

Scrutiny & Overview Committee

Meeting held on Monday, 22 May 2023 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

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

Also Present: Councillors Jason Cummings (Cabinet Member for Finance), Councillor Scott Roche (Cabinet Member for Streets & Environment) and Ria Patel.

PART A

28/23 Minutes of the Previous Meeting

The minutes of the meeting held on 28 March 2023 were agreed as an accurate record.

29/23 Disclosure of Interests

There were no disclosures of interest made at the meeting.

30/23 Urgent Business (if any)

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

31/23 Month 11 Financial Performance Monitoring Report

The Committee considered a report that provided an overview of the latest budget position up to the end of Period 11. This report was included on the agenda to give the Committee the opportunity to scrutinise the delivery of 2022-23 budget.

The Cabinet Member for Finance, Councillor Jason Cummings, and members of the Corporate Management Team were in attendance at the meeting for this item.

At the start of the item, the Chair noted the Committee's support and appreciation for the earlier publication of Financial Monitoring Reports, but shared concerns that the reports were still not as clear or as timely as they could be. The Chair asked if there was scope to bring forward the publication of the Financial Monitoring Reports or to change the composition of the data in future papers. The Director of Finance explained that time was required for individual departments to conduct their own forecasting, for this to be challenged by Finance, and for commentary and narration on the figures to be added. Members heard that because of this, there would always be some lead-time between the publication of the report and the period it concerned. The Director of Finance highlighted that these reports would now be published as soon as they were ready, instead of following the Cabinet publication schedule, and would be available on a dedicated [page](#) on the Council's website.

The Deputy-Chair asked if reports were still being collated by spreadsheet, or if specialised software was now being used. Members heard that Oracle software was being used to input departmental forecasting, and this data was extracted from Oracle to include in the reports with narration; other specialised software was also used, such as for social care placements, as these required substantial modelling in order to be accurate. The Corporate Director of Resources & Section 151 Officer explained that the Oracle project was still at the scoping stage, and a timetable for this project would likely be reported to Cabinet in July 2023. Members heard that forecasting and getting better reporting from the system directly would be a high priority in terms of improving how budget holders were working with the Finance team.

The Chair explained that timely reports were important to catch issues as soon as they became apparent, and noted that this had been the motivation in moving from quarterly to monthly reporting. The Cabinet Member for Finance explained that Financial Monitoring Reports still required oversight from the Executive, but accepted that this did add some degree of delay. The Deputy-Chair queried whether the publication timeline was in line with best practice and the Corporate Director of Resources & Section 151 Officer explained that Croydon compared favourably in publishing monthly reports, but accepted that the manual nature of producing reports could mean these were slower to finalise than at other authorities. The Cabinet Member for Finance explained that the reports had incorporated previous feedback from scrutiny, and that iterative improvements had been made over the period monthly reports had been produced.

The Chair asked if there would be any changes to the reporting as a result of the increased oversight of the Improvement and Assurance Panel and heard that this would not be the case. The Chair commented on the possible need for further training to better understand and analyse these reports. The Cabinet Member for Finance offered to sit down with any Members to discuss financial reporting. It was also agreed that the Member Learning and Development Panel would be asked to consider the possible need for training on interpreting the Financial Performance reporting for all Members.

The Chair asked if any of the risks outlined in the report were likely to continue into 2023/24. The Director of Finance explained that there were pressures on services and contracted spend, but that there were underspends across staffing areas due to periods of vacancy. There were some areas that had been difficult to recruit into, such as social work and planning, and this was a trend that was likely to continue into 2023/24; pressures would also likely continue on Temporary Accommodation, Social Care Placements and some income areas that had not fully recovered since the pandemic. The Chair asked what the likely impacts of vacancies would be, and heard that statutory functions would need to be prioritised which could pose a risk to planned transformation and improvement work. The Director of Finance explained that agency and project staff would be used to try to relieve these pressures where possible.

The Cabinet Member for Finance highlighted that delays with the Automatic Number Plate Recognition (ANPR) contract for parking enforcement would have an overrun into 2023/24. The Chair queried whether there was a timeline for ANPR cameras to be operational and collecting income. The Corporate Director for Sustainable Communities, Regeneration & Economic Recovery (SCRER) acknowledged the delays and explained that contractual negotiations with the contractor were ongoing to resolve this; until these were concluded, it would not be possible to provide a timeline, which was why the risk had been highlighted in the report. The Deputy-Chair asked how this delay was affecting 2023/24 income targets, and heard that improved modelling on traffic income had made the impact easier to estimate and that remedies in the contract would be used to cover losses where possible. The Corporate Director of SCRER explained that there was a risk to the income budget from the delays for ANPR, but that contractual negotiations would need to be concluded before this could be fully quantified, and that this risk was separate to modelling and the previous budget correction.

