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Scrutiny & Overview Committee

Meeting held on Monday, 22 April 2024 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Rowenna Davis (Chair), Councillor Richard Chatterjee (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Sue Bennett, Simon Fox and Eunice O'Dame

Also Present: Executive Mayor Jason Perry, Councillor Jason Cummings – Cabinet Member for Finance, Councillor Andy Stranack – Cabinet Member for Culture & Communities

Apologies: None

PART A

29/24 **Minutes of the Previous Meeting**

The minutes of the meeting held on 26 March 2024 were agreed as an accurate record.

30/24 **Disclosure of Interests**

There were no disclosures of interest made at the meeting.

31/24 **Urgent Business (if any)**

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

32/24 **2023-24 Period 10 Financial Performance Monitoring Report**

The Committee considered a report set out in the supplemental agenda that provided an overview of the latest budget position for 2023-24 up until the end of Period 10 (January 2024). This report was included on the agenda as part of the Committee's ongoing scrutiny of the delivery of 2023-24 budget.

In attendance for this item were the following: -

- Cllr Jason Cummings – Cabinet Member for Finance
- Jane West – Corporate Director for Resources & Section 151 Officer
- Allister Bannin – Director of Finance & Deputy Section 151 Officer

- Debbie Jones – Corporate Director for Children, Young People and Education
- Susmita Sen – Corporate Director for Housing
- Mark Billings – Housing Solutions Transformation Lead

During the introduction to the report, the following information was noted: -

- It was confirmed that the budget position as at period 10 (January 2024) continued to forecast an underspend, although this had been reduced from a £1.5m predicted underspend in period 9 to £1.3m.
- The previously forecasted overspend within the Children, Young People and Education directorate had been reduced from £4.1m to £2.1m following a deep dive into the staffing establishment across the directorate, which had provided a more accurate forecast.
- There was significant change in the Housing directorate which was now forecasting an overspend of £3.5m. This change could be attributed to risks related to repair costs in Croylease properties and the potential expense of fire safety concerns and the resulting void period at Sycamore House.

Following the introduction, the Committee proceeded to ask questions on the information provided, initially focusing on risks highlighted in the Council's Risk Register. The first question asked about the potential financial cost of the requirement to convert the public switched telephone network from analogue to digital. It was explained that an external company had been contracted to undertake initial diagnostic work, with the findings due to be reported in November 2024. Once this work had been completed the Council would be in a better position to understand the likely cost of the project, which needed to be completed by December 2025. It was likely that the cost would be met by a combination of General fund and Housing Revenue Account (HRA) funding.

An update was requested on the fortnightly conversations with representatives from the Department for Levelling Up, Housing and Communities (DLUHC). It was confirmed that the Chief Executive and the Corporate Director of Resources attended these meetings. The recent focus had been on the closing of the 2019-20 accounts, the Council's borrowing requirements from the Public Works Loan Board and other issues related to the Council Tax setting process. Going forward the focus would switch to the Medium Term Financial Strategy and the milestones to be met on the way to publication in October 2024. As well as DLUHC, similar conversations were happening with the Improvement & Assurance Panel (IAP), with the latest IAP update to the Secretary of State on the Council's progress expected shortly. In response to a follow up question about whether the IAP report was likely to

be positive, it was advised that there was no reason to expect otherwise, as the Council was currently performing against the milestones set by the IAP.

It was questioned whether further information could be provided on the fortnightly meetings with DLUHC within future financial performance monitoring reports. It was advised that this would be taken away for further consideration, as a balanced approach was needed which also maintained the confidentiality of these conversations.

Further information was requested on the Government's proposal to introduce a backstop in September that would draw a line under the nationwide backlog of unaudited local authority accounts, restarting the audit process from the 2023-24 accounts. It was confirmed that the Council would prefer its outstanding accounts from 2020-21, 2021-22 & 2022-23 to be audited and had asked the Government for an exemption. At present the 2019-20 were with the external auditor for sign off and it was anticipated that the 2020-21 accounts would be completed by September, prior to the introduction of the backstop. At present there were two teams in the Finance department working on the accounts, one focussed on the historic accounts and the other focussed on the current accounts.

The potential risks to the Council if there were unaudited account was questioned. It was advised that should some years be left unaudited, then the opening balance for the 2023-24 accounts would not be clear. This would require the Council's external auditor, Grant Thornton, to complete an extended audit on the opening balance. As this process was unprecedented, the resource required for this extended audit was not yet known. The Committee agreed that it supported the decision to push for all of the Council's outstanding accounts to be audited.

