

# Public Document Pack

## Scrutiny & Overview Committee

Meeting held on Tuesday, 17 November 2020 at 6.30 pm. This meeting was held remotely via Microsoft Teams

### MINUTES

**Present:** Councillor Sean Fitzsimons (Chair);  
Councillor Robert Ward (Vice-Chair) and Councillor Leila Ben-Hassel (Vice-Chair);  
Councillors Jerry Fitzpatrick, Oni Oviri and Joy Prince

**Also Present:** Councillor Hamida Ali, Leader of the Council  
Councillor Stuart King, Deputy Leader  
Councillor Shafi Khan,  
Councillor Louisa Woodley  
Councillor Jason Cummings  
Katherine Kerswell, Interim Chief Executive  
Elaine Jackson, Interim Assistant Chief Executive  
Jacqueline Harris-Baker, Executive Director of Resources  
Lisa Taylor – Director of Finance and S115 Officer

**Apologies:** None

### PART A

#### 37/20 Minutes of the Previous Meeting

The minutes of the meetings held on 22 July and 25 August 2020 were agreed as an accurate record.

#### 38/20 Disclosure of Interests

There were none.

#### 39/20 Urgent Business (if any)

There were no items of urgent business.

#### 40/20 Croydon Renewal Plan Update

The Chief Executive of Croydon Council and the Leader of the Council outlined the details of the Croydon Renewal Plan in a [Presentation](#)

Following the presentation, Members were given the opportunity to ask questions.

Reassurance was sought from officers that going forward a higher level of care would be taken to ensure that risks were identified and appropriate mitigation put in place during the development of planned savings to prevent any repetition of past mistakes. Officers reassured Members that they were working diligently on testing proposed savings options to feed into the financial strategy. Extensive work was being undertaken with budget managers responsible for forecasting to ensure that extra care was being taken which included monthly budget monitoring. Rigorous development was also underway on the plan for lost income to ensure that the recovery plan was deliverable.

The Cabinet Member for Finance and Resources added that whilst it was unfortunate that a significant proportion of the identified savings had been double counted, once identified, corrections had been made immediately. Extra resources had now been pooled into that department to mitigate against the possibility of similar errors being made in the future.

A Member highlighted that the description of the culture of emerging policies alluded that Councillors could play a formative role in shaping of the policies and asked what this meant. Officers advised that they had listened to both Members and the Leaders' request for greater involvement in shaping policies. The early dialogue and engagement with councillors and staff had been beneficial in exploring improvements to culture which would be good for governance.

In response to a question on the timing of the different reviews that were taking place alongside the renewal plan, the Leader said that all reviews were currently on track to be finalised shortly with recommendations being written. Strategic reviews had been commissioned to look in greater depth at specific work streams such as Brick by Brick and Croydon Affordable Homes with a paper due to be presented to the next Cabinet meeting to share work to date and initial analysis, with further work needed to identify the next steps. It was acknowledged that more work was needed on the Capital Programme Review which was due to be presented at the November meeting.

A Member questioned the extensiveness of the process for identifying savings proposals, including whether there was sufficient challenge and public consultation. The Leader responded that in terms of the savings proposals, there would be a number of areas that required consultation and the principles of co-design would further explore how to seek public responses in processes.

It was further questioned how the Council would seek to demonstrate to the Ministry of Housing Communities and Local Government (MCLG) that there was a thorough understanding of the financial challenge to give confidence that the capital directive would not leave room for underestimating of the Councils' requirements. The Cabinet Member advised that officers were challenging budget assumptions and using a number of techniques to test their understanding of the financial position and the robustness of the action plans. Lead Members were taking responsibility to test proposals and seek

assurance on deliverability and through the independent improvement board, there was further opportunity to test and triangulate plans and policies put forward.

The Chief Executive added that MHCLG would also be asking themselves the same question when they receive the Councils proposals and would look in detail at the operation of the organisation and its internal controls. The goals set by the organisation took effect immediately with the programme designed to be open to challenge from MHCLG and the independently chaired improvement board, as well as councillors.

Additionally staff on the team were being provided with extensive training to enable them to ask challenging questions. The Executive Leadership also had a responsibility to challenge each other as well as their staff and a tracking approach was being developed on savings.

The Chair reflected on how Scrutiny would seek reassurance and that it would have to explore different ways outside of formal committee meetings, which had its limitations, to maintain line of sight. It was important for Scrutiny to rethink its approach on seeking assurance and improve confidence in challenging decisions made by the Executive as well as Political Leadership of the Council.

