

**SCRUTINY & STRATEGIC OVERVIEW COMMITTEE
and
CHILDREN & YOUNG PEOPLE SCRUTINY SUB-COMMITTEE**

**Minutes of the meeting held on Tuesday 17th December 2013 at 6.30pm in the
Town Hall, Croydon**

MINUTES – PART A

Present:

SSOC: Councillor Steve Hollands (Chairman);
Councillors Jason Cummings (Deputy Chairman), Sean Fitzsimons
(Vice Chairman), Karen Jewitt, Michael Neal and Ian Parker.

CYPSSC: Councillor Sean Fitzsimons (Chairman)
Councillors Eddy Arram, Jeet Bains, Graham Bass, Richard Chatterjee,
Pat Clouder, Jason Cummings, Donna Gray, Steve Hollands, Michael
Neal and Ian Parker.

Plus co-opted members: Mr James Collins (Parent Governor
Representative) and non-voting teacher representative, Mr Mike
Dawson.

Councillor Steve O'Connell was also in attendance.

A68/13 APOLOGIES FOR ABSENCE

Apologies for absence for the SSOC meeting were received from
Councillor Terry Lenton (Councillor Ian Parker attended as her
substitute).

Apologies for absence for the CYPSSC meeting were received from
Councillors Bernadette Khan (Councillor Pat Clouder attended as her
substitute), Justin Cromie (Councillor Jeet Bains attended as his
substitute), Terry Lenton (Councillor Ian Parker attended as her
substitute) and co-opted members Mrs Vinoo John and Mrs Elaine
Jones.

A69/13 DISCLOSURES OF INTEREST

Councillor Jewitt declared a pecuniary interest as she is the manager of
an older persons care centre.

A70/13 URGENT BUSINESS

There were no items of urgent business.

A71/13 EXEMPT ITEMS

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

A72/3 COUNCIL BUDGET 2013/14 WITH THE LEADER OF THE COUNCIL

Councillor Mike Fisher (Leader of the Council), Nathan Elvery (Chief Executive), Richard Simpson (Director of Finance and Assets) and Lisa Taylor (Head of Departmental Finance Children Families and Learning) were in attendance for this item.

The Leader invited the Director of Finance to outline to the Committees the budget-setting process, present the context for the 2014-15 budget and the challenges faced for 2015-16 and beyond.

The Director of Finance stated that the purpose of the report was to assist in the process of scrutinising the 2014/15 Budget and that it preceded consideration by Cabinet and Council. He said that the Council's budget setting focus would result in £18.4m savings in year and referred to some issues which would affect the 2014/18 Budget planning process and the impact of the Autumn Statement made by the Chancellor of the Exchequer on 5th December 2013, including:

- The potential impact of demographic changes in the Borough;
- The impact of the introduction of the Social Care Bill;
- The transfer of New Homes Bonus funding to Croydon's LEPs;
- The introduction of the Community Infrastructure Levy;
- The reduction to the Dedicated Schools Grant (DSG) as a result of recouplement for academy funding.

The Director of Finance also confirmed that the final details of the 2014/15 Budget could not be made until the Local Government Finance Settlement had been published and that this was expected on 18th December 2013. The Director of Finance added that notwithstanding this lack of information, he believed that 95% of the data presented contained in the report would be seen in the final Budget presented to Full Council in February 2014.

Councillor Hollands thanked the Director of Finance for his introduction. He referred to an email from Mr Sean Creighton which had been sent to all members of the Committees earlier in the day. Mr Creighton had expressed concern at proposed cuts to the budget for Schools Music over the next two years and sought the answers to a number of detailed questions on this topic. Members acknowledged receipt of the email and agreed that it should be responded to outside the meeting.

The Chairman invited questions from members and co-opted members.

