MINUTES OF THE MEETING Overview and Scrutiny Committee HELD ON Thursday, 12th December, 2024, 7:00 – 10:00pm

PRESENT:

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

ALSO ATTENDING: Kodi Sprott, Principal Committee Coordinator, Dominic O'Brien, Scrutiny Officer, Taryn Eves, Director of Finance, Jess Crowe, Director of Culture, Strategy and Engagement, Haydee De Souza, Head of Legal, Zoe Robertson, Head of Place

1. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein'.

2. APOLOGIES FOR ABSENCE

There were no apologies for absence.

3. URGENT BUSINESS

There were no items of urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

There were no deputations, petitions, presentations or questions.

6. MINUTES OF SCRUTINY PANEL MEETINGS

To receive and note the minutes of the following Scrutiny Panels and to approve any recommendations contained within:

- Adults & Health – 19th September 2024
- Climate, Community Safety & Environment – 12th September 2024
- Children & Young People – 9th September 2024
- Housing, Planning & Development – 26th September 2024 and 5th November 2024.

RESOLVED

Noted and approved.

7. FINANCE UPDATE QUARTER 2

The Finance Update for Quarter 2 provided a comprehensive overview of the council's financial position as of the end of September. Taryn Eves, Head of Finance and Councillor Carlin introduced the report for this item. Below are key points in regard to this:

The council was experiencing increasing financial pressures, particularly in adult social care and temporary accommodation. These pressures were consistent with trends observed in other London boroughs and across the country. The

projected overspend had risen significantly, with service pressures increasing from £18 million to approximately £29.5 million. Additionally, non-deliverable savings have increased from £2 million to £7.5 million, contributing to the overall budget gap. While adult social care was under significant pressure, children's services had remained relatively stable, which was a positive aspect of the financial update. The council had implemented initiatives to support residents, such as providing grants to low-income households previously entitled to winter fuel payments.

The capital program had experienced a high level of slippage, meaning that not all planned projects were progressing as expected. The council aimed to improve this situation by avoiding including projects in the capital program that could not be delivered. The report highlighted concerns about the trajectory of financial pressures and the need for careful monitoring. The council was committed to ongoing monthly monitoring of high-risk budgets and would use this information to inform future budget-setting processes. The report indicated a significant budget gap projected for future years, emphasizing the need for strategic planning and potential adjustments to services and spending.

The following was noted in response to questions from the committee:

- The council was conducting monthly monitoring of high-risk budgets and was working to tighten financial controls. There was a focus on accurate forecasting and identifying any potential risks early to mitigate overspending.

- The non-delivery of savings would increase the budget gap on a pound-for-pound basis. The council was actively reviewing savings proposals and was committed to ensuring that any savings that cannot be delivered are accounted for in future budget planning.

- While it was difficult to guarantee absolute accuracy, the council had worked to ensure that the forecasts were based on tangible assumptions and data. The focus was on realistic projections, and the council would continue to monitor the situation closely.

- The council was taking into account various external factors, including inflation and market conditions, which could affect service delivery costs. These factors were included in the financial planning process to ensure that the budget reflects the current economic environment.

- The Audit Committee discussed the challenges related to the council's historical audits and the need for transparency in financial reporting. There was a disclaimer on previous accounts due to the lack of audits, but the focus is now on ensuring that future audits are completed in a timely manner.

- The council had set aside contingency reserves to manage unexpected financial pressures. Additionally, there were ongoing reviews of spending to identify areas where costs can be reduced without compromising service delivery.

- The council was developing a medium-term financial strategy that included identifying new savings, enhancing income generation, and exploring “invest to save” opportunities. The aim was to create a sustainable financial plan that addressed both current and future challenges.

The plan for finance in Quarter 2 focused on several key areas to address the council’s financial challenges and ensure effective management of resources.

