

<b>REPORT TO:</b>	<b>SCRUTINY AND OVERVIEW COMMITTEE</b> <b>25 August 2020</b>
<b>SUBJECT:</b>	<b>CALL IN: Key Decisions set out in Cabinet Reports 'Responding to the Local Government Funding Challenge' and 'July Financial Review'</b>
<b>LEAD OFFICER:</b>	<b>Stephen Rowan, Head of Democratic Services and Scrutiny</b>
<b>CABINET MEMBER(S):</b>	<b>Councillor Simon Hall, Cabinet Member for Finance &amp; Resources</b>

<b>ORIGIN OF ITEM:</b>	This item has been triggered by the call-in of the decisions by the Cabinet on 20 July 2020 relating to the key decisions set out in the 'Responding to the Local Government Funding Challenge' and 'July Financial Review' respectively.
<b>BRIEF FOR THE COMMITTEE:</b>	To consider and respond to the Call-In in accordance with the procedure set out in the Council's constitution (set out in paragraph 2.3 below).

## 1. EXECUTIVE SUMMARY

- 1.1 The key decisions, subject to call-in, taken on the 'Responding to the Local Government Funding Challenge' and 'July Financial Review' by the Cabinet on 20 July 2020 have been called-in by the Chair, Vice-Chair, Deputy-Chair and three other members of the Scrutiny & Overview Committee. The decision was made by the Leader to delegate these decisions to the Cabinet (delegations 2320CAB & 2220CAB).
- 1.2 Attached to this report are:
- **APPENDIX 1:** Responding to the Local Government Funding Challenge decision report
  - **APPENDIX 2:** July Financial Review decision report
  - **APPENDIX 3:** The Key Decision notice covering both items
  - **APPENDIX 4:** Call-In Proforma
  - **APPENDIX 5:** Draft Minutes of the Scrutiny & Overview Committee – 22 July 2020
  - **APPENDIX 6:** Additional Information requested to assist consideration of the call-in (to follow)

## **2. CALL-IN: KEY DECISIONS SET OUT IN CABINET REPORTS ‘RESPONDING TO THE LOCAL GOVERNMENT FUNDING CHALLENGE’ AND ‘JULY FINANCIAL REVIEW’**

2.1 The decisions taken by the Cabinet, that are the subject of this call-in, were as follows:

### ***Responding to the Local Government Funding Challenge***

#### **RESOLVED :**

- 1.2 Endorse the further actions and governance arrangements which have been put in place, outlined in the report, to ensure the Council delivers within the 2020/21 approved budget;
- 1.4 Agree the principles informing actions to deliver within the 2020/21 approved budget.

### ***July Financial Review***

#### **RESOLVED:**

- 1.1 The approach to ensuring the financial challenge of the financial year 2020/21 is managed efficiently and effectively including delegation of decisions on measures to deliver the 2020/21 budget to the Cabinet Member for Finance and Resources in consultation with the relevant Cabinet member.
- 1.3 The continued use of capital receipts for funding transformation as detailed in section 9 of the report.
- 1.4 The approach to dealing with the financial impact of Covid19, including the financial returns to MHCLG and the discussions with them.

2.2 The call-in pro-forma is attached at Appendix 4. The decision form was received on 27 July 2020 from the Chair of the Scrutiny & Overview Committee, Councillor Sean Fitzsimons and was signed via email by the following Councillors: Jeet Bains, Leila Ben-Hassel (Deputy-Chair), Jerry Fitzpatrick, Joy Prince and Robert Ward (Vice-Chair).

The reason stated for the Call-In was:

“The two Cabinet reports, Responding to the Local Government Funding Challenge and July Financial Review, do not provide sufficient detailed information to allow the Scrutiny Committee to make a judgement as to whether the proposed recommendations will deliver the approved 2020/21 budget, and avoid the service of a Section 114 Notice”

The outcomes desired from the Call-In are stated as:

1. To satisfy the Scrutiny Committee that the Council will deliver the approved 2020/21 Budget and will not serve a Section 114 Notice.
2. Reassurance that the principles informing actions set out in Agenda Item 6.4 are achievable.
3. Council finances are robust enough to enable an effective response if demand substantially increases this Autumn and Winter.
4. Equalities consideration are given due weight when making decision to end, reduce or reconfigure service delivery.”

