

SCRUTINY AND OVERVIEW COMMITTEE

Minutes of the meeting held on Tuesday 15 December 2015 at 6:32pm in the Council Chamber, the Town Hall, Croydon

This meeting was filmed for broadcast on the council's internet site at:
<http://www.croydon.public-i.tv/core/portal/home>

MINUTES – PART A

Present: Councillor Sean Fitzsimons
Councillors Sara Bashford (Vice Chairman), Emily Benn,
Carole Bonner (Deputy Chair), Mario Creatura and David Wood

Also in attendance for part or all of the meeting:

Councillor Hamida Ali
Councillor Alison Butler
Councillor Jason Cummings
Councillor Simon Hall
Councillor Tony Newman
Councillor Joy Prince

A34/15 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Sherwan Chowdhury during the meeting. Councillor David Wood was present as his reserve.

A35/15 MINUTES

The Part A minutes of the meetings held on 3 November 2015 and 9 November were agreed by the Committee and signed by the Chair.

The Part B minutes of the meeting held on 9 November were agreed by the Committee and signed by the Chair without the need to exclude the press and public from the meeting.

A36/15 DISCLOSURES OF INTERESTS

None.

A37/15 URGENT BUSINESS

None.

A38/15 EXEMPT ITEMS

RESOLVED – that the allocation of business on Part A of the Agenda be confirmed.

A39/15 PRE-DECISION SCRUTINY – PERFORMANCE AND THE PROPOSED COUNCIL BUDGET 2016/17 (Agenda item 6)

Present for this item:

Councillor Tony Newman, Leader of the Council
Councillor Simon Hall, Cabinet Member for Finance and Treasury
Councillor Hamida Ali, Deputy Cabinet Member for Finance & Treasury
Nathan Elvery, Chief Executive of the Council
Richard Simpson, Assistant Chief Assistant (Resources and Corporate Services) and Section 151 officer

The Leader of the Council gave a short introduction to the item and included the following in his comments:

- These are unprecedented times for local government with cuts to the grant of over 55% over the past five years and that further cuts are expected
- The council will need to look at working to a new model of funding as it is expected that funding through grants will become a thing of the past and the council will need to do more with less
- In addition, in year pressures applied after Croydon had set its budget had hit services such as CALAT¹ and UASC²
- The announcement by the Chancellor of the Exchequer to impose a 2% precept on the Council Tax, ring-fenced for adult social care, was another issue
- In order to address these challenges by working differently, by working with partners and sharing services and by looking to reduce staff through a voluntary severance scheme and accelerate the digital agenda alongside other initiatives
- Nonetheless the council was continuing to focus on its green clean initiative, its ambitious growth agenda and deliver services against a tough backdrop to the budget.

The Assistant Chief Executive made a presentation on the impact of austerity and an update on the settlement and the outcomes of the comprehensive spending review. The Chief Executive added to the presentation by giving his vision for the council of the future. The presentation has been uploaded to the council website and can be found [here](#).

¹ Croydon Adult Learning and Training service

² Unaccompanied Asylum-seeking children

The Cabinet Member for Finance and Treasury added the following:

- Funding for the council currently is split 50:50 between the local government grant and income from council tax, business rates etc.
- The population in the borough was increasing and although this resulted in an increase in council tax receipts, there was also a corresponding increase in service needs
- In responding to the pressures on the budget, the council was:
 - Rationalising back office functions
 - Reviewing non-statutory services
 - Reviewing how it delivers statutory services
 - Focusing its investment where it makes the biggest impact
 - Working differently eg. digital and enabling; top 50 families support; Gateway phases 1 and 2

Councillor Jason Cummings, Shadow Cabinet Member for Finance and Treasury, had made a formal request to ask questions.

Before opening the floor to Members questions, the Chair asked if there were any hidden or mis-described cuts in the budget. The Leader assured the Committee that there were not. He added that as the local government settlement had not yet been announced by government and that there was resulting uncertainty this may lead to some changes as more information becomes available.

The Leader stated that the council was looking to do more for less, was working differently and was not looking at 'salami slicing' services to make the savings necessary.

Council staff reductions

The Chief Executive stated that:

- He was as confident as he could be that the transformation programme enable the council to make choices about how services are delivered with a reduced level of staff
- In relation to the proposed cut of 2 FTE scrutiny staff, these posts had been vacant for much of 2015/16. There had, he said been a lot of good scrutiny work during the year, notably the Young People takeover meeting, and that he did not expect to see any diminution of scrutiny in the next year. He added that the digital and enabling programme was expected to help deliver improvements to productivity.
- As some staff apply for the voluntary severance scheme and start to leave the council, options to transform some services will need to be considered and some reduction in some services could be expected
- Staff have been taken through these options already and well-being support was in place for those leaving the council
- Voluntary severance was the preferred route but the council could not guarantee any job in the current climate and that any staff affected about potential job losses will be consulted

The Leader added that frontline services will be protected, partnership working and 'joined up working' continues to be important and that the council needs to evolve so that it delivers services with reduced funding and staff

The Cabinet Member stated that the proposals in relation to release time for Trade Union representatives had been developed with the three Unions and that they were in agreement with the proposals.