The council committed to conducting monthly monitoring of high-risk budgets to track spending and identify any potential overspending early. This proactive approach aimed to ensure that any financial issues could be addressed promptly. Efforts were made to identify and implement savings across various departments. This included reviewing existing budgets, contracts, and operational efficiencies to find areas where costs could be reduced without compromising service delivery. The council planned to consider external factors such as inflation and rising costs in its financial planning. This included assessing how these factors could impact service delivery and budget requirements. The council intended to engage with the community to gather feedback on proposed budget reductions and savings. This was part of a transparent approach to decision-making and aimed to ensure that residents’ voices were heard. The council aimed to develop a medium-term financial strategy that would outline its financial framework for the coming years. This strategy was intended to provide a roadmap for achieving financial sustainability and addressing the projected budget gaps. The plan included a careful assessment of reserves to ensure that they were used effectively to manage short-term financial pressures while maintaining a prudent level of reserves for future needs.

Concerns were raised regarding the number of voids within the borough. It was explained that properties could become void for various reasons, including tenant turnover, property repairs, or renovations. In some cases, properties may be left vacant due to issues such as damage or the need for significant repairs. High levels of voids could significantly impact a housing authority’s or landlord’s finances. Each vacant unit represented lost rental income, which could affect overall budget and cash flow. Effective void management strategies were essential to minimize the duration that properties remain vacant. This could include:

  - **Regular Maintenance**: Ensuring properties are well-maintained to attract tenants quickly.
  - **Marketing**: Actively promoting available units to potential tenants.
  - **Streamlined Processes**: Reducing the time it takes to prepare a property for new tenants after a previous tenant vacates.

Housing authorities often tracked voids closely to identify trends and address issues that could lead to prolonged vacancies. Regular reporting on void levels could help in making informed decisions about property management. Understanding the financial implications of voids was important for budgeting and financial planning. Authorities may need to account for potential losses in their financial forecasts.

During the discussion about contingent liabilities in the Finance Update, the following key points were made. The council had some property-related contingent liabilities, which were associated with its commercial portfolio and operational estate. These liabilities may arise from leases or other agreements where the council could be responsible for repairs or other costs. The report highlighted that contingent liabilities represented a risk to the council's financial position. If the likelihood of these liabilities materializing increased, they may need to be accounted for as provisions in the budget, which would require setting aside funds to cover potential costs. The council was committed to monitoring these contingent liabilities closely. The aim was to ensure that any significant risks are identified early and that appropriate measures are taken to manage them effectively. The presence of contingent liabilities could impact the council's budgeting process. If certain liabilities become more likely to materialize, it could lead to increased costs and affect the overall financial stability of the council.

Actions from discussion:

- Officers to bring back examples of capital projects that had finished and demonstrate whether it was self-financing.
- On the capital forecast, members used to get tables that would tell us how much of the capital spend impacted on the revenue account, the committee would like figures on that.
- in the report housing benefit overspend in housing benefit administration, what has caused this?

8. SCRUTINY OF THE 2025/26 DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2025/2030 - SAVINGS TRACKER

Jess Crowe discussed the Savings Tracker and digital transformation during the meeting. She explained that the savings related to digital transformation had been reprofiled and allocated to individual directorates to encourage engagement and ownership of the savings targets. Specifically, she mentioned a saving of £145,000 related to the replacement of the Respond system, which is used to manage member inquiries, complaints, and Freedom of Information requests.

She noted that the current Respond system which was used to manage member inquiries, complaints, and Freedom of Information requests was outdated and inefficient. The plan was to replace it with a new system that is not only cheaper but also offers better automation for various processes. She acknowledged that the implementation of this saving had slipped but expressed confidence that it would be delivered in the subsequent financial year, thanks to mitigations being identified in other systems used by her directorate. Overall, she emphasized the importance of a structured approach to digital transformation, which includes developing a roadmap for each directorate to ensure that savings are achievable and that there is accountability for delivering those savings. There would be an all-member briefing organized to discuss the digital transformation and changes within the digital service. This briefing would provide an opportunity for all councillors to ask questions and learn more about the new approach to digital services, including the plans for replacing the Respond system.
The briefing aimed to ensure that members were informed about the digital transformation efforts and the improvements being made to enhance service delivery and efficiency. Jess emphasized the importance of this communication to keep all members updated and engaged in the digital transformation process.

