

Scrutiny & Overview Committee Supplementary Agenda



2. Minutes of the Previous Meeting (Pages 3 - 18)

To approve the minutes of the meeting held on 21 November 2023 as an accurate record.

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Public Document Pack Agenda Item 2

Scrutiny & Overview Committee

Meeting held on Tuesday, 21 November 2023 at 6.30 pm in 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: Executive Mayor Jason Perry and Councillor Jason Cummings – Cabinet Member for Finance

Apologies: Councillor Jade Appleton

PART A

75/23 Minutes of the Previous Meeting

The Part A and Part B minutes from the meeting held on 24 October 2023 were agreed as an accurate record.

76/23 Disclosure of Interests

There were no disclosures of interest made at the meeting.

77/23 Urgent Business (if any)

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

78/23 Improvement and Assurance Panel Exit Strategy

The Committee considered a report on pages 19 to 48 of the agenda that provided a copy of the Exit Strategy prepared by the Government appointed Improvement and Assurance Panel. This report was included on the agenda to provide the Committee the opportunity to question the Panel on the report and consider whether any changes were needed in the scrutiny work programme to take account of the strategy.

The following people were in attendance at the meeting during the discussion of this item: -

- Tony McArdle - Chair of the Improvement & Assurance Panel
- Brian Roberts – Improvement & Assurance Panel Member
- Jason Perry - Executive Mayor of Croydon
- Councillor Jason Cummings – Cabinet Member for Finance
- Katherine Kerswell – Chief Executive
- Debbie Jones – Corporate Director for Children, Young People & Education
- Annette McPartland – Corporate Director for Adult Social Care & Health
- Jane West - Corporate Director for Resources & Section 151 Officer,
- Elaine Jackson - Assistant Chief Executive
- Allister Bannin - Director of Finance
- Huw Rhys Lewis – Interim Director for Commercial Investment & Capital

The Chair of the Improvement & Assurance Panel, Tony McArdle introduced the Exit Strategy, during which the following points were noted: -

- It was within the remit of the Secretary of State for Levelling Up, Housing and Communities to determine how long the Improvement & Assurance Panel would remain at the Council, with the end date currently set for July 2025.
- Guidance had been published earlier in the year, setting out best practice for government intervention. This introduced a requirement to produce an exit strategy to specify what should be the realisable ambitions of the Council by the time the Panel was due to leave in July 2025.
- There was a thread running through the Exit Strategy with its starting point being what went wrong at the Council through to where it should be by July 2025. There were three specific areas of activity identified in the Exit Strategy, which the Council should be achieving by July 2025, these were: -

1. The Council ceased to behave in the way it did prior to 2020 by using an evidence based approach to decision making that was subject to proper scrutiny.
 2. By July 2025, the Council should be able to demonstrate that it was set on a path of continual improvement, which it would not slip back from once the Panel left Croydon.
 3. By July 2025 the Council should be recognisable against other local authorities. This did not mean being the best local authority, but roughly equivalent to others.
- The Panel recognised that the Council had made progress since 2020, but at the same time there was still steps to taken to reach the expected level of improvement, which was reflected in the actions set out in the report.
 - It was highlighted that although it was the Panel's report, it had been produced in cooperation with Members and officers of the Council, which was welcomed.
 - It was advised that the Exit Strategy did not address the Council's debt burden. The Council had made a request to the Government to write off £540m of its debt, to enable it to become more sustainable in the long term. There was no guarantee that the Council's request would be granted and at the present time would need to live with the current level of debt on its books.
 - The Council had recognised that there was an annual debt shortfall of £38m in its budget and the Panel had agreed that capitalisation would be required next year to meet this shortfall. Consideration would be given to any further capitalisation requests as and when required.
 - It was hoped that providing the actions set out in the Exit Strategy had been completed by July 2025, the Panel would be able to assure the Secretary of State that the Council had done everything within its power to address its historic issues.

Following the introduction provided by the Chair of the Panel, the Committee was provided with the opportunity to ask questions about the Exit Strategy. The first question asked why the report was divided into five key areas, when

three specific areas of concern, namely finance, transformation and housing had been identified earlier in the year. It was advised that governance and leadership had also been included as the Panel had based the strategy on the issues originally identified in 2020. However, it was recognised that progress had been made in those areas.