Shared services

The Assistant Chief Executive informed the Committee that Oracle covers HR, finance and payroll and that Croydon shares these services with 5 other boroughs. He added that the council was now working on wider collaboration with Lambeth on a number of services including some transactional work and professional services and that a business case for this was being developed.

Pensions

The Assistant Chief Executive stated that:

- The next actuarial review will be based on March 2016 figures and will therefore impact on the 2017/18 council budget
- Asset performance has been strong over the past few years and assets are diversified
- Actuaries are now more flexible about 'smoothing' valuations to avoid sharp peaks and troughs
- The council was working to reduce management feeds and overhead costs over the next few years
- The deficit recovery period is 22 year and that as the council has staff and contributes to the scheme this is realistic

The Cabinet Member added that the council will continue to align assets over the medium term to optimise its position.

Sale of fixed assets

The Assistant Chief Executive informed the Committee that notwithstanding the recent government announcement that would allow the blurring between capital and revenue receipts for the purpose of transformation projects. He stated that as Section 151 officer he would look for business case to be made to enable receipts from the sale of fixed assets to be used for this purpose and added, that a significant saving to the council by reducing borrowing could be a reason for allowing this use.

Borrowing

The Assistant Chief Executive stated that:

- Borrowing had increased by £4.5m over the previous year to enable the council to buy out the John Laing equity in Bernard Weatherill House adding that this would provide a saving in the long term

- In 2015/16 the council had borrowed at a better rate than originally forecast resulting in a saving on the education building programme which equated to 1% of £100m
- The council had therefore underspent on borrowing against budget in 2015/16 and was not expecting an increase in 2016/17
- The council will arrange borrowing for regeneration projects such as the College Green and Fairfield redevelopment where it can capitalise interest payments and generate returns
- In the future the council was looking to take shorter term loans to 'match' the time period of these regeneration projects rather than the considerably longer, traditional loan periods

Grant funding

In response to questions from the Shadow Cabinet Member, the Assistant Chief Executive confirmed that:

- The information provided in the presentation on the cumulative grant loss to Croydon was the change from one year to the next and that it was a 'like for like' equivalent of the grant in 2010
- The individual grant losses compared to the previous year and cannot therefore be added together although he would re-work the figures and circulate these to Members

The Chief Executive stated that traditionally there had been focus on the grant as it was based on assumptions of need including the ability for councils to raise money locally. Now local authorities are seeing significant reductions to the grant and as their two other major income streams (Council Tax and Business Rates) are controlled by government income overall is therefore down.

The Leader added that it is legitimate to separate government funding from funding raised locally such as through Council Tax and Business Rates.

Council Tax

- The Leader stated that the 2% precept for adult social care on council tax announced by the government had been imposed and that if the council didn't pass on this charge to residents it would have less to spend on adult social care
- The Assistant Chief Executive informed the Committee that 2% of the council tax equated to £2.7m and that arrangements for ring-fencing the money generated would be announced by government on 17 December 2015. He added that modelling indicated that if the council did nothing increased demand would cost an additional £3-4m per year. Regardless of where the funding came from, the council was facing a massive problem with a predicted 60% increase in the adult population and increased demand for service. Outcome-based commissioning and redesigning services were therefore crucial to help build in resilience

- The Chief Executive added that Croydon's bill for adult social care was considerably larger than £2.7m

Business Rates

The Assistant Chief Executive stated that:

- The government will be consulting on the proposed changes to Business Rates in 2016
- The council will respond to the consultation and was aware that additional responsibility would come with the changes
- The council will stress the importance of reflecting the needs and demographics of the population in future funding arrangements
- Under the new arrangements local authorities will be able to reduce business rate costs and businesses are likely to apply pressure for this outcome

Public Health

The Chief Executive stated that:

- Cuts to the public health budget by government was short-sighted as prevention work could generate long term cost savings
- The public health team was already considering the potential impact of the proposed cuts and the removal of ring-fencing
- A new director of Public Health Croydon had been appointed recently and will lead the response to the changes

Provision of services

The Leader stated that the values and principals which are driving the cuts are a manifesto commitment to protect frontline services while fulfilling growth ambitions for Croydon. There are hard choices to be made such as the proposal to charge for garden waste services.

