Council later in the year, however significant change was not expected. The Electoral Services team had started preparations for the possibility of a General Election with staff being put on stand-by, contact being made with polling stations and the main contractors such as those responsible for printing.
- The new Croydon Digital Service had seen a strong start with a new culture being displayed within the team. Work undertaken so far included a seamless move to new suppliers and a website review was underway. Work had been prioritised towards those systems that would make the most difference for residents.
- A new strategy for commissioning and contract management was being implemented which included a focus on social value and local procurement as well as cost. The in-sourcing of services also continued with Special Educational Needs transport and shelter housing support being the latest services in the process of being brought back in-house.
- The second phase of the purchase of the Colonnades was in the process of being completed. Options for new commercial acquisitions

had been identified and further information would be provided once any negotiations had concluded. A review was underway to ensure the best use of the Council's estate and investments for residents.

Following the presentation the Committee were given the opportunity to question the Cabinet Member on his portfolio. The first question related to the level of reserves retained by the Council with it confirmed that approximately £3-4m would be required to ensure the target of retaining 5% of the total Revenue Budget was achieved. It was highlighted that Croydon had always had a low level of reserves, but it had been maintained at its present level for a number of years despite the ongoing austerity. The Council's current level of reserves was within the Audit Commissions recommended level of 3 – 5% with the intention to move the level of reserves held towards 5%.

It was advised that part of the focus of the sprint sessions organised to address the projected budget shortfall would be on transforming the service offered to residents to prevent them from getting into crisis.

In response to a question about the how the budget increase for the redevelopment of Fairfield Halls had been authorised, it was advised that it was the responsibility of the Brick by Brick Board to manage the project. It was agreed that this issue would be raised at the Streets, Environment and Homes Sub-Committee meeting in January 2020 when Brick by Brick presented their annual report. It was confirmed that Brick by Brick was on track to deliver housing and a profit this year which would provide a dividend to the Council.

It was highlighted that a 3% growth in demand for Adult Social Care services was anticipated which equated to an estimated £7m growth in the cost of providing the service. The Government had recently announced £1.5b extra funding for social care, £500m of which was predicated on a 2.5% rise in Council Tax through the Adult Social Care Precept.

As it was noted that the market for selling recycled material was difficult at present, it was questioned whether this would have an impact on the Council's budget. It was confirmed that the contract for the waste and recycling with Veolia had a formula in place to determine the level of funds that would come back to the Council from the sale of recyclable material. There was a risk for the contractor, Veolia, to manage with discussions on going through the South London Waste Partnership. As well as delivering a financial income there was significant environmental benefits from diverting waste from landfill to take into account as well.

It was confirmed that control mechanisms were in place to ensure that overspends were identified at an early stage of the budget process, allowing them to be effectively managed. This included regular budget monitoring reports going to the Cabinet each quarter as well as more frequent meetings between Cabinet Members and officers to monitor risks within their portfolios. Potential risks on key projects, including any financial risk, were also regularly reviewed.

In response to a concern raised about a specific contractor, it was advised that customer feedback was used and if any issues were identified they would be raised. It was envisioned that contract monitoring would be improved going forward through the use of technology. Social value provided by contractors was also monitored with this area being strengthened in the new Commissioning and Contract Monitoring Strategy to include elements of social value such as paying staff the London Living Wage and apprenticeships.

It was confirmed that the value of the Council's Pension Fund was currently £1.3b and it had been performing well. It was recognised that should the markets collapse there would be an impact so steps had been taken to diversify the portfolio, the progress of which was closely monitored by the Pensions Committee.

The redesign of the Council's website was welcomed by the Committee, with it confirmed that there would be extensive alpha and beta testing of the site before it went live in March 2020. Agreement had been reached with Brighton Council to use their website platform as the basis for the Council's new site.

In response to a request for an update on the Council Front Door project it was advised that improvements had been identified and were in the process of being rolled out. New telephony equipment was also being procured, which along with the redesigned website would provide significant improvement for residents when interacting with the Council.

It was agreed that further information on local procurement would be provided to the Committee once the new system for managing procurement was in place. It was also agreed that further information would be provided to the Committee to demonstrate the improvements in basic service performance since the move to the new Croydon Digital Services and the new Digital Strategy.

At the conclusion of the item the Chair thanked the Cabinet Member and the officers in attendance for their engagement with the Committee.

### **Information Requests**

1. An update on Local Procurement (it was agreed that this would be provided once the new system allowed)
2. Data to demonstrate the impact on basic service performance since the move to the new Croydon Digital Service and the introduction of the Digital Strategy.

### **Conclusions**

Following discussion of the report, the Committee reached the following conclusions:-

1. The Committee was disappointed that a detailed report had not been provided and as such concluded that it had been difficult to reach any

further clarity on the budget setting process. It was agreed that a recommendation reminding Cabinet Members of the need to provide a written report in addition to a presentation would be made.

2. It was agreed that it would be useful to request further information on spending power as well as grant funding figures in future updates from the Cabinet Member for Finance and Resources.
3. The Committee recognised that the Council was facing a number of difficult budgetary decisions in the forthcoming year.
4. The Committee noted that Brick by Brick was due to present its annual report to the Streets, Environment and Homes Sub-Committee in January, which would be an opportunity to ask the budgetary questions raised at the meeting.

### **Recommendations**

The Committee **RESOLVED** to recommend to all Cabinet Members that a written report setting out an overview of their portfolio along with key performance data be submitted in addition to a presentation by Cabinet Members for their Question Time sessions with the Scrutiny and Overview Committee and its Sub-Committees.

The Committee **RESOLVED** to recommend to the Cabinet Member for Finance and Resources that information be included on spending power along with grant funding figures in future updates to the Committee.

29/19     **Scrutiny Work Programme 2019-20**

**Resolved:** That the work programme for the Scrutiny and Overview Committee and its Sub-Committees be noted.

30/19     **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.30 pm

**Signed:**

**Date:**

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