

Scrutiny & Overview Committee

Meeting held on Tuesday, 24 October 2023 at 6.30 pm in the Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillors Rowenna Davis (Chair), Richard Chatterjee (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Sue Bennett (reserve for Jade Appleton), Simon Fox and Eunice O'Dame;

Also Present: Councillor Jason Cummings – Cabinet Member for Finance

Apologies: Councillor Jade Appleton

PART A

65/23 Minutes of the Previous Meeting

The minutes of the meeting held on 26 September 2023 and the Part A and Part B minutes from the meeting held on 6 October 2023 were agreed as an accurate record.

66/23 Disclosure of Interests

There were no disclosures of interest made at the meeting.

67/23 Urgent Business (if any)

Although there was no formal urgent business for the consideration of the Scrutiny & Overview Committee at the meeting, the Chair highlighted that the Improvement & Assurance Panel had published its Exit Strategy, which was scheduled for discussion at the next meeting of the Committee on 21 November 2023.

The Chair also confirmed that she had recently received an update on the ongoing work to provide new bus shelters in the borough. Progress on finding a solution had been delayed due to the need to go through the proper legal processes with the existing contractor, to protect tax payers' money. However, it was encouraging to note that officers were exploring what action could be taken to hold the company involved to account for their failure to deliver the contract.

68/23 **2023-24 Period 4 Financial Performance Report**

The Committee considered a report on pages 23 to 58 of the agenda that provided an overview of the latest budget position for 2023-24, up to the end of Period 4 (July 2023). This report was included on the agenda as part of the Committee's ongoing scrutiny of the delivery of 2023-24 budget.

The Chief Executive, Katherine Kerswell, Corporate Director for Resources & Section 151 Officer, Jane West, Director of Finance, Allister Bannin, Assistant Chief Executive, Elaine Jackson and Corporate Directors Nick Hibberd, Debbie Jones and Annette McPartland were in attendance for this item at the meeting.

During the introduction to the report, the following points were noted: -

- There had been a small reduction in the previously projected departmental overspend which had led to a reduction in the anticipated use of the Corporate Contingency Fund from the previous period.
- There was an increased overspend within the Housing Revenue Account (HRA) capital budget due to the need to address the backlog of outstanding housing repair cases following the move to new contractors. Responding to cases of disrepair was also another contributory factor of the overspend.
- Overall, the Council was still projecting a balanced year-end position in its General Fund budget, which was healthy in comparison to many other local authorities who were facing their own financial challenges.

Following the introduction, the Committee proceeded to ask questions about the information provided in the report. The first question asked for further explanation of the reduced departmental spend mentioned in the introduction, given the two largest overspends, arising from Childrens and Adults budgets respectively, remained at the same level as the previous month. It was confirmed that the reduction was within the Resources directorate budget and could mainly be attributed to a reduction in the overspend within Legal Services and the expectation that there would be a greater contribution from schools towards their utility costs than previously anticipated.

Given that a balanced budget was being projected in part due to savings from staff vacancies, it was questioned whether this was sustainable for the organisation in the longer term. In response, it was highlighted that staff vacancies were part of the natural operation of the Council. A large proportion of the savings related to staff vacancies related to small gaps between staff leaving the organisation and their replacements being recruiting. It was acknowledged that the environment for recruitment across the local

government sector was challenging and in certain services it could take longer to fill vacant posts as a result. Staffing was the biggest area of spend for the Council and the projected saving of £4.5m was not out of keeping for similar sized authorities, with it likely that there would be a similar trend each year as the Council would never be fully staffed.

It was asked whether extra support would be provided to help manage the overspend within the budget for the Childrens service. In response it was highlighted that £2.2m of the overspend was due to placement costs. There were currently seven high cost placements, which were needed to ensure the children were in the right place to meet their complex needs. As the Council had a statutory duty to respond to the presenting needs of children, it had little control over the costs of these placements.

Similarly, it was also asked what was being done to reduce the budget overspend for working age adults. It was advised that Service was experiencing similar issues to Childrens related to the cost of placements. The service was coming to the end of a three year transformation programme and would continue with further transformation going forward. There were specific programmes aimed at enablement to help residents live as independently as possible and reablement, with NHS England, to support people leaving hospital care. The high cost of care was a national issue and locally there was a focus on prevention, although this approach would take time to deliver savings.

As a follow-up it was asked whether the right balance was being struck between reviewing high cost care packages and the implementation of prevention work? It was acknowledged that the amount of invention currently delivered could be increased, but it was important to find the right balance to maximise the use of money to produce the best results for residents.