It was questioned how the organisational management model that was being developed would help planning to ensure that cost cutting through reshaping of services was delivered whilst being informed by demand. Furthermore how would the impact of any changes be maximised to ensure value for money was delivered. The Leader advised that there was clear recognition the Council could not continue to operate in the way it had previously. The difficult circumstances had been marked by the issuing of the S114 notice. Steps had been taken to explore what was required to drive change and what could be achieved given the current circumstances. This had resulted in the three priorities and principles being set. It was important to note that this was the beginning of a journey with a lot of work required to change the Council's approach including re-examining processes to maximise the delivery of statutory functions. This would be informed by protocols and process of other local authorities to ensure best practice. The goal was for the Council to operate within a sustainable balanced budget by 2024/25 and aspire to have £50million in reserves.

The Deputy Leader added that the importance of the capital direction was it would allow this year's budget to be balanced and allow more time for savings to be made in a way that was safe and more strategic.

Another question was asked on how to rebuild trust as there was concern that those that were being entrusted to steer the Council through this situation were part of the previous leadership. As such reassurance was sought that the leadership had the right skills to steer the organisation through this difficult journey. The Chief Executive responded that the Executive Leadership team had all given apologies for their involvement in the mismanagement which

had created the financial challenge facing the Council. Moving forward, it was acknowledged that trust had been broken and there was a need to find ways to rebuild trust whilst working within an environment of accountability. An independent investigation was to be conducted by the Local Government Association (LGA) to understand the events that had led to the present situation. The details of the report will assist in rebuilding the organisation and any formal questions and processes that arise as a result of the investigation would be actioned.

In response to a question on Members' being given the opportunity to review, in the spirit of transparency, the methodology used in the production of the renewal plan, Officers said that the opportunity to share was welcomed. The methodology behind the Renewal Plan was based on what was considered to be the best model, what was most effective and the use of judgement to identify immediate emerging priorities on obtaining support from government.

It was acknowledged that whilst the Improvement Board was necessary, there was currently a number of Boards in place, managing high level operations. As such it was questioned how the effectiveness of these Boards would be scrutinised as there could be no real accountability without scrutiny. The Leader and The Cabinet Member for Finance and Resource replied that the Improvement Board was one of the mechanisms to drive change, it was independent to enable robust challenge and questioning from external colleagues.

A Member asked what was being done to promote a meaningful culture of transparency, in particular access to information and routes to ensuring open dialogue with residents. Officers stressed that the Council was in the process of revising its protocol for access to information as recommended through the Governance Review. It was agreed that councillors needed to ensure that this promise was followed through by lobbying lead members on the matter, in particular for improved communications and engagement support by the organisations Communications department. It was highlighted that as a result of the issues previously experienced by Councillors a recommendation had been made by the Children & Young People Sub-Committee to Cabinet for communication and engagement resources be made available to support the work of Scrutiny.

It was asked if there was a clear engagement strategy on the renewal plan detailing the monitoring framework and lines of accountability, as it was imperative that the organisation got this right. Officers said that whilst detailed challenge was welcomed on the Action Plan, at present there was not a detailed resident engagement plan in place as it was important to acknowledge that this was an emerging plan and the organisation was in the process of working through priority items at present with a lot of work invested in managing that process well. The report in the public interest was one the first steps being taken as it emphasises accountability, by reporting against actions being taken, progress against action plans and the triangulation of further actions to be taken.

A Member reaffirmed that it was important that a culture of openness and transparency be cultivated, particularly as staff had been calling for this for a long time following many years of a Council that had been regarded as having deeply embedded issues with lack of openness. The Leader expressed concern at what had been learnt in the past few months about the experience of Council employees. The Council's political leadership was keen to work with staff, to understand their perspective on solutions and improve standards. It was acknowledged that the organisation was going through a period of transition to deliver financial improvement and cultural change. In order to manage other challenges during this transition period, a rapid review of capacity to respond to challenges was being undertaken.

A Councillor in attendance commented that there had been a lot of reference to the organisation being open and transparent and it was one thing to talk about it, but another thing in practice. It was important that information was shared and made available regardless of whether it was good or bad in order to alleviate public suspicion. How the organisation handled its response in relation to reports such as findings from Pricewaterhouse Coopers (PwC) will characterise the immediate perception of the organisation.

The Chair thanked Officers, the leader, Deputy Leader and Cabinet Member for their attendance and responses to questions.