It was confirmed that at the time of the meeting, no new risks had emerged during the work to complete the year end outturn budget for 2023-24 and no significant change was expected from the Period 10 position. However, the year-end work had not yet been completed.

It was questioned whether any consideration had been given to using Urban Investment Funds as a means of retaining assets, that would otherwise be marked for disposal, as well as delivering a return. It was highlighted that the Council was realising asset sales as the cost of borrowing was higher than the level of income being delivered by these assets and as such it was questioned whether Urban Investment Funds would be able to provide enough of a return. It was agreed that the Scrutiny & Overview Committee Chair would share further information on Urban Investment Funds with the Corporate Director for Resources.

It was noted that it was forecasted within the Assistant Chief Executive directorate that £653,000 of savings would slip to 2024-25. One part of this

saving was linked to a project within HR that was looking at the structure of the Council, which had been delayed, to allow it to be coordinated with the work to develop a new target operating model. The second part of the slippage related to a project looking at centralising roles within the Transformation Team.

As there was significant slippage within the capital programme for schools, it was questioned whether this may result in the loss of the Department of Education (DFE) grants provided for school improvements. Reassurance was given that the DFE had confirmed the grant could be rolled over to 2024-25. The Education Capital Delivery team had recently been relocated within the Corporate Capital Delivery team which should provide a greater level of oversight and increased pace of delivery of school improvements. Other areas of slippage noted within the capital budget included the next stage in the NEX Housing system rollout and Children Home project. It was confirmed that any project that had slipped from 2023-24 to 2024-25 would be subject to a detailed review and that none of the projects that had slipped presented a risk to the public.

As a follow-up, it was questioned whether the Council had a full understanding of the condition of its school buildings and whether there were any key areas of risk. It was confirmed that there were no known health and safety risks in any school buildings, but surveys were needed to check the condition of buildings and to identify where work was most needed. The Council was in close contact with all schools to monitor the condition of their buildings and to ensure that available grants were used. Reassurance was given that no evidence of Reinforced Autoclaved Aerated Concrete (RAAC) had been found in any schools in the borough.

In relation to the possibility of recharging schools for energy costs, it was questioned whether there had been any analysis of the potential impact upon school budgets. It was advised that schools had previously been made aware of the potential recharge so should have accounted for this in their budgets. However, there were discussions with individual schools about the amount to be recharged.

As it was noted that there had been slippage in the delivery of new grounds maintenance equipment, it was questioned whether this would impact upon service delivery. It was confirmed that the existing equipment was still available, but as it was getting near the end of its life, it was being replaced. The procurement process had been completed and the order for the equipment had been placed, with delivery awaited. It was confirmed that any delays in delivery would not impact upon cutting, but once the new equipment was available it would improve efficiency.

Further information was requested to explain the reason why the previously forecasted break-even position (at Period 9) in the General Fund budget for

the Housing service had increased to a £3.5m overspend in Period 10. It was advised that the potential risk of an overspend had been flagged previously and it was now forecasted that these risks would be realised. One of the main drivers was an £1.5m overspend in the Croylease scheme with the Council required to fund the cost of repairs to 196 properties that were being returned to landlords. Another driver was the cost of addressing ongoing fire safety concerns at Sycamore House and the resulting void period. Reassurance was given that the Council was committed to ensuring the freeholder of Sycamore House paid their fair share of the cost for any work required.

It was questioned whether the cost of the repair work on the Croylease properties should be treated as capital expenditure rather than a revenue cost. It was advised that it was classified as a revenue cost as the Council did not own the properties. Capitalisation of repair costs could only be spread over the time the Council was due to own an asset and as the Croylease properties were due to be handed back to landlords there was no benefit from pursuing this option.

Regarding forecasting on staffing numbers, it was advised that one element of the Oracle project would be looking at improving the Council's establishment control. This would ensure that the staffing establishment could be effectively managed and monitoring, including a process to cleanse the data to ensure it was correct. The underspend on staffing in some areas was related to unfilled vacancies, with Croydon experiencing similar recruitment challenges as other local authorities across the country.

