

MINUTES OF MEETING OVERVIEW AND SCRUTINY COMMITTEE HELD ON THURSDAY, 23RD JANUARY, 2020.

PRESENT:

Councillors: Lucia das Neves (Chair), Pippa Connor (Vice-Chair), Erdal Dogan, Adam Jogee, Khaled Moyeed, Luci Davin, Yvonne Denny and Lourdes Keever

ALSO ATTENDING:

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

Apologies for absence were received from Mark Chapman.

3. URGENT BUSINESS

There were no items of urgent business.

4. DECLARATIONS OF INTEREST

Cllr Moyeed declared an interest in relation to the Scrutiny Review into Wards Corner as he provided legal advice to market stall traders at the site.

5. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

None

6. SCRUTINY REVIEW ON SEND

The Committee considered a Scrutiny Review into Special Education Needs & Disability (SEND). The report was introduced by the Chair of the Children's Panel, Cllr Dogan. Sue Leveson, a local parent carer representative who gave evidence to the review, was also in attendance. The Chair invited Sue to speak to the Committee. The following points were noted:

- a. Ms Leveson commended the report and advised that she welcomed the fact that the whole process was very inclusive and that it was clearly visible how the evidence had informed decision making. It was suggested that a similar approach would hopefully be undertaken in regards to co-production.

- b. Ms Leveson advocated that in the spirit of co-production, parents should be further involved with the monitoring of the review's recommendations.
- c. It was suggested that 3 tranches were ear-marked for co-production but this always seemed to be something that would take place at an unspecific point in the future. Ms Leveson disputed that the 3 phases of co-production had taken place. Officers advised that the process had been completed and that co-production opportunities did take place. Ms Leveson suggested that parents had not been fully involved. The Chair of the Children's Panel advised that he would look into these concerns and the wider issue of co-production at an upcoming panel meeting. **(Action: Cllr Dogan).**

RESOLVED

That the Committee approved the report and its recommendations and that it be submitted to Cabinet for response.

7. TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

The Committee scrutinised the Treasury Management Strategy Statement (TMSS) 2020/21 prior to its submission to Corporate Committee and Full Council for approval. The TMSS and covering report were introduced by Thomas Skeen, Head of Pensions, Treasury & Chief Accountant. The following arose in discussion of this report:

- a. The Committee sought reassurance around whether the TMSS was benchmarked against other local authorities. In response, officers advised that quarterly updates were provided to Corporate Committee and that benchmarking was undertaken with Arlingclose as part of this. In general, Haringey tended to adopt a lower risk profile for its investments than many other local authorities. In response to a follow-up question, officers advised that borrowing levels of around £400m were broadly average whilst £34m in investments was relatively low.
- b. The Committee also sought assurance around what the main driver/s were for the growth in borrowing needs. In response, officers advised that the biggest factor was the increase in the HRA in order to fund investment in housing stock. However, other significant areas of capital spend included schools, highways and street lighting. The other significant issue driving higher borrowing costs was the end of the MRP holiday and the basis for calculating that cost.
- c. In response to a question around the revenue costs of the level of capital investments, officers advised that the gross position in the General Fund in 2023/24 was around £33.6m but that a number of these were self-financing savings, which reduced the net position to around £21m.
- d. The Committee enquired whether officers were comfortable with the interest and other additional borrowing costs brought about by a substantial increase in borrowing in order to fund these capital projects. In response, officers acknowledged the impact of borrowing on the revenue budget and advised that the implications of servicing that debt were factored into the MTFS as part of the budget setting process. Officers acknowledged the need to continue to monitor the costs of borrowing and ensure ongoing affordability.

- e. In relation to the HRA, it was noted that this was slightly different as the expansion of housing stock also created additional revenue through rent payments. Officers advised that a HRA business plan had been developed which clearly set out these implications and the fact that this was a sustainable investment. The HRA business plan was due to be considered by Cabinet in February.
- f. OSC requested that it receive regular updates on the delivery of the capital programme. **(Action: Thomas Skeen)**

RESOLVED

That the proposed updated Treasury Management Strategy Statement for 2020/21 was scrutinised and comments made prior to its presentation to Corporate Committee and Council for approval.

8. CABINET MEMBER QUESTIONS - CABINET MEMBER FOR FINANCE AND STRATEGIC REGENERATION (FINANCE PORTFOLIO)

The Committee undertook a verbal question and answer session for noting with the Cabinet Member for Finance and Strategic Regeneration on his portfolio. The following arose as part of the discussion during the Q&A session.