Regarding the allocation of £4m to the transformation budget from reserves, it was advised that in the last financial year £4m had been allocated from the capital budget for transformation, which had slipped to the current year. When the transformation bids were reviewed it was realised that many required revenue spending rather than capital, as such £4m was allocated from Council reserves rather than using the previously allocated amount from capital.

It was confirmed that as the overspend within the HRA budget had arisen from the need to address the backlog of repairs that had built up under the previous contractor, it would not be a case of looking to reduce this overspend as it was important that these outstanding repairs were completed. The Housing service was currently in the process of profiling the number of repairs outstanding and as such it was difficult to confirm at this stage when the backlog would be cleared until this work had been completed. At the same time the service was progressing the stock condition surveys which would

provide an overall picture of the condition of the Council's housing stock. Confirmation that the HRA budget for the current year would be reviewed to take account of the additional repair costs was welcomed by the Committee, along with work to rebalance future year's budgets. Reassurance was given that the HRA account had a healthy level of reserves which could be used to fund the repairs backlog. It was highlighted that the Council's position was not dissimilar to other providers across London who were seeing similar pressures on their repair's budgets.

Regarding the underspend within the capital budget, it was confirmed that the biggest underspend related to slippage on schools' projects within the Education service, which could often be complex as they required delivery outside of term times. Reassurance had been received from the Department for Education that this would not result in any allocated grants being lost. It was highlighted that the capital programme often included multi-year projects which depending on progress made could result in budgets moving from one year to the next.

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

Actions

The Scrutiny & Overview Committee agreed the following actions arising from their discussion of this item: -

1. That as part of the budget scrutiny process, the Scrutiny Sub-Committees would be asked to consider whether a deep dive was needed on any of the major capital projects within their respective remits, to provide reassurance on deliverability.

Conclusions

Having reviewed the report and the information provided at the meeting, the Scrutiny & Overview Committee reached the following conclusions on the Period 4 2023-24 Financial Performance Report: -

1. The slight reduction in the use of the Council's corporate contingency to balance the projected overspend in the budget was welcomed, although it was also acknowledged that Children and Adults services remained the chief drivers of the projected overspend, with the overspend in these services remaining at largely the same level as projected in the previous reporting period.
2. The Committee welcomed the reassurance provided by both the Cabinet Member and officers that the projected level of saving being

delivered within the budget was not out of keeping for a local authority the size of Croydon. However, the Committee agreed that it would seek further reassurance through benchmarking these staff vacancy savings against other similar local authorities.

69/23 **Medium Term Financial Strategy 2024-2028**

The Committee considered a report on pages 59 to 124 of the agenda that presented an updated Medium Term Financial Strategy (MTFS) for 2024 to 2028 and initial budget savings proposals for 2024-25. This report was included on the agenda as part of the Committee's scrutiny of the budget setting process.

The Corporate Director for Resources & Section 151 Officer, Jane West, Director of Finance, Allister Bannin, Assistant Chief Executive, Elaine Jackson and Corporate Directors Nick Hibberd, Debbie Jones and Annette McPartland were in attendance for this item at the meeting.

During the introduction to the report, the following points were noted: -

- The MTFS was one of the most important reports produced by the Council as it was the first public document in the budget setting process for 2024-25 and provided an indicator of what was expected over the next three years.
- At present the budget for next year had a £6m gap, but this was smaller than at the same stage in the process in previous years, which could be seen as an indication that the Council was getting further ahead in its budget setting processes.
- The report was a continuation of the report from last year and did not include any new surprises. Even so, it was important to remember that the budget included an ongoing £38m budget gap that could not be resolved without government support.
- The Government's announcement on local authority funding was not expected until later in year and possibly not until the week before Christmas due to the autumn statement being later than normal.

Following the introduction, the Chair of the Committee put on record the Committee's support for the added transparency in the MTFS and other financial reporting. While it was noticeable that a lot of work had been invested in improving the Council financial management processes and reporting, it was apparent that its debt continued to grow and repayments increased. At present the only option available from Government to support the Council with its budget gap was further capitalisation, as such it was

questioned whether the debt would reach a point where it became unsustainable.

In response, it was acknowledged that if capitalisation continued to be the only solution offered by Government to the Council's budget gap, then its financial position would continue to worsen. As a result, the Officer and Member leadership of the Council continued to make the case for finding an alternative solution to the Government. From the Government's perspective when developing a solution for Croydon, it needed to be mindful that there were other local authorities in a similar situation and as such a wider approach was needed that could be used in a variety of scenarios, which was a significant challenge. It was confirmed that the Council was seeing an increased level of engagement from the Treasury in these discussions, but there was no easy answer.

