

MINUTES OF THE MEETING Overview and Scrutiny Committee HELD ON Monday, 14th October, 2024, 7.00 pm

PRESENT:

Councillors: Matt White (Chair), Alexandra Worrell, Pippa Connor (Vice-Chair) and Makbule Gunes

ALSO ATTENDING:

48. FILMING AT MEETINGS

The Chair referred Members present to item 1 as shown on the agenda and ran through requirements. Members noted the information contained therein.

49. APOLOGIES FOR ABSENCE

Apologies for absence was received from Cllr Buxton.

50. URGENT BUSINESS

None

51. DECLARATIONS OF INTEREST

None

52. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

None

53. MINUTES

RESOLVED

That the minutes of the meeting on 23rd July were agreed as a correct record.

54. MINUTES OF SCRUTINY PANEL MEETINGS

RESOLVED

That the minutes of the following Scrutiny Panels were received and noted, and that any recommendations contained within were approved:

- Meeting in Common of the Adults & Children's Panels on Transitions -28th May 2024

- Children & Young People's Scrutiny Panel – 29th July 2024
- Adults & Health Scrutiny Panel – 30th July 2024
- Housing, Planning & Development Scrutiny Panel – 30th July 2024
- Climate, Community Safety & Environment Scrutiny Panel – 31st July 2024

55. 2024/25 FINANCE UPDATE QUARTER

The Committee received a Finance Update for Quarter 1 2024/25. The report covered the position at Quarter 1 of the 2024/25 financial year including General Fund (GF) Revenue, Capital, Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) budgets. The report focused on significant budget variances including those arising from the forecast non-achievement of approved Medium Term Financial Strategy (MTFS) savings. The report was introduced by Cllr Dana Carlin, Cabinet Member for Finance and Corporate Services, as set out in the agenda pack at pages 63-166. Taryn Eves, Director of Finance and Josephine Lyseight, AD for Finance were also present. The following arose during the discussion of the report:

- a. The Chair enquired whether the organisation was getting to a position whereby it was functionally unable to balance the budget long-term. It was commented that it didn't seem to matter how much money was put into the budget, the Council still ended up with an overspend and a budget gap at year end. The Chair also commented that savings were put forward every year to plug the gap, but a proportion of those savings didn't get met and further savings were required. In response, the Director of Finance advised that she would not characterise the situation as being unable to set a balanced budget for this year or next, at this stage. It was commented that a lot of work was being done behind the scenes to identify opportunities to reduce the budget gap. In addition, there was monthly monitoring of high risk budgets, such as Children, Adults and Housing Demand. The Director Finance advised that there was always risk and uncertainty around setting a future balanced budget position and that there was a lot of work to do in setting the budget.
- b. In response to a question, the Director of Finance advised that the projected £20m overspend was a projected overspend at the year end, rather than a £20m overspend at Q1. The Director of Finance set out that due to the governance processes involved, it was usually around Christmas time before they started the process of setting a budget. The figures that were used didn't include Q3 numbers and there was always a degree of revision required. Some of the pressures highlighted in the report in Children's did not come to light until after January and so there was always going to be additional pressures to the in-year budget. Officers set out that they were actively looking at ways to reduce in-year spending and in-year demand. Officers also commented that the Q2 figures were likely to be challenging due to the level of demand and the complexity of some of the care needs involved.
- c. The Committee sought clarification as to whether the budget mitigations being taken in-year might be reflected in an improved position in Q2. In response. Officers advised that it was anticipated that there would be an increase in demand in Q2 and that this would offset any reductions in spend. It was commented that actions taken to reduce long-term demand would take time to

