

# Public Document Pack

## Scrutiny & Overview Committee

Meeting held on Tuesday, 28 March 2023 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

### MINUTES

**Present:** Councillors Leila Ben Hassel (Deputy-Chair), Richard Chatterjee (Vice Chair), Sherwan Chowdhury (reserve for Rowenna Davis), Sean Fitzsimons and Simon Fox, Gayle Gander (reserve for Jade Appleton)

**Also**

**Present:** Councillor Jason Cummings (Cabinet Member for Finance)

**Apologies:** Councillors Rowenna Davis and Jade Appleton

### PART A

21/23 **Minutes of the Previous Meeting**

The minutes of the meeting held on 16 February 2023 were agreed as an accurate record.

22/23 **Disclosure of Interests**

There were no disclosures of interest made at the meeting.

23/23 **Urgent Business (if any)**

Following the publication of a letter from the Parliamentary Under Secretary of State for Local Government and Building Safety, Lee Rowley MP to the Council informing of proposed statutory intervention, the Scrutiny & Overview Committee had requested an urgent update to provide further understanding on what this might mean for the Council going forward.

In providing an introduction, the Cabinet Member for Finance, Councillor Jason Cummings, highlighted that the challenging financial position of the Council was well know, as was the request made to the Government for additional support in becoming financially sustainable, which included writing off part of the Council's debt. Although the situation in Croydon was challenging, when compared to comments made on Slough and Thurrock Councils in the letter from Government, those made on the progress achieved by the Council were the most positive and reflective of the movement over the past three years.

The letter set out the Government's intention to strengthen the Council's relationship with the Improvement and Assurance Panel, in order to provide additional reassurance on the pace of improvement. Although the powers of the Council remained intact, the Panel now had powers of direction it could use if necessary. The Committee was pleased to note that Tony McArdle would continue as Chair of the Panel, given his knowledge of the progress made over the past three years.

The Council's Corporate Director for Resources, Jane West, also provided a presentation to accompany the urgent update. A copy of which can be found at the following link: -

<https://democracy.croydon.gov.uk/documents/s46309/Urgent%20Item%20DL%20UHC%20Presentation.pdf>

The Committee was provided with the opportunity to ask clarifying questions about the new arrangements. The first question related to the potential cost to the Council for having the Panel remain in place for the next two years. It was acknowledged that there would be a cost, but that this would depend on the size of the Panel. The current rate for the Chair was £900 per day and £800 per day for the Panel members, although this may be reviewed. It was highlighted that wherever the Panel had been deployed it had resulted in significant savings. As such, the level of experience provided was considered to be an invaluable resource and provided good value for money in helping the Council to meet its challenges. Reassurance was given that there was an existing budget for the improvement agenda which the existing costs for the Panel were charged to, which should be able to manage further costs and would be kept under review.

In response to a question about when the Council was likely to hear from the Government on its request for support, it was highlighted that the Government was in a difficult position. A variety of councils were facing challenging financial situations and requesting Government support, which was requiring the creation of a framework that could provide support across a range of different situations, without being seen to be rewarding councils who had got themselves into financial difficulty. The Council had been clear that it would need to have a response in time for the 2024-25 budget setting process, but there was no guarantee that it would be received by this time.

It was noted that one issue raised by the Panel related to the pace of change at Croydon and that the Council still seemed to be in crisis mode. As such, it was questioned how the Council could increase the pace of its improvement. It was accepted that considering the challenges facing the Council, it had become quite risk adverse, which was not conducive to pace. The Council had been focussed on addressing the historic issues that had led to the Section 114 notices and ensuring that there was appropriate governance in place and that it was reasonable, given the scale of the challenge, that it would take two years to address.

There was now a need to pivot towards a more forward focus and a new balance sought between caution and pace. The letter from the Under Secretary of State did set an end date of 2025 for the Panel, which would allow the Council to create a plan to achieve a financially sustainable position by this deadline. One of the roles of the Panel would be monitoring the pace of change.

It was agreed that a key question for Scrutiny over the next couple of years would be how it could gain sufficient reassurance on the pace of change and whether the improvement work was making a difference. It was suggested that the Committee and its sub-committees should regularly schedule deep dives on specific areas of concern to provide reassurance. The Annual Governance Statement could be used by the Committee to track progress on the governance improvements arising from the two Reports in the Public Interest and other relevant reviews. The Committee agreed that the Council should be moving to a more year-round approach to budget setting that provided greater opportunity for scrutiny throughout the process, with acknowledgement that there needed to be earlier engagement with all Members on the budget.

### **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.

- I. That a meeting of the Scrutiny Chairs and Vice-Chairs will be convened as soon as possible to start the development of the 2023-24 Scrutiny Work Programme and that the work programme should primarily be aligned to the improvement of the Council.
- II. That further work would be instigated by the Scrutiny Chairs to create a clear pathway for the regular provision of performance monitoring information to Scrutiny, to ensure it is able to effectively monitor the recovery of the Council and target its work appropriately.