The Vice-Chair asked about the timeline for improvements within the Temporary and Emergency Accommodation service and heard from the Corporate Director of Resources & Section 151 Officer that she would ask the Corporate Director of Housing to write to the Committee. The Chair suggested

that this could be addressed through the new Homes Sub-Committee that would be set up at the Scrutiny & Overview Committee meeting in June 2023.

Members asked about progress on the Transformation Programme and heard that this would be included in future Financial Monitoring reports to provide a monthly update on progress. The Corporate Director of Resources & Section 151 Officer explained that the Transformation team was being established, with an acting Director of Transformation whilst the permanent role was out to recruitment. The Transformation Programme was being reshaped to ensure that this was more targeted, with all the project plans being uploaded into 'Verto' for monitoring. The number of transformation projects had been pared down to ensure that these were more manageable and easier to track. The Corporate Director of Resources & Section 151 Officer explained that a number of projects were already underway and beginning to identify savings. The Committee were reminded that the majority of Transformation Programme savings were due to be delivered in 2024/25, not 2023/24, and heard that projects were making good progress. Members heard that the Transformation Board was meeting monthly, and that projects were being reviewed at the Mayor's Advisory Board. The Committee asked if it would be possible to see copies of Transformation Board agendas, or to do a deep dive on transformation governance structures; the Corporate Director of Resources & Section 151 Officer agreed that a deep dive on this would be valuable to the Committee and suggested that this included a demonstration of the Verto software.

The Deputy-Chair asked about the knock on effect of not being able to put the anticipated contribution into the Council's reserves. The Cabinet Member for Finance explained that this had been the position since the autumn, and would not have a knock on effect for the 2023/24 budget. It was highlighted that this decision had been taken due to the unexpected inflationary pressures felt during 2022/23, and it had not been seen as appropriate to increase borrowing, but to instead not contribute additional funds to the reserves. The Corporate Director of Resources & Section 151 Officer agreed and explained that reserve levels were adequate and there were no plans to increase reserves in the current financial year. The Deputy-Chair commented on past low reserve levels and the contribution that this had made to the financial difficulties of the Council. The Chair highlighted that some of the planned savings for 2022/23 had not been made, and asked if the Council was sufficiently resilient should that be the case in 2023/24. The Corporate Director of Resources & Section 151 Officer explained that inflationary pressures and non-delivery of savings were well provided for in the base 2023/24 budget, and that reserves were only used in a worst-case scenario. The Director of Finance explained that significant allowances had been made in the budget for budgetary pressures, inflation and tomography. The Cabinet

Member for Finance explained that previously this had not been the case, alongside lower reserves, and that now this was in place the Council was in a stronger position to deal with future challenges. It was highlighted that no reserves had been used during 2022/23 to cover the non-delivery of savings.

The Chair asked about the three years of outstanding accounts. The Corporate Director of Resources & Section 151 Officer explained that the current timeline saw them signing off the 2019/20 accounts in June 2023, pending adjustments relating to account for the treatment of Croydon Affordable Homes and infrastructure assets. These would then need to be signed off by the Council's external auditor, and it was expected that they would be received by the Audit Committee in July 2023. Members heard that the timeline for the 2020/21 accounts to be signed off was October 2023, and March 2024 for the 21/22 accounts. It was expected that accounts for 2022/23 would be signed off in June 2024.

Actions arising from the meeting

Following the discussion of the item at the meeting, the Committee agreed the following actions that would be followed up after the meeting:

1. That a deep dive is arranged for the members of the Scrutiny & Overview Committee on the governance arrangements of the Council's transformation programme (add verbatim).
2. The Streets & Environment Sub-Committee will be asked to review the progress made with acquiring new ANPR cameras and the financial impact from the delay in acquiring the equipment needed for enforcement.
3. The Homes Sub-Committee will be asked to review the Council's persistence overspends for emergency and temporary accommodation.
4. Social Care related sub-committees to explore the impact of high vacancy rates on services, staff workload, transformation and agency costs.
5. A briefing will be arranged for the Scrutiny & Overview Committee on the Oracle Project.

6. A meeting would be arranged for members of the Scrutiny & Overview Committee with the Cabinet Member for Finance, to discuss the format of the Financial Performance Monitoring reports.
7. A recommendation be made to the Member Learning and Development Panel to provide financial performance monitoring training for all Members.