It was noted that finance was the key issue for the Council if it was to achieve ongoing sustainability. The Council had made a request to the Government to write off part of its debt to enable it to achieve sustainability, but if this was not resolved then the Council would need to manage this situation as well as it could.

As a follow up, it was questioned whether the Panel would be able to leave Croydon without the long term debt burden being resolved. It was advised that this would be possible providing there was evidence the Council had addressed the causes of its failure and could provide reassurance to the Secretary of State that these failures would not reappear. It was highlighted that the Council's debt was a result of the failure, rather than the cause.

The next question asked whether the Exit Strategy had sufficient metrics included within it to be able to demonstrate the progress the Council had made. It was advised that the Panel wanted to produce a document that was intelligent in the way it was interpreted in 2025. The strategy could have included specific metrics or vague targets, but the aim had been to find a balance between the two, with timescales and targets included where possible.

It was questioned how the Panel and the Secretary of State reassured themselves on the amount of capitalisation requested by the Council. In response, it was explained that there was an ongoing dialogue with the Council about its finances and the figures agreed had been based on these discussions and the Council's own financial analysis. As such the Panel was reassured that £38m was required in 2024-25 for the Council to deliver its services and meet its commitments.

In response to a question about the role of Scrutiny, it was advised that the Panel did not want to duplicate the role of Scrutiny and as part of its role, also had to ensure that Scrutiny was functioning well. The Panel expected to see Scrutiny continuing to do what it was already doing in holding the Mayor to account, asking questions on performance and delivery, challenging and probing if the Council was going far enough. It was important for Scrutiny to remain focused on the priorities of the Council.

It was questioned how the Panel managed to navigate the tensions between the priorities of the Exit Strategy and the priorities set out in the Mayor's Business Plan. It was highlighted that the Panel had the power to direct the Council if needed but hoped it would not need to be used. Instead, it was important to retain an open and ongoing dialogue. For example, it was not for the Panel to say whether the Council had the right number of libraries, but it was important to have reassurance that the Council was making the right decision for Croydon based on evidence and need, using the proper decision making processes. It was confirmed that should the Panel need to issue a direction to the Council, then it would be transparent about doing so.

There was concern raised about who would be held accountable if the Panel gave advice to the Mayor on an area such as reducing the budget for Children's services and something went wrong. It was confirmed that the Panel would be happy to be recorded as giving advice, as transparency was important. However, there was no set procedure and the process would need to be worked out as it arose.

It was asked whether more could be done to inform residents about the value the Panel was providing to the Council. It was explained that the Panel did try to manage its cost to the Council by seeking to only meet once a month together, although there were other days when individual panel members were in Croydon. It was acknowledged that it was difficult to explain to the public why another level of advice and support was needed. It was the intention of the Panel to be in Croydon for the shortest time possible and that by the time it left, the Council would be in a recognisably better position.

As a follow-up, it was questioned whether it would be appropriate for the public to approach the Panel directly. It was advised that it was not for the Panel to make decisions, so there was no need to go to the public unless there was a need for intervention. At which point there would be a need for transparency and to answer questions on accountability. The Panel have occasionally received contact from the public, which it reasonably investigated and provided a response.

The final question on this item asked whether through the Exit Strategy thought should be given to the organisational model. It was advised that it should, but as long as it was meeting best value, it was for the Council to decide its model.

At the conclusion of the item, the Chair thanked Mr McArdle for his attendance at the meeting and his engagement with the questions of the Committee.

Conclusions

Following its discussion of the Improvement & Assurance Panel's Exit Strategy, the Committee reached the following conclusions:-

1. The Committee thanked the Improvement & Assurance Panel for its work in supporting the recovery of the Council and gave its endorsement to the Exit Strategy.
2. The Committee noted its appreciation for the candour of Chair of the Improvement & Assurance Panel in the responses given to their questions.
3. The Committee welcomed confirmation from the Panel Chair that the priorities in its work programme had the right areas of focus and that Scrutiny was performing effectively in holding decision makers to account on the recovery of the Council.
4. The Committee agreed that it was not solely the responsibility of council officers to deliver the Exit Strategy, and it was essential that all Members understood their own responsibilities, particularly in regard of governance improvements.

79/23 2023-24 Period 5 Financial Performance Report

The Committee considered a report on pages 49 to 86 of the agenda that provided an overview of the latest budget position for 2023-24 up until the end of Period 5 (August 2023). This report was included on the agenda as part of the Committee's ongoing scrutiny of the delivery of 2023-24 budget.