### **Conclusions**

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

1. The Scrutiny & Overview Committee welcomed the update provided following the recent letter to the Council from the Parliamentary Under Secretary of State for Local Government and Building Safety, Lee Rowley MP, on the proposed changes to its statutory intervention at Croydon Council.
2. The Scrutiny & Overview Committee looked forward to working with the Improvement and Assurance Panel and would be developing its work programme for 2023-24 with a focus towards supporting the recovery of the Council.
3. In order for Scrutiny to maximise its effectiveness in supporting the improvement of the Council it would be essential to ensure both the

timely provision of performance data and that it was kept informed of emerging issues and risks.

## 24/23 **Council Tax Hardship Scheme 2023/24**

The Committee considered a report set out on pages 19 to 100 of the agenda which presented details on the proposed Council Tax Hardship Scheme that had been created in response to the recently agreed 15% Council Tax increase. It had been agreed at the Budget Council meeting that the scheme would be reviewed by the Scrutiny & Overview Committee prior to it being finalised.

Councillor Jason Cummings, Corporate Director for Resources & Section 151 Officer, Jane West and Catherine Black, Head of Payments, Revenues & Benefits and Debt attended the meeting for this item.

The report was introduced by the Head of Payments, Revenues & Benefits and Debt, during which the following was noted: -

- The proposed new Council Tax Hardship Scheme had been created to provide support for residents who may struggle to pay the additional cost of the 15% Council tax rise.
- The eligibility criteria for the scheme were based on income and family make-up. For instance, a single parent with three children may receive a higher level of support than a single person.
- Providing the income for a couple was below £500, they would be eligible.
- The scheme did not take account of any dependent income.
- An application for the scheme could be made digitally or via a paper application. Either face-to-face help and support or a call-back could be arranged to provide residents with support in making their application.
- A resident would need to provide evidence of their income if they were looking at an income band application.
- The application forms were currently being built using exist Council software.
- It was highlighted that most software had a translation option, so the application could be translated as required.
- Thought had been given to backdating the scheme, such as from when a resident moved into the area. This could be done providing proof of income could be provided. If an individual moved or their income changed, it could affect the award.
- A system of monitoring using manual checks would be put in place, including weekly monitoring of the application spend, the values claimed, the number of applications made and the levels agreed and declined.
- If an application was declined, then a discretionary award could be considered as an alternative.

- Once the new scheme had been agreed by the Executive Mayor, a fact file would be created to raise awareness amongst the community and voluntary sectors. A leaflet on the availability of the scheme could also be added to any reminder letters, along with signposting towards other available schemes.

Following the introduction, the Committee was provided the opportunity to ask questions about the proposed scheme and to provide its feedback. The first question asked how the £2m budget been reached and the contingency, should demand for the scheme exceed this budget. It was advised that the £2m figure had been reached following modelling of the potential impact of the Council Tax increase. It had also been tested against other similar schemes and the budget for the proposed scheme was generous in comparison. The scheme was designed to be ongoing and would be topped up year on year; it would be closely monitored and, if the budget was running low, it would require a further decision on whether this should be increased.

Members heard that there was a separate scheme in place for two years from April 2022 to support residents moving from the previous Council Tax Support scheme. This was due to end in March 2024 and if there was any funding left over, it could be transferred to the Hardship Scheme. In addition, there was funding from the Government to provide Council Tax support, which would be used to top-up the Hardship scheme by an extra £345,000.

Further information was sought on the application process. It was advised that residents would be encouraged to submit applications online as this was the simplest route. If applications were made in writing, the applications would be reviewed by staff and entered on the online portal, with a process being built to automatically make the award. If an application was declined, the resident would have the opportunity to ask for it to be reconsidered. It was anticipated that there would be a team of people reviewing claims with a manager supporting. The level of claims received would be monitored and further support requested if needed.

In response to a question about the monitoring approach, it was advised that the scheme would be relatively easy to monitor as it could be defined as its own category within the software used. This would allow the level of spend, awards and declines to be regularly monitored. It was highlighted that the number of applications made could be reviewed against pre-existing ward based modelling to ensure that the number of applications in an area was meeting expectations. This would allow targeted communications to be produced if there was a lower than anticipated number of applications received from a specific area. It was agreed that sharing this data with Members would be helpful, as they could use their local knowledge to highlight potential discrepancies.

Although there was an income element involved in the application criteria, it was confirmed that the scheme was not means tested. Instead, it was based on household income.

Regarding how the preparation of the scheme had mitigated against the potential impact on groups highlighted within the Equalities Impact Assessment, it was highlighted that there had been no specific discriminatory issues highlighted. As the scheme was based on household income, it would be naturally balanced towards those earning less, with higher income thresholds for households with dependents.