The following aspects of the Budget 2014/15 were scrutinised by the Committees:

- Efficacy of the 2014/15 Budget proposals – the Leader confirmed that although the Local Government Finance Settlement and Council Tax had not been set, the Autumn Statement had confirmed that there were no plans to change Local Authority Grant arrangements and that he was therefore confident that the budget proposals were sound. He added that the proposal presented a worst case scenario.
- Whole-place Community Budget pilot – the Director of Finance said that although Croydon was not a pilot area, the Chancellor in the Autumn Statement confirmed that local authorities had been given an opportunity to deliver further savings through efficiencies to back-office functions and services delivery. The Chief Executive added that a multi-agency approach to the identification of joint priorities had led to the formation of the Integrated Commissioning Unit with the Croydon CCG (Clinical Commissioning Group) and that this allowed resources to be pooled.
- Proposal for a new trading company to deliver delegable school services – The Leader stated that Cabinet had considered a paper on this proposal in September 2013 and that the development of the trading company would allow schools to purchase the services they need and the Council to generate financial savings. He also confirmed that it was intended to provide these services to other Boroughs. The Chief Executive added that it was expected to take a report to Cabinet in June/July 2014 for decisions on this initiative.
- Public sector pay – the Chief Executive stated that the Council did not control this as union negotiations were undertaken at national level. He added that union members who were part of the process had received a 1% increase in pay last year and that those who were not part of the scheme had been subject to a pay freeze since 2008.
- Capital funding for schools (Partnership for Schools) – the Leader stated that there had been considerable pressure on pupil places caused by demographic changes over the past few years and that this had caught many Local Authorities out. He added that Croydon has a robust system of people place planning and that it had been able to evidence its funding applications to the Department of Education (DfE) and had, as a result, received the highest funding allocation in the country. He added that this did not however cover all the costs and there would be continued financial pressures in this area but that it was a good result. The Chief Executive added that the Council was lobbying ministers about the need for longer term planning to give parents the certainty and choice they need about pupil places. The Director of Finance confirmed that the funding received was for future developments rather than compensation for past expenditure.
- Pupil premium and free school meals – the Director of Finance confirmed that the pupil premium (which is additional to main school funding and aims to address underlying inequalities between children eligible for free school meals and their peers) is not included in the Budget. The Leader expressed some concern about

the level of future funding for free school meals from central government.

- The impact of Free Schools – the Chief Executive stated that the establishment of new free schools has little to do with the Local Authority as the Department of Education receives the applications and makes the decisions. He added that a better way of managing the process would be welcomed to help ensure that the Local Authority is in a position to provide the correct level of pupil places in the locations where they are needed.
- Schools Resource Centre – the Leader accepted that this was a valuable service to schools and undertook to reconsider the current level of savings proposed.
- Asylum-seeking children - the Leader said that the numbers had gone down recently but it was expected that the number of children seeking asylum would increase again in the future. He added that in the past Croydon, as it is a Gateway Borough, had received up to 700 children and that it receives some funding in recognition of this but that it does not cover the full cost. Many other Boroughs around the country receive a handful of children each year. He explained that adult asylum-seekers were dispersed around the country but children tended to stay in the Borough with the attendant costs that this brings. The Chief Executive confirmed that the reduction in costs related to 1 management post and that frontline social workers would not be affected. He also added that the Leader has written to a number of ministers about issues related to childhood asylum-seekers.
- Early Intervention and Support Service – the Director of Finance referring to the projected saving of £760,000, said that these related to proposals which were considered by Cabinet on 21 June following a public consultation exercise. He confirmed that all the children's centres would remain open and would also be providing care for 3-year olds.
- Reductions to the direct cost of adults social care packages – the Leader stated that the financial pressures on the Council would continue for several more years and that the authority was negotiating with care providers to ensure the maximum value for money for tax payers.
- Adult Safeguarding– the Leader confirmed that there would be no cuts to the budget for safeguarding vulnerable adults.
- Older people and long term conditions – the Leader stated that everyone was concerned about the care of older people and confirmed that it was in the interests of individuals and the Council for people to stay in their own homes for as long as possible. He added that enablement was the cornerstone of many policies and that the administration was very careful not to make cuts which would impact on individuals or have a knock-on effect of needing funding elsewhere. He added that budgets had been protected for a number of years, that the administration's commitment to older people was evidenced by the lack of cuts in the area in past years but that everything was being looked at now to find the level of

savings needed. The Chief Executive added that the projected cut of £125,000 would be mitigated by a contribution of £65,000 from the Director of Public Health and that the Department of Adult Social Care, Health and Housing was hoping to make further efficiencies to help protect these services.