The following people were in attendance at the meeting to answer questions during the discussion of this item: -

- Jason Perry - Executive Mayor of Croydon
- Councillor Jason Cummings – Cabinet Member for Finance
- Katherine Kerswell – Chief Executive
- Debbie Jones – Corporate Director for Children, Young People & Education

- Annette McPartland – Corporate Director for Adult Social Care & Health
- Jane West - Corporate Director for Resources & Section 151 Officer,
- Elaine Jackson - Assistant Chief Executive
- Allister Bannin - Director of Finance
- Huw Rhys-Lewis – Interim Director of Commercial Investment & Capital

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

- The General Fund budget was still forecasting a balanced year end position, which given the current climate for local government finance, was evidence of the Council's improved financial discipline. Other similar councils, such as Havering and Barnet were predicting £20m overspends in the current year.
- There was still a small overspend in Childrens and Adults services, but there was an expectation that there would be further improvement in forthcoming reports. Work was also ongoing to identify how the overspend in Education could be rectified.
- There was a significant change in the Housing Revenue Account (HRA), which was primarily down to addressing cases of disrepair and void recovery. Work was also underway to rebased the budget for the HRA to take account of the repair backlog.

Following the introduction, the first question from the Committee asked whether there was a full understanding of the extent of the HRA overspend and could it be met from reserves. It was advised that the overspend of £12m against the HRA was a year-end forecast based on the current prediction. Unless there was a significant change, further escalation was not expected. There had been a lot of modelling of the HRA since the last Committee meeting to look at different options. Additional controls had been put in place with sub-budgets for specific types of repairs which had review points built in based on the level of expenditure. A review panel had been set up to approve any work that was going to cost over £5,000. Should the combined cost of a series of repairs on an individual property exceed £40,000 it would be escalated to the Housing Departmental Management Team to pick up possible links to wider regeneration work. As mentioned in the introduction, work was also underway to right size the budget for housing repairs.

In response to a question about what was the driver leading to a reduction in the previously predicted overspend for the Childrens service, it was advised that forecasting was based on the cost of placements, which are regularly reviewed and will vary from month to month. Despite the reduction there was a real pressure on resources within the department from the cost of placements.

An update was requested on the work to address the predicted overspend within the Adult service budget. It was advised that plans had not changed for the service, which was on a trajectory to meet the needs of adults and come in on budget. Work was ongoing with the local health service on the reablement of patients stepping down from hospital care. There was also work underway with the Childrens service to assist young people on the transition between the services.

It was questioned why there was no funding allocated to commercial and income opportunities in the transformation programme. It was explained that as the Council was disposing of assets, it was likely there would be few opportunities to bring in new sources of income, but options were being explored to increase income. Once the asset disposal process had been completed there would then be an opportunity to review.

Regarding the work to transform the Programme Management Office (PMO), it was advised that there was a small central PMO teams which was in the process of becoming the Transformation team. Alongside this there would be specific resource within services to provide support for larger projects and consistency would be added through the use of the council-wide project management software. It was acknowledged that the team was still a work in progress, but a bigger resource would be built as the Council built its transformation programme.

There was a concern raised about the framing of some of the questions in the budget consultation, with it noted that there was a marked difference in quality to the Mayoral consultation. It was advised that the Mayoral consultation had been delivered by an external survey company contracted for that purpose. The budget consultation was being delivered internally and had been based on the same approach as used in the previous year. Learning from both processes would be used to inform future consultations.

It was noted that the Council Tax collection rate was 1% lower in comparison to the same point last year, which was not unexpected due to the ongoing cost of living crisis. It was noted that checks were made to ensure that people who were unable to pay were receiving the benefits they were entitled to and

were being signposted to support. The Committee agreed that it would be helpful for the service to engage with local advice groups in six months to check that the changes made to Council Tax collections were having a beneficial impact.

It was confirmed that the potential cost arising from forthcoming damp and mould regulations would be built into the HRA business plan going forward. It was also confirmed that scope for extra demand would be built into the budget to take account of the Home Office speeding up the processing of asylum cases.

At the conclusion of the item the Chair thanked those in attendance for their engagement with the questions of the Committee.