Conclusions

Following its discussion of the report, the Scrutiny & Overview Committee reached the following conclusions:

1. The Committee welcomed the streamlined process for publishing Financial Performance Monitoring reports, as well as providing a dedicated page on the Council's websites for the reports, as it would help to improve transparency.
2. The Committee was concerned that given the precarious nature of the Council's finances, the three month delay between month end and publishing financial performance monitoring report would make it challenging to identify issues affecting budget delivery at an early enough stage. However, it was noted that the current timeframe for financial reporting was not out of keeping with other local authorities.
3. The Committee raised its concern about the accessibility of the financial performance monitoring reports and welcomed the invitation of the Cabinet Member of Finance to meet to discuss the report.

Recommendations

Following its discussion of the report, the Scrutiny & Overview Committee reached the following recommendations:

1. Given the precarious nature of the Council's finances, the Committee recommends that the process for publishing monthly Financial Performance Monitoring report is sped up, with the aim of achieving a maximum turnaround of eight week to finalise checks and go through the sign-off process before publication.

Pre-Decision Scrutiny: Annual Asset Disposal Strategy 2023/24

The Committee considered a report that provided the Annual Asset Disposal Plan 2023/24 report due to be considered by the Mayor at the Cabinet meeting on 24 May 2023. This report was included on the agenda as it was identified by the Committee as an item for pre-decision scrutiny.

The Cabinet Member for Finance, Councillor Jason Cummings, and members of the Corporate Management Team were in attendance at the meeting for this item.

The Chair asked what the rationale was for the £50 million figure, and asked why these assets had been selected for disposal. The Cabinet Member for Finance explained that this figure had been chosen as a target for the first year as it was thought to be achievable, but it was highlighted that this was the minimum that should be achieved. The list was considered to be assets that were 'excess to requirements' and that the Council was in a position to dispose of. The Corporate Director of Resources & Section 151 Officer explained that there had been over £50 million of Capital Receipts achieved in 2022/23, and that this was the second tranche of £50 million; it was expected that at least £50 million of Capital Receipts would be achieved in 2024/25 and 2025/26 respectively.

The Deputy-Chair asked what percentage of the Council's total asset base were included in the report. The Cabinet Member for Finance explained that the total useable asset base was valued at around £300 million; currently all properties thought to be excess to requirements were on the asset disposal list, and this would be kept under review to ensure assets were added when appropriate. The Deputy-Chair asked how £50 million of Capital Receipts could also be generated in 2024/25 and it was explained that some assets needed more work, or were currently being used to deliver services, and so could not be added to the asset disposal list at this time but would be added in the future once these issues were resolved. The Chair queried the definition of 'excess to requirements' and heard that this was any asset the Council could sell while continuing to deliver its statutory responsibilities. The Interim Director of Commercial Investment & Capital explained that there was a rolling list of assets that could be defined as surplus, but that each asset required forensic analysis through the lens of service need. As a result of this, deciding if an asset was surplus needed to be carried out through the Transformation Programme to look at service need and demand and the locality of service need. Members heard that heat maps of assets were used to bring forward comprehensive plans that embraced supporting the Voluntary

and Community Sector in developing Family and Community Hubs to deliver services in localities. The Interim Director of Commercial Investment & Capital stated that additional resources were being used, alongside operational leads of the Council, to augment the process of producing heat maps that would accelerate the process of identifying surplus properties to repurpose or dispose of. It was expected that an updated asset disposal list would be submitted to Cabinet in November 2023.

Members asked if there was a forward plan for the redesign of services whose delivery would be affected by asset disposals. The Interim Director of Commercial Investment & Capital explained that a Disposals and Transformation Property Board would be set up to coordinate service reviews, and to engage with the voluntary sector where appropriate. This would assist the Council in identifying which assets should be retained or repurposed and which could be classified as surplus as part of an integrated approach through the Transformation Programme. Members asked for reassurance that statutory services would not be affected, and heard that this was the case. The Cabinet Member for Finance stated that the Council would always meet its statutory responsibilities, and should it find itself in a position where it could not, then this would be escalated to national Government. The Committee heard that where asset disposals were linked to the cessation of a service, this could be brought forward relatively quickly; assets that were likely to be added to the list at a later date would be those that would require the relocation or redesign of services.

In response to Member questions about who would be on the Disposals and Transformation Property Board, the Interim Director of Commercial Investment & Capital explained that this was an officer board that they would chair, but that it would consult external organisations where appropriate. Members requested that they be kept up to date with the establishment and work of the Disposals and Transformation Property Board, and the Interim Director of Commercial Investment & Capital agreed that they would do so. The Deputy-Chair asked for reassurance that the team working on asset disposals was adequately resourced to ensure the best for value money could be achieved for each asset. The Interim Director of Commercial Investment & Capital explained that each building category would be approached differently, with a disposal category for each that varied in its approach to the market and methodology of disposal, in collaboration with external expertise and advice. The Chair asked if the Town Hall was included in the Asset Disposal Plan, and the Cabinet Member for Finance stated that this was not the case at this moment in time.