It was questioned whether the high level of vacancies within Children's Social Care was having a negative impact upon the casework levels of social workers. It was confirmed that overall staff caseloads were high and in a couple of instances were considered to be too high, with plans in place to address this through the recruitment of permanent staff and the use of agency staff where needed. It was agreed that the caseloads within the service should be monitored by the Children & Young People Sub-Committee during the year ahead, to provide reassurance that these levels were being effectively managed.

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

Actions

Following its discussion of the latest Financial Performance Monitoring report, the Committee agreed the following actions to follow-up outside of the meeting: -

1. The Chair agreed to share research on Urban Investment Funds with the Corporate Director for Resources.
2. That the Corporate Director of Resources would explore the possibility of including updates on conversations with the Department for Levelling Up, Housing and Communities in future Financial Performance Monitoring Reports.

Conclusions

Following its discussion of the latest Financial Performance Monitoring report, the Committee reached the following conclusions: -

1. The Committee agreed that the discussion had been helpful in providing further clarity on the areas of concern they had identified before the meeting.
2. Confirmation that an overall underspend was still being forecasted for the 2023-24 budget, albeit assisted by capitalisation, was welcomed, particularly in the context of many other local authority predicting significant overspends within their budgets.
3. Although there were individual services with overspends, such as Children, Young People & Education and Housing, the Committee agreed that the responses provided to their questions provided reassurance that officers were aware of the issues involved and were actively working to reduce overspends where possible.
4. Similarly, there was concern about the level of slippage to 2024-25 within the capital budget and the possible impact upon service delivery, but it was concluded that there was a reasonable level of reassurance that the potential risks were being actively managed and any slippage was being robustly scrutinised before being permitted.
5. It was agreed that, given the impact it had upon the budget for the Children, Young People & Education service, the Children & Young People Sub-Committee should consider scheduling further scrutiny of high cost placements in its work programme.
6. Given there was concern raised about staffing resource within the Children, Young People and Education service, it was agreed that the Children & Young People Sub-Committee should monitor the caseloads of social workers across the service against best practice levels.

Croydon Council's Relationship with the Voluntary Sector

The Committee considered a report set out in pages 25 to 36 of the agenda, which provided an overview of the Council's current relationship with the community and voluntary sector for discussion. This report had been requested by the Committee to allow it to review the progress made in resetting the Council's relationship with the sector, which had originally been discussed by the Scrutiny & Overview Committee at its meeting on [30 January 2023](#).

The Chair highlighted that prior to the meeting, the Committee had met with representatives from a number of different community and voluntary sector organisations in borough, with the feedback provided being used into inform the questions of the Committee. A summary of the feedback provided can be found appended to the agenda papers on the [Council's website](#).

In attendance for this item were the following: -

- Executive Mayor Jason Perry
- Jason Cummings – Cabinet Member for Finance
- Andy Stranack – Cabinet Member for Culture & Communities
- Jane West – Corporate Director for Resources & S151 Officer
- Marie Snelling – Interim Assistant Chief Executive
- Bianca Byrne – Director of Adults Social Care, Commissioning, Policy & Improvement
- Helen Reeves – Head of Strategy & Policy
- Chris Rowney – Head of Violence Reduction Network
- Carole Squires – Head of Employment, Skills & Economic Development
- Mark Billings – Housing Solutions Transformation Lead

During the introduction to the report by the Executive Mayor, it was noted that the Council was making progress in rebuilding its relationship with the community and voluntary sector (CVS), although there was still some way to go on the improvement journey. It was acknowledged that there was some frustration within the sector about the pace of change, but it was important to continue to have conversations about the direction of travel and how the Council can best support the sector. Areas of activity being progressed included ensuring that CVS organisations were informed of upcoming contract

opportunities, working to ensure that social value opportunities were being effectively leveraged in larger council contract and providing support with training and capacity building.

Following the introduction, the first question from the Committee asked about the overarching approach taken by the Council in resetting its relationship with the CVS. In response it was advised that historically the Council's primary focus was as a funder of the sector but given the well documented financial challenges this was no longer possible. The reset aimed to redefine the Council's role towards more of an enabler and facilitator for the sector, working in partnership to deliver outcomes. As well as the Council changing its approach, it was explained that there was also an element of the sector needing to change and adapt as well.