It was confirmed that residents who did not have recourse to public funds, would not be eligible for the scheme, but that there were other routes for support. The Committee agreed that there needed to be a greater level of signposting to other support to provide a joined-up system for the public and to ensure people were accessing support to which they were entitled. It was also suggested that the naming of the various schemes could be reviewed to provide added clarity, as the current names were often similar to each other.

It was clarified that a household being in arrears on their Council Tax payments would not have an impact on their application. There was no criteria based on arrears and any recovery process could be paused while the household was applying for the scheme.

At the conclusion of this item, the Chair thanked those present for their attendance at the meeting and their engagement with the questions of the Committee.

### **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 briefing will be arranged for the Scrutiny & Overview Committee in September 2023, to receive an update on the delivery of the Council Tax Hardship Scheme 2023-24.
2. That the Communications Plan for the Council Tax Hardship Scheme 2023-24 will be circulated to the Scrutiny & Overview Committee once available.

### **Conclusions**

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

1. The Scrutiny & Overview Committee welcomed the opportunity to review the Council Tax Hardship Scheme 2023-24 prior to its consideration by the Mayor.
2. The Scrutiny & Overview Committee recognised that the scheme in its current format had been developed using a data led approach and as such it was reasonable for the Mayor to accept the scheme as proposed.
3. It was reassuring that there was a robust system of monitoring being built around the Council Tax Hardship Scheme to ensure that it was

reaching those most in need and allow adjustments to be made if needed.

4. Although the Scrutiny & Overview Committee accepted the reassurance given on the level of communication to be undertaken to promote the availability of the Council Tax Hardship Scheme, further reassurance would require the provision of the communications plan once available.
5. The Scrutiny & Overview Committee agreed that given the understanding Members have of their Wards, it would be helpful to circulate ward level data on the distribution of the fund to Members to help identify any potential outliers which could be addressed through targeted communications.

### **Recommendations**

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

1. As a method of testing the effectiveness of the Council Tax Hardship Scheme, that once a sufficient level of base data was available, ward level data on the distribution of the fund was shared with Ward Councillors. This would allow any potential discrepancies in the volume of applications to be highlighted and appropriate action to be taken to target areas of concern.

25/23

### **Budget Scrutiny: Month 9 Financial Performance Report**

The Committee considered a report set out on pages 101 to 140 of the agenda, which presented the most recent financial monitoring report for review. The Committee was also provided a presentation on the status of the Council's various transformation projects and further information on the role of the Improvement and Assurance Panel following the recent letter from Government.

Councillor Jason Cummings, Chief Executive, and Corporate Director for Resources & Section 151 Officer, Jane West attended the meeting for this item.

During the introduction to the report, it was highlighted that the budget was still showing a balanced year-end prediction. There were two changes from the previous monthly report, with the Housing Revenue Account year-end position improving due to the review of recharges made from the General Fund. There had also been a change in the capital programme as a result of the approval of the capitalisation request. It was advised that the Council meeting on 29 March 2023 would be receiving a report outlining the response to the recommendations made in the recent Section 24 report from Grant Thornton. This included financial monitoring reports being presented to each Scrutiny & Overview Committee meeting, with the most recent report to be

included even it was before its consideration by the Cabinet. The Committee welcomed this move.

An update was provided on the Council's transformation projects, with a copy of a presentation available on the following link: -

<https://democracy.croydon.gov.uk/documents/s46310/Supplement%20Transformation%20Presentation.pdf>

Following the introduction, the Committee was provided the opportunity to ask questions on the information provided. Members asked whether the transformation projects were being driven by the need to make savings or to fix issues that were identified to improve services. In response, it was advised that the key driver was to improve services to ensure that the Council was doing things more efficiently, which would in turn drive savings. It was agreed that further consideration was needed on how the transformation projects were listed and it was explained that not all of them were about delivering savings. It was suggested that any reporting on transformation should include the current cost of delivering a service to ensure a comparison could be made on the financial benefits.

The matrix approach to delivering transformation was welcomed, although it was highlighted that this should be reflected in any report, as the projects were currently grouped by directorate. It was also suggested that consideration should be given to quantifying the potential benefit for residents from the transformation workstreams. It was advised that the introduction of new project management software would help to improve reporting processes. The Council was in the process of advertising for a new Transformation Manager who would be responsible for overseeing transformation across the organisation, including managing crosscutting projects and synergies. It was acknowledged that the Council had been on a journey to build its capacity in terms of delivering transformation and to enable staff to start thinking in terms of a project approach.

The Committee was heartened by the confirmation that resourcing for transformation was a priority, as building capacity would be essential to increasing the speed of delivery. Having more people involved with transformation projects would also help to change the culture of the organisation.