Contracts review –

During the discussion on the contracts review, it was noted that there was a target of £250,000 in savings, but this was marked as a red risk in the savings tracker. Taryn explained that this saving was initially included in the budget without a clear plan for how it would be delivered. As a result, it was determined that the saving would not be achieved this year.

Taryn indicated that the approach taken for this saving was similar to that of the digital transformation savings, where the responsibility for delivering the savings was expected to be passed on to various directorates based on their contract spending. However, since the directorates were already struggling to meet their own savings targets, Taryn decided to look for alternative savings within her own directorate instead.

The discussion highlighted the need for a more structured approach to managing contracts and identifying savings, as well as the importance of ensuring that any savings targets set are realistic and achievable. The red status indicated that the saving was unlikely to be delivered, and Taryn planned to incorporate this shortfall into the overall budget gap for the upcoming year.

Open banking –

The discussion on open banking being marked as a red risk indicated that the projected saving of £300,000 related to open banking was deemed unachievable. Taryn explained that this saving was based on the expectation of reducing bank charges by shifting to open banking methods for payments, which would not incur the same fees as traditional card payments. However, after reviewing the current situation, it was found that the level of bank charges was not as high as anticipated when the saving was initially proposed. As a result, Taryn stated that the saving could not be realized in its current form. She emphasized the importance of being honest about this situation rather than continuing to carry it forward as a target that could not be met.

Taryn mentioned that she would need to find alternative savings to offset the £300,000 shortfall created by this unachievable saving. The discussion highlighted the need for realistic assessments of savings proposals and the importance of identifying viable alternatives to ensure the budget remains balanced.

Recommendation – the committee acknowledged and noted that this would not be achievable.

Additional commercial advertising opportunities and covert static advertising to digital –

During the discussion on advertising target savings, it was noted that there were two specific savings targets related to advertising: one for additional commercial advertising opportunities and another for moving advertising to digital platforms. Both of these targets were marked as red risks.

The initial savings targets were considered optimistic and had not been met. The advertising income from these initiatives had not materialized as expected, primarily due to challenges in identifying viable opportunities and generating the anticipated revenue. To address this, the team had commissioned a piece of work to look at income generation across the council in a more coordinated manner. Instead of individual services working in isolation to meet their advertising income targets, the plan was to consolidate efforts and explore advertising opportunities across various departments and assets of the council.

The discussion emphasized the need for a more strategic approach to advertising income generation, recognizing that simply expanding existing advertising arrangements might not be sufficient. The aim was to develop a comprehensive strategy that would allow for better utilization of council assets for advertising purposes, ultimately leading to more sustainable income generation in the future. One specific example raised was that to improve income generation for libraries, it was necessary to improve the booking system.

The mitigations that the team were trying to put in place to manage the overspend was looking at staffing and reducing the number of agency staff.

Recommendation – mitigations in the term of trying to find the money from that position rather than the actual savings that have been identified in the report.

CE SNR savings –

This referred to the restructure that the Chief Executive had been carrying out, there had been a consultation to make permanent savings and changes to senior management. That consultation is now closed, and the restructure would go ahead as proposed.

Recommendation – The committee understood that this would be reprofiled, there would be different descriptions of the savings and that would be around the different posts. An Iteration of this would be done for the next tracker.

Application and infrastructure review –

The team had been doing a piece of work with an organisation called Gartner, who provided advice on benchmarking and looked at contracts. The team were confident that they would meet that savings target. This was projected to be delivered but hadn't been realised yet.

Recommendation - Note that it is amber and heard the plans are in place for this to materialise.

Reduce library opening hours –

During the discussion on reducing library opening hours, it was noted that there was a target saving of £675,000 associated with this proposal. However, the projection indicated that only £175,000 would be delivered, resulting in a shortfall of £500,000. Jess explained that the saving was intended to come from reducing the hours that libraries were open, which would subsequently lower staffing costs. However, the implementation of this saving had faced delays due to the need for staff consultations and the restructuring process.