As a follow-up, it was questioned how often officers were meeting with representatives from the Government. It was confirmed that the Chief Executive and the Corporate Director for Resources & Section 151 Officer met with the Improvement & Assurance Panel, representative from the Department of Levelling Up, Homes & Communities and the Treasury on a fortnightly basis, and more frequently if needed. It was advised that as part of these meetings, the Council was being asked to provide a lot of detail on its borrowing and the restructuring of its debt, to help the Government understand the potential implications.

It was confirmed that discussions were also taking place on a political level, but it needed to be acknowledged that there were other authorities in a similar position to Croydon, which meant it was unlikely the Council would get preferential treatment. It was important to ensure there was an ongoing dialogue with the political decision makers, but they would not be able to provide a Croydon only solution. The Council was in contact with other boroughs experiencing similar financial challenges, to provide support and share learning. There was also a significant number of councils predicting they may need to issue a Section 114 notice in the future and as such Government was being lobbied for support. The view from Pan-London meetings was that local government funding was unlikely to significantly change whoever was in power following the next General Election, which was why there was no significant shift in the MTFs.

The extended period for consultation on the Mayor's budget proposals was welcomed by the Committee. However, it was questioned whether the financial challenges facing the Council meant it was unlikely the consultation would lead to any significant change to the proposed budget. It was acknowledged that general responses to proposals, such as not increasing council tax or not reducing spending, was unlikely to result in a change, given the limited options. Should the consultation result in more specific suggestions

for providing services in different ways or opportunities to access external funding, then these would be fully explored.

The Committee questioned how the assumptions made for inflation in the MTFs had been reached. It was confirmed that the inflation assumptions had been based upon Bank of England Monetary Policy Guidance, with figures lower in year two and three of the MTFs than either the current rate or the assumption for next year. There was also an assumption built into the budget for 2024-25 that there would be a 3.5% increase in the staff pay settlement. The Committee was concerned about whether a 3.5% increase would equate to a real terms wage cut for staff.

It was noted that the anticipated conclusion of the statutory intervention process provided through the mechanism of the Improvement and Assurance Panel was based upon the Council reaching a position of sustainability. As Government support was needed to achieve sustainability, it was questioned whether it was expected that the Government would have found a solution by July 2025, when it was anticipated the Panel would be leaving Croydon. It was confirmed that the Council was pushing the Government to find a solution time for the forthcoming budget setting process. As it was likely that there would be a General Election next year that could result in a change of government, the Council did not want to be in the position of having to start the process again. There was a concern amongst the Committee about whether the Government would have an incentive to balance the books before the election, particularly with other local authorities facing similar challenges.

In response to a question about whether there had been any modelling of the savings proposals to identify whether any might have a potential impact on other services, it was confirmed that the Star Chamber process had been used to identify savings proposals. Subsequently, there had been meetings of Cabinet and the Corporate Management Team (CMT) to review these proposals and identify any possible consequences for other departments. It was confirmed that from this process, there was a reasonable level of confidence that there would be no significant unintended consequences.

As part of the budget setting process to identify savings, a request was made for proposals to be underpinned by data, which helped to provide an additional level of assurance on delivery. Assurance was given to the Committee that staff across the organisation would be able to contribute through the consultation process and many had already been involved in the development of savings proposals. The Committee agreed that it would like to see further evidence of the involvement of frontline staff in the budget setting process.

In response to a question about whether the saving identified for next year were deliverable and allowed the Council to deliver its statutory services, it was confirmed that they would.

The final question on this item related to the proposed decision to restart council tax collection and enforcement and what support would be provided to those unable to pay. It was confirmed that collection of council tax arrears had originally stopped during the Covid-19 pandemic because of the courts being closed. As the Council was not acting on arrears, people were building up debt without support being offered to manage the outstanding amounts. At present the total amount of council tax debt was approximately £2.5m. Once collections resumed, the first stage in the process would be to notify individuals of their arrears, make contact to discuss potential arrangements and what support they may be entitled to access. It should be the case that support was put in place to help people resolve their debt if they were unable to pay. A bailiff would only be used if someone would not pay rather than could not pay.

In response to a follow-up question about using a phased approach for the reintroduction of collections, it was confirmed that this would happen automatically as part of the process. It was also confirmed that following a previous recommendation by the Committee the wording used on collection letters had been reviewed.

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

Actions

The Scrutiny & Overview Committee agreed the following actions arising from their discussion of this item: -

1. That in light of Council tax enforcement recommencing, the Scrutiny & Overview Committee agreed it would schedule a review of the process after a sufficient period of time had elapsed to seek assurance on the level of support being provided to residents.