It was confirmed that there were specific workstreams within the Housing Transformation Programme that would cut across both the Housing Revenue Account and the General Fund. It was agreed that reporting on transformation should include any such projects involving the Council, including those delivered in partnership with others such as local health providers, and not be restricted to those projects falling with the General Fund.

It was advised that there was a separate resourcing element included within the transformation project that would be resourced from the £10m allocated for transformation in the 2023-24 Budget. The level of resource allocated



would vary depending on the size and scope of the project, and would be monitored by an internal control board. At present there had been no prioritisation applied to the various projects, with all currently due to be delivered and in the process of being set up. It was highlighted that the programme was intended to be dynamic and if a project turned out to not be deliverable, it would be stopped.

As the new Administration had recently completed its first budget setting process, it was questioned whether there were any key lessons learnt which would inform the process going forward. It was advised that the budget setting process had been fraught due to external factors such as waiting for government guidance both nationally and locally. Given these challenges, the assumptions made in the initial report in November 2022 had proven to be fairly accurate and were reflected in the final Budget report. Ideally, the initial budget report would have been produced earlier, but it had been delayed due to having to wait for the Chancellors statement. Having the previous three years accounts still to be signed off by the external auditor remained a concern, but it was hoped that the work on the Opening the Books review had identified the majority of potential issues that were outstanding.

In response to a question about the process for setting next year's budget, it was advised that individual departments should be looking at the Medium Term Financial Strategy (MTFS) and using this as a basis to plan the level of savings required. There would be an increased use of data to inform the MTFS, by looking at where Council services sat within London averages and then learning from best practice used by other authorities. It was highlighted that due to the financial challenges facing the Council, the aim should be for service costs to be near the cheapest in London, rather than around the average cost.

A key risk to the delivery of the in-year budget was homelessness and housing costs, with a big increase in rental costs across London due to the use of accommodation by the Home Office, who paid higher rates. The potential risk of a significant change to budget for other services such as Children and Adult Social Care had been minimised by robust monitoring. There were some quantifiable opportunities for savings in the in-year budget that may come through as the budget progressed to close down.

At the conclusion of this item, the Chair thanked those present for their attendance at the meeting and their engagement with the questions of the Committee.

### **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 the new Transformation Director will be invited to meet with the members of the Scrutiny & Overview Committee once appointed.

2. To provide reassurance on governance processes of the Council, the Committee requests a copy of the terms of reference Transformation Internal Control Board.
3. To provide reassurance that the transformation projects are being fully scoped and resourced before commencing, that Committee would request to be provided with copies of the individual Project Briefs/Scoping documents.
4. That a briefing is provided for the members of the Scrutiny & Overview Committee on the new project management software, Verto, to understand the benefits it will deliver to the organisation.
5. That regular reviews of transformation projects will be scheduled during into the 2023-24 Scrutiny Work Programme to ensure there is regular scrutiny of the progress made.
6. That scrutiny of the work to improve both the financial and wider culture of the Council will also form a key part of the Scrutiny Work Programme for 2023-24.
7. That the Committee is provided with a briefing on the Oracle Project so it is able to understand the intended benefits, cope of work, resource required and project timelines.
8. That a briefing is provided for the Scrutiny & Overview Committee to explain the outcomes from the review of historic recharging to the Housing Revenue Account.

## **Conclusions**

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

1. The Scrutiny & Overview Committee welcomed the possibility of reviewing the transformation programme structure to bring it more in to line with a matrix approach, cutting across services, rather than the current alignment based around existing directorates.
2. The Scrutiny & Overview Committee welcomed confirmation that the in-year 2022-23 budget was projecting to be balanced budget despite the not insufficient challenges faced during the year.

## **Recommendations**

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

1. To ensure both clarity and transparency, the Scrutiny & Overview Committee recommends that reporting on the Transformation Programme should: -
  - a. Cover all transformation projects, including those delivered through the Housing Revenue Account and any delivered with external partners such as local healthcare providers.

- b. That the intended outcomes for individual transformation projects are clearly set out to ensure there is clarity of purpose and enable the relative success of each project to be easily assessed. For instance, where savings are targeted, any reporting should include the cost of delivering a service before and after conclusion of a transformation project.

26/23     **Scrutiny Recommendations**

The Sub-Committee considered a report on pages 87 to 114 of the agenda which presented recommendations proposed by the scrutiny sub-committees for sign-off ahead of submission to the Executive Mayor and responses from the Mayor to previously made decisions.

**Resolved:** That:-

- 1.     The recommendations made by the Scrutiny Sub-Committees are approved for submission to the Executive Mayor for his consideration.
- 2.     The response provided by the Executive Mayor to recommendations made by the Scrutiny & Overview Committee is noted.

The meeting ended at 9.45 pm

**Signed:**

**Date:**

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