The Chair asked for clarification on what delegated powers were being sought for the Corporate Director of Resources & Section 151 Officer. The Corporate

Director of Resources & Section 151 Officer explained that it had been found that that Council had not been as quick as it could have been in commercial negotiations, and it was felt that this delegation would assist in concluding these at a greater pace. It was clarified that the delegation only applied to assets on the Asset Disposal Plan that had been approved at Cabinet. In response to questions about recommendation 2.3, it was clarified that 'in consultation with' could be taken to mean 'in agreement with'.

Members asked if Equality Impact Assessment (EqIA) reports were being produced for the individual assets for disposal. The Interim Director of Commercial Investment & Capital stated that an EqIA had been produced for the report and was available in the agenda pack. The Corporate Director of Resources & Section 151 Officer explained that all the properties on the current list were vacant, and so disposal would have a limited impact, as reflected in the Cabinet Report; any asset disposals that required service redesign would be subject to an EqIA as a part of this process.

The Deputy-Chair thanked the Head of Estates, Asset Management & Facilities for their informal engagement and asked about consultation with Ward Councillors in relation to asset disposals. The Corporate Director of Resources & Section 151 Officer explained that this could be difficult due to the pace of disposals, but that Ward Councillors would be notified of property disposals but were unlikely to be consulted as part of the decision-making process. The Deputy-Chair highlighted the strong local knowledge of Ward Councillors and advised that they should be utilised as a valuable resource to help manage potential local concern about a property disposal.

The Chair asked about the role of the Improvement and Assurance Panel in development of the Asset Disposal Plan. The Cabinet Member for Finance explained that the Panel had taken interest in the disposal programme, and had oversight of the paper as they did with all Cabinet reports; the Panel were not involved in choosing assets for disposal. The Cabinet Member for Finance commented on the need for Croydon to do as much as it could to fix its own problems, especially when it was asking for government intervention.

The Deputy-Chair explained that previous a Scrutiny & Overview Committee had recommended that each asset disposal have its own business case and consultation process, if it affected a particular community, and asked if this approach had been implemented for this report. The Cabinet Member for Finance explained that at the point an asset was added to the disposal plan and was considered 'excess to requirements' it was not considered that a consultation was necessary as there would be no service impact. Members heard that any consultation would take place as a part of a service change or

redesign; however, a business case would be developed for any asset that had an associated income stream that looked at the offset between any potential ongoing income and future capital investment needed for maintenance against the impact of reduced borrowing. The Chair requested that rental streams be provided so that they could be compared with asset sale values, and the Cabinet Member for Finance stated that this could be provided, upon request, for any assets on the disposal list with current rental income.

The Chair asked about public and tenant consultation, and highlighted the example of 'Snuggles Pre-school' who were due to have the freehold sold on their premises, and had only been informed in the previous week. The Interim Director of Commercial Investment & Capital explained that their lease would protect this business as the terms and conditions would transfer to any new freeholder. The Corporate Director of Resources & Section 151 Officer stated that the Council did sometimes sell asset freeholds that had a current leaseholder, but that the lease would remain in place and the leaseholder would not be unduly affected. The Chair asked if it would be possible to give leaseholders longer notice should they be affected by disposals, and the Interim Director of Commercial Investment & Capital explained that, as Cabinet had not yet approved the report, it would not yet be appropriate to contact leaseholders. Members heard that once the paper was approved, tenants would be contacted to explain the decision and any possible impacts it may have on them.

The Chair confirmed that there would be an Equalities Impact Assessment (EqIA) for any asset disposals that resulted in changes to service delivery. The Chair asked which asset disposals were likely to be the most controversial and the Corporate Director of Resources & Section 151 Officer explained that significant efforts had been made to ensure the assets in the report were not controversial. The Cabinet Member for Finance explained that any assets being added to the disposal plan that currently delivered services would have already gone through the process of service redesign to ensure they were surplus to requirements, in order to minimise the impact of disposal.

The Chair asked if there was the opportunity for community groups to make compelling offers for any assets on the disposal plan that could generate enough income to warrant their retention. The Cabinet Member for Finance stated that this would be possible, but that these discussions would need to happen at pace given the Council's financial position.

This item and the meeting concluded prematurely at 7.45 pm due to the evacuation of the Town Hall.

33/23 **Pre-Decision Scrutiny: Waste & Street Cleansing Commissioning**

Due to the evacuation of the Town Hall, this item was not discussed.

34/23 **Exclusion of the Press and Public**

This item was not required.

The meeting ended at 7.45 pm

Signed:

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Date:

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