Conclusions

Following its discussion of the 2023-24 Period 5 Financial Performance Monitoring Report, the Committee reached the following conclusions:-

1. The Committee welcomed the reassurance given that the overspend within the Housing Revenue Account, to address the backlog of repairs, was reaching its peak and that there were controls in place to monitor and manage expenditure.
2. The Committee noted that work continued on the delivery of identified savings within Childrens and Adults Social Care budgets that required further evidencing before being included in projections, with it anticipated that these would be delivered by the year end.
3. The Committee welcomed the confirmation that their previous recommendations relating to council tax collection had been accepted, but with the reintroduction of enforcement processes, recognised that there would be value in the Service engaging with local advocacy organisations to review processes after a period of operation.
4. The Committee raised concern about the quality of the questions in the Budget Consultation in comparison to those in the Mayor's resident's engagement survey.

Recommendations

Following its discussion of the 2023-24 Period 5 Financial Performance Monitoring Report, the Committee agreed to submit the following recommendations for the consideration of the Mayor: -

1. The Scrutiny & Overview Committee recommends that with the reintroduction of council tax enforcement to those in receipt of council tax support, a meeting should be arranged with local advocacy organisations, including the CAB and the South West London Law Centre, after a few months of operation to review the processes to ensure that the available support is reaching those who need it most.
2. The Scrutiny & Overview Committee recommends that future iterations of the budget consultation are subject to independent review before publication.

80/23 **Pre-Decision Scrutiny: Progress update on tranche 1 asset disposals, seeking approval for tranche 2 of asset for disposal and approval of the update of the Community Asset Transfer Policy (Part A)**

The Committee considered a report set out in the agenda supplement that presented a draft Cabinet report updating on the first tranche of asset disposals, identifying assets for potential disposal in tranche 2 and setting out an updated Community Asset Transfer Policy. This report was included on the agenda to allow the Committee to conduct pre-decision scrutiny on the decision in the report, allowing any concerns or recommendations to be highlighted to the Mayor when taking the decision at the Cabinet meeting on 6 December 2023.

The following people were in attendance at the meeting to answer questions during the discussion of this item: -

- Jason Perry - Executive Mayor of Croydon
- Councillor Jason Cummings – Cabinet Member for Finance
- Katherine Kerswell – Chief Executive
- Jane West - Corporate Director for Resources & Section 151 Officer,
- Elaine Jackson - Assistant Chief Executive
- Huw Rhys-Lewis – Interim Director of Commercial Investment & Capital

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

- The report presented the second tranche of assets targeted for disposal. As the asset disposal process progressed, it was recognised that the process would become more complex as the easier disposals had been targeted in the first tranche.
- It was not necessarily the case that all Council assets would be sold, with options such as extending current leasing arrangement or identify assets for Community Asset Transfer to be considered on some properties.
- It was highlighted that due to the short timeline to bring the report to scrutiny before its consideration by the Mayor at the Cabinet meeting on 6 December, it had not been possible to carry out all the expected communications with tenants. Communication with tenants around the potential disposal was ongoing but would be completed before the Council proceeded with any disposal.

To help inform the meeting, the Chair had invited the Chief Executive of Mind in Croydon, Emma Turner and the Chief Executive of Croydon Voluntary Action, Steve Phaure, to address the meeting on the concern of the local community and voluntary sector about the potential loss of premises leased from the Council as a result of any disposal. From this concern was raised by Mind about the lack of notice of the disposal and the potential loss of confidential spaces for counselling. The CVA raised concern about the potential loss of Cornerstone House and the impact this may have upon the future sustainability of charity and voluntary groups based in the building.

The Vice-Chair detailed for the Committee a visit he and the Chair had made to Cornerstone House prior to the meeting to meet with the various community and voluntary sector groups that were based in the building to learn how the possible loss of the building may affect their ongoing viability.

Both the Executive Mayor and the Cabinet Member for Finance, Councillor Jason Cummings, extended an apology to the tenants who had not been contacted before the list of assets was made public. The Council would work with existing tenants around their leases, which included the potential of extending their current leases. Confirmation was given that there was capacity within the team to deal with the volume of potential lease extensions required.

It was explained that there would not be a consultation on whether the disposal of any of the assets listed for tranche 2 should be included, as the list as presented in the report would be presented to the Mayor for a decision on

6 December. The Council did not want to be in its current position of needing to dispose of its assets but had to do so to address its high level of debt.