- implement. However, it was set out that all services were looking at ways to reduce spend, including a reduction in agency staff.
- d. The Committee requested that the Finance Q2 report come to OSC on 12th December. **(Action: Philip).**
 - e. The Committee sought clarification as to whether the forecast included use of the contingency budget of £7.6m. In response, the Director of Finance advised that it did not and that this wasn't unusual. It was emphasised that the Council needed to be focused on the bottom line and the actions being taken to reduce the budget gap. Every service was looking at reducing overspend and it was suggested that the Director Finance would usually wait until Q3 to see the impact of in-year mitigations before drawing down on the contingency reserve. The Committee was advised that the Director Finance expected that the contingency would need to be drawn down if things stayed as they were.
 - f. In response to a question, the Director of Finance advised that when the budget was set in March 2024, it was done so with the financial assumption that £5.1m of reserves would be used to close the budget gap. The use of reserves won't be drawn down until year end and so there was an opportunity to reduce that use of reserves, if in-year mitigations were successfully implemented. The Director of Finance emphasised that she did not consider this likely given the demand pressures the authority was facing. The Director of Finance advised that the report set out that Haringey's reserve position was low and that action should be taken to build this back up in future years.
 - g. The Committee enquired whether there was an opportunity to reduce the capital programme in order to reduce costs on the revenue budget and the need to use reserves. In response, officers advised that there were high levels of slippage and that there was an annual review of the capital programme underway. The Director of Finance advised that they tried not to draw down money until it was needed in recognition of the borrowing costs on the revenue budget. It was commented that the slippages were largely to due factors such as external funding, rather than a desire to support the revenue position.
 - h. The Committee questioned whether the authority could be better at anticipating the scale of future demand levels and projecting the trend. The Committee also sought assurances about associated costs such as agency staffing. In response, the Cabinet Member advised that she acknowledged that the increases this year had not been projected and that the Council needed to be better at this. It was stated that there had also been a backlog and that work was underway to do the invoicing. The Director Finance advised that a lot of work was being done to understand what the drivers were behind the increase in demand and also the increased cost. Work was also been done to understand some of the ancillary costs, such as staffing and agency costs.
 - i. The Chair commented that it seemed as though part of the problem was that the Council was reliant on the private sector to provide services in Children's social care, Adult social care and housing. Was there a case, therefore, to bring these services back in-house in the long-term. In response, the Director of Finance advised that each case would be assessed on its own merits and that there was no one-size-fits-all approach. It was set out that all options were on the table, including market-based solutions, in-house services and partnership arrangements. In some cases there may be financial barriers to bringing

- services back in-house, but there may also be other non-financial reasons. This would be ascertained as part of the options appraisal conducted for a particular scheme and each proposal would need its own business case.
- j. In response to a question, officers provided assurances that they would only put forward a budget that they believed was achievable, realistic and was based on funding assumptions that it was believed accurately reflected needs within the services. The organisation did not set targets for individual services, largely in recognition that nearly 70% of Council spend was on social care and housing demand.
 - k. In response to a question, the Cabinet Member gave assurances that there was a programme in place to deal with legal disrepair claims and that the situation was improving, with a new manager of the service in post and external contractors being used to do the work. In relation to voids, the Cabinet Member advised that voids work was being undertaken, but that the Neighbourhood Moves scheme resulted in an increase in the number of void properties as people moved into new accommodation. This also had an impact on rental income from empty properties. The Cabinet Member set out that bringing the ALMO in-house was the right thing to do, but that it also created pressures on the service and that the reality was that it would take some time to turn it around.
 - l. In relation to the Adults Change Board, officers advised that this was an internal officer board which was responsible for overseeing the MTFS savings in Adults. The organisation was still at the beginning on this process, so there was more work to be done but it had already made some changes to some of the savings proposals to make them more deliverable. Officers set out that the Board included the Director of Culture, Strategy & Engagement, Director of Adults and other officers including at Assistant Director level. Officers agreed to meet with Cllr Connor to discuss the work of the Adults Change Board in more detail.
(Action: Nathan Pierce).
 - m. The Panel enquired about an additional £2.5m from government for locally based provision. In response, the Cabinet Member advised that this was specific to SEND placements within schools and was a capital grant that would be part of the Dedicated Schools Grant.
 - n. The Panel enquired about the education psychology service and the pressure set out in the papers of around £500k. In response, officers advised that subsequent guidance from government had clarified that this should sit in the General Fund, not the DSG, and so this pressure would need to be built into the Children's budget going forwards.
 - o. The Panel sought clarification about when there might be more details available about pressures from housing benefit overpayments. In response, the Director of Finance advised that the report identified this as a risk at Q1, but that the risk could not be quantified at this stage. This would be reviewed as part of the Q2 report.
 - p. In response to a question, officers agreed to provide a short written response to an upcoming Housing Panel about the extent to which the pressures in the HRA were impacted by the industrial dispute with repairs staff. **(Action: Taryn).**
 - q. The Committee sought assurances in relation to the mitigation given in relation to the saving AHC_24-SAV015: Care Package Review (Quality Review).

- Members raised concerns about the stated mitigation and the implication that provision was being reduced or streamlined. Officers agreed to provide an answer in writing. **(Action: Nathan/Beverley Tarka).**
- r. In relation to a question about capital funding in schools for RAAC works, the Director of Finance advised that she was not aware of any changes to the programme caused by a reduction in the capital budget. The Members were advised that there may be slippages in terms of timescales, but that there was no reduction the programme of works.