- Lunch clubs – the Leader confirmed that it was not expected that services would be affected as the contribution they made to the wellbeing of the people who used them was recognised. He added that the savings would come from negotiations with providers to ensure that they were providing the right service for the right price.
- Gillett Road and Tonbridge House Sheltered Housing Schemes – the Leader confirmed that using these schemes to provide mixed housing would generate a saving of £300,000 each (ie £600,000) and that families would be taken out of bed & breakfast accommodation which was also desirable.
- Arts Council funding – the Leader stated that he continued to be frustrated at the lack of Arts Council funding for the Borough. He added that Croydon has the largest population among the London Boroughs but received the lowest funding allocation per person.
- Twinning arrangements/ Arnhem - the Leader stated that the removal of this budget will have no impact on the twinning relationship with Arnhem as community groups now take the lead on twinning activities and the Council pulls together the Arnhem and Croydon groups when required. The budget has been used for providing occasional grants for twinning activities but the take up had been less than £2,000 in the current financial year.
- Crystal Palace Football Club – the Leader confirmed that the Council would be seeking a contribution from the Club to cover the cost of cleaning up after home matches.
- Capital programme – the Leader stated that there were challenging times ahead and that the administration wanted to provide quality services in the face of these challenges. He added that whilst the financial challenges facing the Borough were significant, he believed the Council was well-placed to address them and that there was a need to build confidence in the Borough. The capital schemes described in Appendix 2 and initiatives such as the Westfield Hammerson development were important contributors to this.
- Savings made as a result of capital expenditure – the Director of Finance stated that it could be useful to present information relating to the revenue savings made as a result of capital investment in future budget papers. The Chief Executive confirmed that in making preparations for the Budget, a considerable amount of detailed analysis was done to ensure that savings could be delivered as a result of investments. He added that although some capital investments show a clear and immediate revenue saving, this is not always the case especially in the short term. The Chief Executive also stated that the Council had the lowest borrowing cost among London Boroughs.
- Projected reserve – the Leader confirmed that the projected reserve

was £11.7m, that the district auditor restricted reserve levels to 5% of total capital expenditure and that Croydon's reserve level was 3.7% currently.

- Local authority borrowing – the Leader stated that there had been a lack of investment in infrastructure in the Borough over the past 40-50 years and that while interest charges are low it was a good time to borrow to make improvements. He added that the Council was still lowly geared, meaning that the reserves are greater than the debt. The Director of Finance added that the Council can only borrow for long term investment and that it needs to set aside the funds needed to repay loans. He also confirmed that the projected level of borrowing was £1.2m and that detailed information about this could be found in a report (Treasury Strategy Statement, Minimum Revenue Provision Policy Statement & Annual Investment Strategy 2013/14) which was considered by the Corporate Services Committee on 11 December 2013.
- Housing Revenue Account (HRA) – the Leader confirmed that where services are used mainly by tenants then these will be paid for from the HRA rather than the general account and that some reimbursement between funds was needed.
- Re-banding Penalty Charge Notices (PCNs) – The Leader explained that there are two PCN Bands - Band A (£130 or £80 if paid within 14 days) or Band B (£110 or £60 if paid within 14 days). In the past Croydon has used Band B for parking and traffic contraventions but is now moving to Band A in line with most other London Boroughs.
- 'Your Croydon' – the Leader confirmed that it would cease publishing the magazine at the start of the new budgetary year (April 2014).

The meeting then moved to a more general discussion about the scrutiny of this and future budgets. The Chief Executive stated that future budgets could connect strategies in order that the rationalisation for decisions was clear. There was general agreement that the term 'efficiencies' should mean the delivery of the same level of service for less cost. There was a suggestion that a series of budget options should be presented to members in late Summer/ early Autumn in order that these could be debated. The Leader responded stating that all options were analysed and considered very carefully before being included in the budget and that this would cause additional uncertainty and confusion among members of the public.

The Chairman thanked the Leader, Councillor O'Connell and senior officers for attending the meeting and wished all those present a very Merry Christmas and a Happy New Year. No recommendations to Cabinet or Council were made.

The meeting closed at 8.20pm.