Conclusions

Having reviewed the report and the information provided at the meeting, the Scrutiny & Overview Committee reached the following conclusions on the Medium Term Financial Strategy 2024-28 report: -

1. The Committee acknowledged that the Council was going above and beyond what it could do to improve its financial position through improving its governance and budget monitoring processes, delivering transformation, and selling its assets.
2. However, the level of debt held by the Council remained unsustainable and would only increase while capitalisation remained the only option available to the Government to support the Council to balance the

identified ongoing annual shortfall of £38m in future year's budgets. It was therefore essential for Government to identify a solution as soon as possible to assist both Croydon and other similar local authorities with unsustainable levels of debt.

3. The Committee welcomed reassurance that the voices of frontline staff were being heard in the budget setting process and agreed that this would need to be tested throughout the budget scrutiny process.
4. The Committee welcomed reassurance that Council tax enforcement was only used as a last resort and in the first instance the Council when notifying residents of arrears provided the offer of help and assistance to find a viable solution. The Committee agreed that it would like to revisit this at a later date to seek reassurance on the level of support offered to residents.

70/23 **Annual Complaints Report 2022 - 2023**

The Committee considered a report set out in agenda supplement 2 that provided a summary and analysis of the complaints received by the Council in the 2022-23 year. This report was included on the agenda for the Committee to review the information provided regarding complaints and consider whether to make any recommendations as a result.

The Cabinet Member for Finance, Councillor Jason Cummings, Chief Executive, Katherine Kerswell, Corporate Director for Resources & Section 151 Officer, Jane West, Director of Finance, Allister Bannin, Assistant Chief Executive, Elaine Jackson and Corporate Directors Nick Hibberd, Debbie Jones, Annette McPartland, Susmita Sen, Interim Chief Digital Officer & Director of Resident Access, Paul Golland, Head of Resident Contact, Lisa Wheatley and Complaints Manager, Kim Hyland were in attendance for this item at the meeting.

Prior to questioning the information provided in the report, the Vice-Chair provided a summary of the responses received from both the public and local support organisations such as the CAB and the South West London Law Centre from a request made by the Committee for feedback on the Council's complaints process. Common themes from the responses received included the length of time it took to receive a response to a complaint, not being provided with a named contact for a complaint and the process not being clear whether a formal complaint had been submitted or not. It was agreed that officers would contact the support organisations to discuss these concerns in greater detail.

The first question from the Committee asked why Croydon had such a high number of stage one complaints. It was advised that Croydon was a large, highly populated borough and the Council was facing a number of challenges.

Although there was a high number of stage one complaints, the only directorates where the level of complaints had increased in comparison to the previous year were Childrens and Housing.

It was acknowledged that the Housing directorate was starting from a low base when it came to complaints, but it was also an opportunity to learn from the findings to improve the service going forward. There was a range of work underway within Housing to understand why the complaints process was not working as expected, to map the process and to align it with the Housing Ombudsman Complaint Code. The status of complaints was reviewed on a weekly basis, but it was highlighted that the system may worsen in the short term while the needed improvement was delivered. The Committee welcomed the open assessment on the current standard of complaints handling within the Housing directorate and looked forward to seeing progress when the annual report was next considered.

It was confirmed that as part of the complaints management system, data was collated and analysed to understand where there were larger issues. The results of which were being fed back to services, to allow them to address and improve. Each service had a named complaints officers who would lead on the response to Stage 1 complaints, which provided oversight over the type of complaints being received. The Complaints team met on a weekly basis to review Stage 2 complaints which also helped to pick up any wider issues. It was highlighted that complaints relating to waste collection were down from the previous year, which could be taken as an indication that learning from complaints was being actioned.

It was questioned whether the Council used call recording to verify conversations with residents that had resulted in a complaint. It was advised that call recording would be in place within the contact centre by the end of November 2023. The introduction of recording had been delayed to ensure that there was a process in place to take customer payments, while maintaining their privacy. This had now been resolved, enabling the recording system to be turned on and once it had been tested on the contact centre it would be rolled out across the organisation.

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

Actions

The Scrutiny & Overview Committee agreed the following actions arising from their discussion of this item: -

1. To request feedback on any engagement with local advice groups on the Council's complaint handling process.

Conclusions

Having reviewed the report and the information provided at the meeting, the Scrutiny & Overview Committee reached the following conclusions on the Annual Complaints Report: -

1. The Committee welcomed the honest evaluation of the complaints handling processes within the Housing service which, it was acknowledged, were starting from a low base. However, there was reassurance given that a significant amount of work was underway to improve these processes to ensure that complaints were being used to inform improvement throughout the service.
2. The Committee welcomed confirmation of the forthcoming introduction of call recording within the contact centre, agreeing that it would be another tool to strengthen the complaints process. Endorsement was also given to the approach of rolling out call recording across the wider organisation once sufficient safeguards were in place to the safe management of customer data.
3. The Committee welcomed the openness of officers to the suggestion that there should be engagement with local advice services, such as the Citizens Advice Bureau (CAB) or South West London Law Centre, to hear both theirs and their customers experience of the Council's complaints process.