Given the Executive Mayor had recently approved the Transformation Plan for the Council, it was questioned how this plan reflected its envisioned relationship with the sector. It was highlighted that the Transformation Plan included direct references to the sector. In particular, the sector would need to be engaged in the workstreams aimed at changing how the council worked and improving its partnership working. It was suggested by the Committee that further work was needed to raise awareness within the sector of the Transformation Plan. Regarding a follow-up question about the potential opportunities for the sector to feed into the development of a new target operating model for the Council, it was confirmed that how the Council worked with its partners would be part of the new model.

It was noted that feedback from the sector had highlighted concerns about their relationship with the Council, which was compared to that of a parent and naughty child. As such it was questioned whether this description was recognisable. It was acknowledged that the Council's relationship with the sector had traditionally been paternalistic and it was only two years into the process to redefine this relationship and it had taken other authorities as long as 15 years to transform their relationship with their own local CVS. Areas of development being explored included potential co-commissioning and early engagement in the co-design of services. Although the Council had a vision for its relationship with the sector, it was acknowledged that it would be difficult for the sector to be fully onboard with the change until demonstrable outcomes became more apparent.

In response to comments from the sector about difficulties communicating with the Council, it was accepted that officer capacity was an ongoing issue, but there was work in progress to ensure that the Council was getting the basics right. It was important that the Council had a good working relationship with the CVS.

It was questioned whether there could be any confidence that the Council had an up to date database of the community and voluntary sector organisations

in the borough. It was acknowledged that it was a challenge to maintain an accurate database as groups changed all the time. There were 1024 registered charities in the borough, although not all of these were providing services, with some being grant giving bodies and churches. It was advised that there was a reasonable level of confidence that the Council was reaching out to the sector effectively. It was also highlighted that infrastructure organisations, such as the CVA, also had a coordinating role within the sector.

It was agreed that commissioning seemed to have been the strongest area of improvement in the relationship with the sector, and further information was requested on the next steps for this workstream. It was advised that a large contract would be coming forward next year, with thought being given as to how to craft the tender and weight the contract to promote community delivery and collaboration with the sector.

It was questioned whether consideration had been given to introducing targets which would allow an assessment to be made on the progress made in resetting the Council's relationship with the sector. It was advised that it was still early days, but the contract pipeline could be used monitor the number of contracts being delivered by community and voluntary sector organisations. However, it was questionable whether this would be an appropriate measure, as this was dependent on the ability of the sector to deliver specific contracts and successfully winning the tender process. It was essential to improve processes, equip the sector to effectively bid for contracts and change the culture of the Council's relationship with the sector, rather than having arbitrary targets. It was agreed that further consideration was needed to identify how progress made in changing the relationship could be measured effectively.

It was noted that smaller organisations had provided feedback that the amount of work required for them to access the contractor portal was a challenge and the lack of notice of contract awards impeded their ability to prepare for delivery. It was noted that these challenges had been recognised, with improvements made to the system as a result. It was acknowledged that it could be difficult for smaller organisations to comply with the rules around the procurement process, which was why the Council was providing training in partnership with London Southbank University and Newable to support organisations in the process. The programme was being finalised and once confirmed, dates would be circulated across the sector.

It was questioned when it was expected that the NHS would start playing a greater role with the sector. In response, it was noted that a number of organisations in the sector were already working with NHS, such as the BME Forum on the Cancer Awareness Project. The Chief Executive of Croydon Health Service and Place Based Leader for Health, Matthew Kershaw, attended meetings with the sector to discuss how awareness of the NHS

commissioning pipeline could be raised within the sector, which would hopefully lead to a broadening in the relationship between the NHS and the local CVS.

It was noted that uncertainty over tenancies was a significant concern for CVS organisations and whether any further progress had been made in being able to publish the list of properties available for Community Asset Transfer (CAT). It was advised that the CAT Policy would be coming forward and had recently been out for consultation. It was likely that further sites for CAT would be coming forward, although it was cautioned that due to the need to pursue the asset disposal programme as part of the work to fix the Council's finances, it was unlikely to be a long list of properties and those listed were likely to be smaller properties. It was highlighted that the Council looked to work with its tenants to explore lease options as part of the disposal process. This process could be complicated in instances where the CVS organisation sub-contracted space in a property from the Council's main tenant. The Committee agreed that every effort should be made to ensure that the list of properties available for CAT was made available to the CVS as soon as possible.