Contracts

The Cabinet Member stated that the contract management process has been reviewed and contracts are being managed differently. Where contracts need to be renegotiated to meet the changing needs of the council it is seeking flexibility from contractors. The council is also redesigning its contracts to meet its needs including looking at challenging the length of some contracts and break points.

Voluntary sector funding

- The Assistant Chief Executive stated that a 10% saving was coming from a range of current budgets including the Stronger Communities Fund and budgets held by the People department
- The Cabinet Member added that the council was moving to refocus on outcomes so that the same organisation is not funded twice for the same work or that two different organisations were not funded for the same work

Children and young people

- The Leader stated that although the 5% cut to schools funding in Croydon was less than for some other authorities, the council was unfairly funded in the first place given the demand for additional school places in the borough
- The Cabinet Member added that Croydon had a fast-growing young population and this presented a significant pressure on the council
- The Assistant Chief Executive informed the Committee that a review of Residential Care would not change the council's approach to this service, though there would be less places and the review would consider how it could link to the 50 families work

Councillor Carole Bonner stated that she had visited the Gateway service, was very impressed with what was happening and had noted that small changes can improve outcomes and save money. The Chief Executive said that he would convey these comments to the team.

Agency fees

- The Leader stated that the council would like to reduce its reliance on agency staff and achieve a better long term retention of staff in roles including social work.

Cultural services

- The Assistant Chief Executive confirmed that there would be no changes to the number of libraries in 2016/17 but there was a target to move towards community libraries in 2017/18.

The Leader added that:

- The Cabinet Member for Culture, Leisure and Sport was clear that library services will need to be delivered differently and that the council will need to work in partnership with the community to deliver these in the future
- The council did not view culture as a 'nice to have' and believed that it was an important part of the growth agenda, ensuring that people wanted to live here and businesses wanted to be based here

Parks

- The Leader confirmed that community groups would not be charged for services (such as obtaining the keys to toilets) when holding festivals within parks. He added that some work was being done to establish if support for events in parks could be done more efficiently.

Green Waste

- The Leader confirmed that green waste collections would only be undertaken in the future as a paid for service and that sufficient residents needed to sign up before the January deadline for this to be put in place.

- The Cabinet Member added that the deadline had been set for January in order to allow for arrangements to be made in time for spring collections to start
- The Chief Executive confirmed that as of 15 December 2015, 6100 residents had signed up for the new paid for service

Following comments from Members, the Leader undertook to revisit the letter to residents which was reported to be confusing. He confirmed that 30 residents had visited Access Croydon to sign up online and that residents having difficulty with online or telephone sign-up would be supported.

Regulatory services

The Assistant Chief Executive stated that the phase 1 of the Eyes and Ears project has been delivered and that savings have been achieved eg. by bringing all enforcement services together. He added that technology allows for increased productivity and help reduce costs eg. in planning.

The Chief Executive stated that there a seismic shift in how the council was funded, that the risks and relationships between the sources of income was complex and would become more so. He offered to hold a briefing session for all Members on this matter.

The Committee **RESOLVED** – to:

- 1) Recommend to Cabinet that following the pre-decision scrutiny of the proposed Budget 2016/17 at the Scrutiny and Overview Committee meeting on 15th December 2015, it (Cabinet) protects community groups looking to use parks and open spaces for community events including festivals from charges relating to access to these spaces and the use of facilities (eg. toilets) for events
- 2) Welcome the offer from the Chief Executive of a Members briefing on the future funding of the council and to ask officers to make the necessary arrangements

Councillor Sean Fitzsimons thanked Members and officers for attending the meeting and for their answers to questions from the Committee.

A40/15 SCRUTINY WORK PROGRAMME 2015-16 (Agenda item 7)

Present for this item:

Solomon Agutu, Head of Democratic Services and Scrutiny

Councillor Sean Fitzsimons informed the Committee that since publication of the papers for this meeting, it had been proposed to move the Scrutiny and Overview Committee meeting scheduled for 19th

January 2016 to **Tuesday 16th February 2016**. It was suggested that the meeting on 19th January 2016 be cancelled.

Members **RESOLVED** - to:

- 1) Agree to change the date of the next meeting of the Committee from 19th January 2016 to 16th February 2016 and to cancel the meeting scheduled for 19th January 2016;
- 2) Agree the scrutiny work programme overview for 2015-16 as set out in Appendix 1 of the report;
- 3) Agree the scrutiny work programme for the Scrutiny and Overview Committee 2015-16 – Appendix 2 of the report.

PART B

None

The meeting closed at 9:22pm.