Despite the shortfall, it was mentioned that the library service had been able to mitigate some of the financial pressure by holding vacancies and managing staffing levels more effectively. The representative expressed confidence that the restructuring would allow for the delivery of the full savings in the following financial year. Additionally, it was highlighted that the decision to reduce opening hours was part of a broader strategy to ensure the sustainability of library services while still providing access to the community. The conversation emphasized the importance of balancing cost savings with the need to maintain service quality and accessibility for library users.

Replace 3 PO3 team leader posts with two PO5 posts –

During the discussion on reducing PO3 roles, it was mentioned that this was part of a broader effort to achieve savings within the organization. The representative explained that the reduction of these roles was linked to the restructuring process aimed at streamlining operations and improving efficiency.

The conversation highlighted that the decision to reduce PO3 roles was made in the context of needing to manage budget constraints while still ensuring that essential services could be delivered effectively. It was emphasized that the restructuring would involve careful consideration of how to maintain service levels despite the reduction in staffing. Jess also noted that the impact of these reductions would be monitored closely to ensure that any potential negative effects on service delivery were addressed promptly. Overall, the focus was on achieving necessary savings while still prioritizing the quality of services provided to the community.

Events income increases –

During the discussion on events income increases, it was noted that there was an effort to generate additional income from events held in the parks, particularly outside of Finsbury Park. The goal was to diversify the types of events and activities offered in various parks to attract more visitors and generate revenue. It was mentioned that a new Parks Events Officer had been recruited to help facilitate this initiative and to develop a program of events that could be held in the parks. The focus was on creating smaller community events that would not only enhance the use of the parks but also provide opportunities for local engagement.

Officers acknowledged that Finsbury Park had been the primary focus for events due to its popularity and transport links, but there was a desire to promote other parks as well. The strategy included working with local community groups and the Friends of the Parks to ensure that events were well-received and aligned with community interests. Overall, the discussion highlighted the importance of increasing events income as a way to support the parks financially while also enhancing community involvement and enjoyment of the green spaces

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Customer service and library service review –

During the discussion on the customer service and library service review, it was noted that this was a historic saving that had been included in the budget for a couple of years. The savings were related to a small team that supported service improvement work in customer services and were intended to be achieved through a minor management restructure. Officers explained that the library service had successfully delivered its part of the savings by integrating the home library service into the main library management structure, which streamlined operations and reduced costs. However, the customer service aspect of the savings had not yet been fully realized.

It was indicated that the two savings targets were somewhat intertwined because they were originally part of the same directorate. The representative acknowledged that while the library savings were on track, the customer service savings were still pending and would require further updates from the customer services team. Overall, the discussion highlighted the need for ongoing monitoring and management of these savings to ensure that both the library and customer service areas could meet their financial targets while continuing to provide quality services to the community.

Additional library income opportunities –

During the discussion on additional library income opportunities, it was noted that the library service was exploring various ways to generate more revenue. The focus was on leveraging the improvements made to library facilities and services to attract more users and increase income. The library service had identified potential income streams, such as renting out spaces for events or activities, offering paid workshops, and enhancing the marketing of existing services. The aim was to maximize the use of library resources and facilities to create additional income without compromising the accessibility and quality of services provided to the community.

It was also highlighted that the library service had been proactive in holding discussions with staff and stakeholders to gather ideas and feedback on how to effectively implement these income-generating strategies. The representative expressed optimism about the potential for increased income through these initiatives, which would help support the library's operational costs and contribute to its sustainability. Overall, the conversation underscored the importance of innovation and community engagement in identifying and capitalizing on additional income opportunities within the library service.

New river –

During the discussion on New River Sports and Leisure, officers mentioned that there had been a focus on generating income through various initiatives at the facility. The conversation highlighted that the centre had been successful in increasing participation and diversifying its offerings, which contributed to a net cost reduction of £53,000.