In response to a suggestion that the Council could use capital funds to carry out improvement work on properties listed for CAT prior to transfer, it was emphasised that the Council was not in a position financially to take on the cost of any such work. As part of the disposal process, the Council had been carrying out extensive surveys to ensure there was transparency on any potential issues.

It was confirmed that the Council did try to link organisations together to ensure the best use of space. It was acknowledged that shared facilities helped to improve partnership working and also provided opportunities for efficiencies on areas such as administration.

It was highlighted that some boroughs made available funds raised from the meaningful proportion of the Community Infrastructure Levy (CIL) for the CVS to bid for funding and as such it was questioned whether a similar scheme could be explored for Croydon. In response, it was advised that the uses for the meaningful proportion were wide and the Council worked with developers to ensure there was community use.

It was highlighted that the Council was working corporately to develop a shopping basket of funding ideas that could be funded by private sector businesses, which would help to attract investment into the sector. It was confirmed that the year long Borough of Culture programme had attracted £5m of investment into Croydon.

At the conclusion of this item the Chair thanked the Mayor, Cabinet Members and officers for their engagement with the Committee. The Committee also put on record its thanks to the representatives from the community and

voluntary sector who had taken the time to engage with them ahead of the meeting.

Conclusions

Following its review of the Council's relationship with the voluntary sector, the Committee reached the following conclusions: -

- At a meeting arranged with community and voluntary sector organisation to inform questioning on this item, the Committee heard a range of serious concerns about the sector's relationship with the Council as a whole, particularly the culture of the relationship and the perceived lack of communication with the sector. The Committee was reassured by the acknowledgement of these concerns by the Executive Mayor.
- It was recognised that the Council was still in the early stages of rebuilding its relationship with the community and voluntary sector, but the work to date, particularly around commissioning was promising, although it was too early to judge whether this would lead to new, improved ways of working in the longer term.
- The Committee welcomed the intention to judge success on practical, tangible outcomes for local people, rather than a past overreliance on measuring inputs and processes. It was acknowledged that measuring the success in terms of these outcomes would be more challenging.

Recommendations

Following its review of the Council's relationship with the voluntary sector, the Committee agreed to submit the following recommendations for the consideration of the Mayor: -

3. The Committee recommends that there is a systematic approach to engagement with the community and voluntary sector on the Transformation Plan, throughout its delivery, to ensure that opportunities for partnership working with the sector are identified at an early stage.
4. The Committee was encouraged by the confirmation that the Council had been engaging with the community and voluntary sector to develop commissioning opportunities and would recommend that this engagement is expanded to include other co-design opportunities, where appropriate.
5. While it was recognised that the Council needed to complete due process before making publicly available a list of the assets available for Community Asset Transfer, the Committee would recommend that

every effort is taken to ensure that this list is made available to organisations from the community and voluntary sector as soon as possible.

6. Whilst it may be challenging, the Committee recommends that the executive explore ways to measure how progress made in improving the Council's relationship with the voluntary sector can be recorded and assessed in partnership with those voluntary organisations, including the possibility of targets where appropriate.
7. Although it was acknowledged that the meaningful proportion of the Community Infrastructure Levy was already being allocated within communities by the Council, given that other boroughs had schemes that allowed community and voluntary sector organisations to bid for funding from this pot, the Committee would recommend that further work is undertaken to establish whether a similar system would be suitable for Croydon.

34/24 **Scrutiny Recommendations**

The Committee considered a report set out on pages 37 to 42 of the agenda which presented recommendations proposed by the scrutiny sub-committees for sign-off ahead of submission to the Executive Mayor.

Resolved: The Scrutiny & Overview Committee agreed to approve the recommendations made by its Sub-Committee's for submission to the Executive Mayor for his consideration.

35/24 **Scrutiny Work Programme 2023-24**

The Committee considered a report set out on pages 43 to 68 of the agenda which presented the completed 2023-24 work programme for the Scrutiny & Overview Committee and its Sub-Committees.

The Chair proposed to the Committee that the principles originally agreed to unpin the development of the 2023-24 work programme, namely the People's Money, the People's Services and the People's Voice, would be used again to inform work programming for 2024-25. This was agreed.

Resolved: The Scrutiny & Overview Committee agreed to

1. Note the work completed by the Committee and its Sub-Committee over the course of 2023-24.
2. That the principles agreed in 2023-24 will be used to underpin the development of the 2024-2025 Work Programme.

36/24 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.25 pm

Signed:

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Date:

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