RESOLVED

- I. That the significant forecast General Fund overspend and the implications of this for the Council were noted.
- II. That the forecast assumed that the budgeted £5.1m drawdown from reserves takes place was noted. It was noted also, as highlighted in paragraphs 6.6 and 6.7, that there were potential additional, as yet unquantified, risks and an update will be provided in the Quarter 2 report.
- III. That the fact that Council's overall level of reserves were unsustainably low was noted. Re-building reserve levels is a stated medium to long term objective to increase the Council's financial resilience.
- IV. That the Safety Valve programme, relating to SEND pressures, was on track to deliver the agreed priorities this year, was noted.
- V. It was noted that the HRA was forecasting £3.093m less surplus than budgeted for. To consider the actions being taken to mitigate this forecast and what this means for the medium term HRA business plan.
- VI. The Director of Finance's statutory comments in paragraphs 11.1 to 11.2, which highlighted the challenging financial position that the Council was in, and the action required now to develop a long-term sustainable plan, were noted
- VII. That the statutory comments included in the original report to Cabinet were noted.

56. CORPORATE DELIVERY PLAN 2024-2026 PERFORMANCE UPDATE-QUARTER 1

The Panel received a report which provided the first regular update on the Council's progress against the actions outlined in the Corporate Delivery Plan (CDP) 2024-26. The report was introduced by Nathan Pierce, Chief Digital and Innovation Officer as set out in the agenda pack at pages 167-216. Taryn Eves, Director of Finance was also present for this agenda item. The following arose in discussion of this report:

- a. The Panel requested that quarterly finance and performance briefings were restarted with the four scrutiny panel chairs. **(Action: Scrutiny Officer).**
- b. The Panel requested a written response from the Housing service in relation to High Road West and the level of risk that has been identified in relation to Lendlease and not delivering 500 new Council homes on that site. The Panel also requested an explanation of the 51 homes being brought up to Decent Homes Standard (in year) against a target of 700 – the Panel requested information about the reasons behind the delays. **(Action: Philip/Director of Housing).**

- c. The Panel commented that they welcomed the report, it's layout, and welcomed the fact that 64% of performance outcomes were positive. The Panel sought assurances about what the impact on the CDP might be from a worsening financial position. In response, officers advised that the two went hand-in hand and that the budget setting process was there in order to allow the council to deliver on its priorities. It was acknowledged that future budgetary constraints could impact the CDP, but that any risk of this would be set out in future quarterly reports. Any changes to the CDP would need to be agreed by SLT and Cabinet. Officers advised that that Category A programmes were related to savings and that these were monitored monthly through the Change programme. The Chief Digital and Innovation Officer advised that future reports could highlight lines in the CDP that report on savings, that were red or amber. **(Action: Nathan Pierce).**
- d. The Chair suggested that he thought the performance indicators that were red or amber were more likely to be contributing to some of the budget pressures, rather than the other way around. In response, the Director of Finance and the Chief Digital and Innovation Officer agreed to have a discussion outside the meeting and agree how best to reflect performance indicators that were having a budget impact, in future reports. **(Action: Taryn/Nathan).**
- e. The Panel raised concerns with indicators that were red or amber because of having no budget allocated to them. The Panel requested that future reports provide more information about why there was no budget allocated. Officers advised that a similar discussion had taken place at SLT and it had been agreed that this would be amended in future reports. **(Action: Nathan Pierce).**
- f. The Panel requested the future reports better highlight some of the key outputs for the Council, rather than treating all of the 180+ performance lines the same. Members commented that things like the Housing Improvement Plan and housing repairs should have more explanation than some of the less critical indicators. Officers agreed to give some consideration as to how best to highlight the key programmes and providing additional commentary for service areas that have problems but are marked as being green.
- g. The Panel queried the metric around reducing gambling harm and the fact that it was reported as green. Members queried whether anything had been done to measure gambling harm, and the extent to which it had been reduced. If not, why was the indicator reported as being green. Officers agreed to follow up in writing. **(Action: Nathan).**

RESOLVED

That the report was noted

57. WORK PROGRAMME UPDATE & FEEDBACK FROM THE SCRUTINY CAFE EVENT

RESOLVED

- I. That the Committee noted the comments and feedback received from the Scrutiny Survey and the Scrutiny Café consultation event and gave

- consideration to including the priorities raised in developing its work programme.
- II. That the Committee gave consideration to the agenda items and reports required for its next meeting on 25th November.
- III. That the Committee tasked the panels with developing their own work programmes for submission to OSC at its November meeting.

58. NEW ITEMS OF URGENT BUSINESS

N/A

59. FUTURE MEETINGS

- 25 November 2024 (Budget – CSE)
- 12 December 2024
- 20 January 2025 (Budget)
- 27 March 2025

CHAIR: Councillor Matt White

Signed by Chair

Date