Officers explained that part of the income generation strategy included improvements in energy efficiency, such as switching to LED lighting, which would help reduce operational costs. Additionally, they emphasized the importance of maximizing the use of the facility to attract more visitors and events. The overall message was one of optimism regarding the potential for continued income generation at New River Sports and Leisure, with plans to further enhance the facility's offerings and improve its financial performance in the coming years. Officers expressed confidence that these efforts would contribute positively to the budget and help meet the council's financial targets.

9. UPDATE FROM THE DIRECTOR OF FINANCE

Taryn Eves, Head of Finance provided a comprehensive overview of the financial situation and budget planning for the council. Below is a summary of her update.

Taryn emphasized the importance of the MTFS, which outlines the financial framework for the next five years. The intention is to present this strategy earlier in the year (in July) to set the foundation for the budget-setting process. The Director reported that the budget gap for the upcoming year (2025-26) had increased significantly. Initially projected at £14 million, it was now estimated to be around £50 million due to rising pressures in adult social care, children's services, and housing. The council was actively working on identifying savings proposals to address the budget gap. A total of £18.8 million in proposals had been put forward for public consultation, which would close on January 5. The feedback from this consultation would be reviewed in January.

She acknowledged that the financial landscape was challenging, with low reserves and significant pressures on services and highlighted that the council's reserves are currently at low levels, which posed a challenge for financial sustainability. This situation limited the council's ability to use reserves as a buffer against financial pressures. She mentioned that there were different types of reserves, including committed reserves and risk reserves. Committed reserves were those that had been earmarked for specific purposes, while risk reserves were set aside to manage uncertainties and potential financial risks.

She indicated that there would be a review of the reserves to determine if any of the committed reserves could be utilized to help address the current budget challenges. This review aims to assess whether some of the older reserves, which may no longer be relevant or needed, could be released for use. She stressed the necessity of maintaining a prudent level of reserves to ensure the council can respond to unexpected financial challenges in the future. Exhausting reserves completely would undermine the council's financial stability and ability to operate effectively.

The conversation about reserves was tied to the broader theme of long-term financial planning. She emphasized that while it might be tempting to use reserves to cover immediate budget gaps, it is crucial to plan for the future and ensure that reserves are available for unforeseen circumstances. The need for careful monitoring and management of budgets was emphasized, particularly in light of the risks associated with delivering the proposed savings.

She mentioned that the government had announced additional funding for local authorities, but it was uncertain how much of this would benefit Haringey specifically. The provisional local government finance settlement was expected to be published soon, which would provide more clarity on funding allocations. She highlighted the importance of long-term planning and the need to address not just the immediate budget gap but also the projected cumulative budget gap of £132 million by 2029-30. This required a focus on sustainable financial management and exploring invest-to-save opportunities.

She expressed a commitment to engaging with stakeholders and ensuring transparency in the budgeting process. This included working closely with various departments to identify savings and improve financial performance. She highlighted that simply cutting costs would not be sufficient to address the budget gap. There was a need to explore invest-to-save opportunities that could help reduce future demand pressures, particularly in areas like adult social care and children's services.

The discussion underscored the idea that investing in certain services or programs could yield significant savings over time. For example, initiatives aimed at preventing homelessness or supporting individuals to live independently could reduce the costs associated with emergency services and long-term care. She mentioned that the council was actively looking at potential invest-to-save projects and how these could be integrated into the budget planning process. This involved assessing the feasibility and potential return on investment for various proposals. There was an emphasis on the need for collaboration between different departments to identify opportunities for invest-to-save initiatives. By working together, the council could leverage resources and expertise to maximize the impact of these investments. She stressed the importance of monitoring the outcomes of invest-to-save initiatives to ensure that they deliver the expected benefits. Establishing clear metrics for success would be crucial in evaluating the effectiveness of these projects.

10. NEW ITEMS OF URGENT BUSINESS

There were no new items of urgent business.

11. FUTURE MEETINGS

The date of the next meeting is 20th January 2025.

CHAIR: Councillor Matt White

Signed by Chair ………………………………..

Date …………………………………