**In reaching its recommendations the Committee came to the following conclusions:**

1. The Committee welcomed the early opportunity to contribute towards the development of the Croydon Renewal Plan and recognised that it was still an emerging plan that had yet to evolve into the full set of strategies and action plans to allow for in-depth scrutiny.
2. The Committee acknowledged the scale of the multiple challenges facing the new executive and political leadership team over the coming months. The consequence of not delivering this plan will result in additional financial challenges for the Council, and the strong likelihood of Local Government Commissioners being appointed to oversee Croydon Council by MHCLG.
3. The Committee acknowledged that the Renewal Plan will lead to a fundamental reconfiguration of council services and of the Council workforce.
4. A short-term success criterion for the plan would be MHCLG agreeing a capitalisation directive for Croydon.
5. It was important that the political and executive leadership of the Council supported the Scrutiny & Overview Committee in maintaining a line of sight over the Council's new priorities and principles and in seeking assurance on the trajectory of its plans and visions as appropriate.
6. The Committee welcomed the action taken by the executive leadership team to begin to recognise the extent of the workforce challenges, however it is essential that developing a full understanding of the situation be treated as a priority to allow processes to be put in place to ensure change can be driven forward effectively.

7. Engagement with staff should be sought in order to incorporate their views and ideas in shaping the Council's plans.
8. It was vital that clearly defined steps be taken when designing the future operating model of the organisation, as there were concerns that without this the Council could repeat past mistakes which had led to poor budget setting processes, weak financial monitoring and a failure to deliver promised saving either at pace or at all.
9. It was evident that the appropriate tools required to maintain sound financial management had not been in place to date and in driving forward improvements, robust measures to close the budget gap must be sought and implemented.
10. The confirmation of the situation regarding the Council's financial reserves in the S114 report was both disappointing and alarming, and as such it was imperative that the necessary steps be taken as part of the financial recovery plans to increase reserves to a prudent level based on an assessment of the risks facing the authority. Measures must be put in place to ensure that the reserves are maintained at the required level with alerts in place should they fall below acceptable levels.
11. Positive action needed to be taken as a priority to address reports of staff bullying and to protect staff confidence in the whistle blowing process.
12. The Committee concluded that the lack of the senior leadership's maintenance of line of sight and openness had been exposed by recent events and the executive leadership team must now prioritise addressing this.
13. Careful consideration needed be given to the role of the public in the Council's improvement journey and the communication strategy it would adopt to ensure effective dissemination of information to residents.
14. While the role of the Improvement Board was understood, it was key that this role be clearly defined so as to avoid duplication, and to ensure that transparency and accountability is maintained.
15. The Council must remain clear on its ability to deliver on its proposals and not to underestimate the task at hand.

**The Committee made the following Recommendations:**

1. The Council's culture needs to change and the renewal plan must set in train meaningful proposals to enable this, including developing a mechanism that allows Scrutiny to judge whether progress is being made.
2. That the Council should increase the level of General Fund reserves held from its current 3% to 5% target to a more prudent level recommended by Section 151 Officer of around £50m.
3. The Council should review its other existing plans and other reviews that are currently being undertaken to avoid duplication or inconsistency.
4. That the Council, as part of its proposals, is clear on defining its future operating model.

5. The Leader and Cabinet must ensure that a robust monitoring and accountability framework is an integral part of the plan, which is transparent to the residents of Croydon, the Council's workforce, and councillors.
6. That the Engagement Plan is appended to the Croydon Renewal Plan as it would evidence how engagement with staff, councillors and the community will be included in its renewal plan.
7. The Council reassess the mechanisms and processes in place for access to information for Councillors
8. The Council set outs how both the Scrutiny & Overview Committee and the General Purposes and Audit Committee will be facilitated to carry out their governance roles in regards of the Croydon Renewal Plan, including defining the remit of both Committees, the information that will be provided and the level of support that can be expected.

41/20      **Membership of the Scrutiny Sub-Committees**

The Committee agreed the changes to the membership of the Sub-Committees in accordance to the report. The Committee also agreed that Councillor Louisa Woodley would replace Councillor Callton Young as a committee member on the Children and Young People Sub-Committee.

It was noted that there was now a vacant co-optee role for the Parent Governor representative on the Children and Young People Sub-Committee following resignation of Geoff Hopper.

The Chair took the opportunity to outline the agenda of the meeting of 8 December and advised Members that the focus would be to consider the effectiveness of the action plan of the Report in Public Interest.

It was suggested and agreed that the Sub-Committees would convene informal meetings to reviews parts of the action plan that referenced their areas of Scrutiny and the Chairs of the sub-committees would report back their findings to the Scrutiny and Overview Committee on 8 December.

42/20      **Exclusion of the Press and Public**

This was not required

The meeting ended at 10.01 pm

**Signed:**

.....

**Date:** .....