2.3 The Committee has also set out in the Call-In request the information it requires to assist the consideration of the referral. The information requested is stated as:-

- 1) To provide information at a more granular level on the financial and workforce

actions taken to help satisfy the Committee that the Council will deliver the approved 2020/21 Budget, including increasing level of general fund balances by £5 million.

- 2) More information on the work of the Finance Review Panel, including its recommended short-term options to minimize spend and where possible to generate income, and the refreshed savings proposals to deliver in year 2020/21. Details of the mechanisms referenced in the cabinet report used by the financial review panel to ensure progress stays on track (dashboards and monitoring information).
- 3) Information on the six projects areas (Staffing, Cross-Cutting Areas, Assets, Contracts, Income, and Demand Management), and their expected in-year financial contributions. It should include key milestones, risks and interdependencies.
- 4) Workforce Information, including financial, of the 15% Workforce Reduction proposals, at department and service level. Detail of changes to service delivery, including reduction or stopping of any service. Information on any services (including outputs) that will be outsourced to new or existing providers. Information on level of risks to delivery of statutory duties and information on how not only existing demand but future demand (expected to increase within the financial year) will be managed (in case of localized outbreaks, further lockdown, end of furlough schemes etc.). Proposed departmental structures, including information on the Children's and Adults Social Care departments. We seek re-assurance that deletion of posts, previously filled by contractors, do not denude those teams of skills and experiences to deliver an effective service.
- 5) Capitalisation (details of revenue costs already capitalized referenced in the report and assessment of impact of further capitalization on longer term financial strategy), Overall Debt, and revenue implications. Concerns have been expressed over the overall level of debt, and a more detailed explanation that the current level and revenue costs are sustainable.
- 6) A copy of full unredacted return submission to MHCLG, broken down by section.
- 7) A copy of the corporate risk register updated in relation to new transformation programme objectives/work streams.
- 8) Any other information that will help provide the re-assurance the committee is seeking that the Council will deliver the 2020/21 approved budget.

## 2.4 Call-In Procedures

The Council's Constitution, Part 4E Scrutiny & Overview Procedure Rule, states:

*"11.08 The referral shall be considered at the next scheduled meeting of the Scrutiny and Overview Committee unless, in the view of the Borough Solicitor, this would cause undue delay. In such cases the Borough Solicitor, will consult with the decision-taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny and Overview Committee may only consider a maximum of three referrals at any one meeting.*

*11.09 At the meeting, the referral will be considered by the Committee which shall determine how much time it will give to the call-in and how the item will be*

*dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the Cabinet for reconsideration, setting out in writing the nature of the concerns. The Cabinet shall then reconsider the decision, amending the decision or not, before making a final decision.*

- 11.10 *The Scrutiny and Overview Committee may refer the decision to the Council if it considers that the decision taken by the Leader or Cabinet is outside the Budget and Policy Framework of the Council. The Council may decide to take no further action in which case the decision may be implemented. If the Council objects to Cabinet's decision it can nullify the decision if it is outside the Policy Framework and/or inconsistent with the Budget.*
- 11.11 *If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.*
- 11.12 *If the Council determines that the decision was within the Policy Framework and consistent with the Budget, it will refer any decision to which it objects, together with its views on the decision, to the Cabinet. The Cabinet shall choose whether to either, amend, withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet after the referral from the Council.*
- 11.13 *The responses of the decision-taker and the Council shall be notified to all Members of the Scrutiny and Overview Committee once the Cabinet or Council has considered the matter and made a determination.*
- 11.14 *If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 11.08 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.”*

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**APPENDIX 1:** Responding to the Local Government Funding Challenge decision report

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**BACKGROUND DOCUMENTS:** None