71/23

A New Purley Pool: The Redevelopment Purley High Street Car Park and Leisure Centre (Part A)

The Committee considered a Part A report set out on pages 3 to 26 of the agenda supplement that set out decisions to be considered by the Mayor at the Cabinet meeting on 25 October 2023 regarding the delivery of a new pool for Purley. This report was included on the agenda for the Committee to review the proposals for delivering one of the key manifesto commitments of the Mayor and provide comment prior to the decision being taken.

The Cabinet Member for Finance, Councillor Jason Cummings, Chief Executive, Katherine Kerswell, Corporate Director for Sustainable Communities, Regeneration and Economic Recovery, Nick Hibberd and Interim Director of Commercial Investment & Capital, Huw Rhys-Lewis were in attendance for this item at the meeting.

During the introduction to the report, the following points were noted: -

- The site on Purley High Street had several uses including that of a leisure centre and a car park.
- The leisure centre had initially closed during the pandemic and there had been subsequent issues with the condition of the venue which meant it was no longer fit for purpose.
- The developer, Polaska, had held a long-term leasehold on the site and would be bringing forward a development that would include the provision of a new leisure centre and public square.

Following the introduction, the Chair confirmed that both her and the Vice-Chair had the opportunity to visit the site earlier in the day, which had provided visual confirmation of the poor condition of the leisure centre facilities and the level of work required.

It was confirmed that it was difficult to set out a timetable for the development of a new leisure centre at this stage in the process. If the recommendations were agreed by the Mayor at Cabinet, then officers would enter into legal discussions for the development with Polaska, who would also continue to progress the planning aspect of the project. Until these steps were completed, it was difficult to give certainty on the timescales.

In response to a question about the loss of car parking on the site, it was advised that the parking need for the new development would be considered as part of the planning process. Since the pandemic, the site had not seen the same level of parking need and work would be undertaken to find a balance between the provision of resident and public parking.

It was confirmed that the initial costs allocated from Community Infrastructure Levy funds for an options appraisal of the site had not been incurred. There had been some cost for surveying the site to inform the likely scale of the investment required, but that was a necessary part of the process.

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

Conclusions

Having reviewed the report and the information provided at the meeting, the Scrutiny & Overview Committee reached the following conclusions on the A New Purley Pool: The Redevelopment of Purley High Street Car Park and Leisure Centre Report: -

1. Having been informed by a visit to the former Purley Pool site, the Committee was reassured that the proposed option of the Council working with a developer to regenerate the site was the best option for delivering a new leisure centre facility in Purley.

2. The Committee agreed that additional reassurance could be taken from the Council having the ability to claw back control of the land if there was a situation where the developer was not able to deliver the leisure centre on the site.
3. The Committee extended its thanks to officers from both the Council and GLL for facilitating its visit to the Purley Pool site and to local Ward Councillor Simon Brew, for joining the visit and providing his local insight.

72/23 **Scrutiny Work Programme 2022-23**

The Committee considered a report set out on pages 207 to 226 of the agenda which presented the most recent version of the work programme for the Scrutiny & Overview Committee and its Sub-Committees.

Resolved: The Scrutiny & Overview Committee agreed to note the most recent version of the Scrutiny Work Programme 2023-24.

73/23 **Exclusion of the Press and Public**

The following motion was proposed by Councillor Rowenna Davis seconded by Councillor Richard Chatterjee and agreed by the Committee to exclude the press and public for the remainder of the meeting.

“That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within paragraph 3 as indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended”.

The motion was put and it was agreed by the Committee to exclude the press and public for the remainder of the meeting.

74/23 **A New Purley Pool: Redevelopment of Purley High Street Car Park & Leisure Centre (Part B)**

Please note that a full confidential minute has also been produced that includes confidential conclusions of the Committee.

The Committee considered the confidential report set out on pages 27 to 58 of the agenda supplement which provided further information on the delivery of a new Purley Pool. During its consideration of this information, the Committee asked questions on the following areas: -

- The risks to the development of the site.

- The viability of the site.
- The contractual safeguards available for the Council in the event of non-development.
- The process of awarding the development contract.

The meeting ended at 9.27 pm

Signed:

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Date:

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