It was questioned whether it was correctly stated in the report that none of the assets identified for disposal in Tranche 2 would be considered for listing as being available for Community Asset Transfer (CAT). It was confirmed that those properties listed in Tranche 2 were intended for disposal. Any properties identified as potentially being eligible for CAT had been excluded from the list. The key driver for asset disposal was the potential capital receipt that would be delivered through a sale. The lower potential value of an asset, the more likely it would be considered for CAT. It was confirmed that the list of properties available for CAT should be available before the end of the year.

Reassurance was sought that the Council was doing all it could to get the maximum possible value for the assets targeted for disposal. It was advised that the Council had retained the services of professional advisors to provide advice on its disposals. This had led to the targeted figure of £24.5m from the disposals in tranche 2 being reached. It was highlighted that due to the pressing need to reduce the Council's debt, it was not in a position to make planning applications on assets to maximise their value because of the length of time this would take.

It was confirmed that both the book value and an externally provide estimate were used to provide an indicative sales figure. If the target of £24.5m was reached before all the assets were sold, the remaining disposals would still continue. It was advised that additional resource had been brought into the team to ensure it was able to manage the disposal process at pace.

The final question for this item asked whether the Mayor was comfortable with the final decision on the sale of assets being delegated to officers. It was advised that the delegation was in place to ensure that the disposals could proceed at pace. However, there were caveats in place based around the valuation and the potential sale price which would see decisions referenced back to the Mayor.

At the conclusion of the item the Chair thanked those in attendance 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. The Committee agreed that any future reviews of the asset disposal process would look to test that the engagement process with tenants had improved.
2. That a meeting with officers is arranged for the Deputy-Chair, Cllr Ben Hassel to receive an update on the lease length of tenants and discuss how the disposal of golf courses was treated.
3. The Committee requests to be provided with a summary of the outcome from discussions with existing tenants about their lease options.

Conclusions

Following its discussion of the report on Asset Disposals and the Community Asset Transfer Policy the Committee reached the following conclusions: -

1. The Committee noted the progress that had been made to date in delivering the asset disposals identified in tranche 1 and that more sales were needed to help improve the Council's financial position.
2. Although the opportunity to review the report before Cabinet was appreciated, the Committee was concerned by feedback received from community and voluntary organisations that they had not been notified about potential disposals of their leased premises before publication. As such, the apology given by the Executive Mayor to those organisations was welcomed.
3. As feedback from the local community and voluntary sector indicated uncertainty about how the proposed disposals would affect their tenancies, the Committee welcomed clarification that there would be forthcoming conversations with the tenants about their lease options.
4. The Committee welcomed confirmation that it was likely the list of properties available for Community Asset Transfer would be available before the end of the year.
5. The Committee welcomed confirmation that additional capacity had been brought into the team managing the asset disposal process to speed up the pace of disposal.

Recommendations

Following its discussion of the report on Asset Disposals and the Community Asset Transfer Policy, the Committee agreed to submit the following recommendations for the consideration of the Mayor: -

1. The Committee recommends that there is preliminary engagement with existing tenants on the possibility of an asset being identified for disposal before any report identifying assets is published.
2. The Committee recommends that local councillors are informed, prior to publication, that an asset in their ward will be listed for disposal.

81/23 Appointments to Scrutiny Sub-Committees

The Committee considered a report set out on pages 87 to 88 of the agenda which presented for agreement a change to the reserve membership of the Children & Young People Sub-Committee and a change to the membership of the Streets & Environment Sub-Committee.

Resolved: That the changes to the membership of scrutiny sub-committee are agreed as set out in the report.

82/23 Scrutiny Recommendations

The Committee considered a report set out on pages 89 to 100 of the agenda which presented recommendations proposed by the scrutiny sub-committees for sign-off ahead of submission to the Executive Mayor. It also presented the response of the Mayor to previous recommendations submitted by the Scrutiny & Overview Committee for consideration.

Resolved: The Scrutiny & Overview Committee agreed to: -

1. Approve the recommendations made by its Sub-Committee's for submission to the Executive Mayor for his consideration.
2. Note the response provided by Mayor to recommendations made by the Scrutiny & Overview Committee.

83/23 **Scrutiny Work Programme 2022-23**

The Committee considered a report set out on pages 101 to 122 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.

84/23 **Exclusion of the Press and Public**

This motion was note required.

The meeting ended at 9.26 pm

Signed:

Date:

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