- a. The Committee sought the Cabinet Member's insight into the High Streets agenda. In response, the Cabinet Member advised that the administration was working with the local traders in Wood Green and Turnpike Lane to ensure that businesses were engaged with and there was a joined up approach to parking, for example, in order to encourage vibrant high streets. The Cabinet Member advised that this issue was within Cllr Bull's portfolio.
- b. In response to a follow up question around the two hour parking window in Muswell Hill and how the administration could offset the need to encourage business in the Borough with the declaration of a climate emergency and its active travel plans. The Cabinet Member acknowledged these concerns and commented that it was a complicated issue and suggested that elderly or infirm residents needed to be able to access shops and services. The Cabinet Member agreed that further encouragement of hybrid or electric vehicles was needed along with improving cycling provision in the Borough.
- c. The Committee sought assurances about what was being done as part of the Community Buildings review. In response, officers advised that this was part of Cllr Blake's agenda but that a report to Cabinet was being developed which would set out the administration's proposals in relation to this issue. In regards to the likely financial implications of this report, the Cabinet Member assured the Committee that the report would address the issue of circular funding as well as the likely budget implications. The Chair commented that Cllr Blake was due to attend the next OSC and suggested that these questions could be put to him then.
- d. The Committee enquired as to whether a review had been undertaken into the impact of removing the £10k ward budgets, particularly in terms of supporting community groups. The Clerk agreed to put this question in writing to Cllr Blake. **(Action: Clerk).**
- e. The Committee sought assurance around what level of engagement with businesses in Hornsey and other parts of the borough outside of Wood Green

and Turnpike Lane had been undertaken in respect of the High Streets agenda. Cllr Adje agreed that he would come back to the Committee with details of how the west of the Borough was represented through the Haringey Business Alliance. It was noted that there was a Tottenham representative on this group. **(Action: Cllr Adje).**

- f. In response to a request for the Cabinet Members thoughts on Wards Corner, the Cabinet Member outlined that this was a complicated issue that had been going on for 20 years. The Cabinet Member advised that the site was owned by TfL and that there were a number of concerns around the building and Health and Safety at the site. Due to these concerns, the Management Company and TfL had agreed to close the market. The Committee was advised that the Council had a very limited role in the site and that its role was limited to regulatory oversight and agreeing licences etcetera. The Cabinet Member also highlighted that the Council had entered into a CPO with Grainger over the site and that the Council would be liable if it walked away from the agreement.
- g. In response to a question around the impact of rent increases on traders at Wards Corner for the proposed replacement market, the Cabinet Member acknowledged these concerns and advised that this was a concern for all business but advised there had been a guarantee that there would be limited rent rises over the next three to five years. The Committee also noted that Business Rates were set by the government.
- h. In relation to concerns about any potential disparity in parking regulations between Muswell Hill compared to Turnpike Lane, the Cabinet Member clarified that the restrictions for Muswell Hill did not include free parking, merely just a two hour time limit in order to encourage short duration trips.
- i. The Committee commented on the building next to Muswell Hill Library and its use as a hub for start-ups and small businesses, and questioned the potential conflict between supporting this and using the site for alternative uses such as housing. In response, the Cabinet Member agreed to come back to the Committee with options for the site and some thoughts on potential conflicts. **(Action: Cllr Adje).**
- j. In response to a question around the rising financial costs involved with Osbourne Grove, the Cabinet Member advised that this was due to the revised plans for capital investment at the centre.
- k. In response to a question around identifying some of the biggest risks within the budget, the Cabinet Member advised that the biggest risk was around non-delivery of savings.
- l. In relation to a question on whether the strategic priorities of the administration were reflected in the budget, the Cabinet Member confirmed that this was the case and highlighted the recruitment of key officers to deliver the Council's housing targets as an example.
- m. In relation to a question about equalities considerations within the budget setting process and how the most disadvantaged residents were protected, the Cabinet Member highlighted the Council Tax Reduction Scheme as a relevant example. The Cabinet Member also set out that Cabinet were due to approve a 200-300% Council tax band for vacant properties. The Cabinet Member also set out that significant work had gone into closing a £4m+ budget gap down to £600k and that this had clear implications on being able to deliver services.
- n. The Committee sought further information around the administration's progress in relation to brining vacant properties back into use. In response, the Cabinet

Member suggested that around 1000 properties had been brought back in to use but he would check the exact figure and whether this related to privately-owned or Council properties. **(Action: Cllr Adje).**

RESOLVED

Noted

9. SCRUTINY OF THE 2020/21 DRAFT BUDGET/5 YEAR MEDIUM TERM FINANCIAL STRATEGY (2020/21-2024/25) - RECOMMENDATIONS

** Clerk's note – Cllr Connor, as the Chair of Budget Scrutiny, Chaired the meeting for agenda item 9.**

The Committee received a copy of the draft 5 year Medium Term Financial Strategy (2020/21 – 2024/25) along with a covering report which set out how the budget proposals had been scrutinised and also included the draft recommendations that had been proposed by the individual Scrutiny Panels. Members of the Committee were asked to consider and agree recommendations contained within this report so that these could be considered by Cabinet on 11 February 2019, along with the final MTFS proposals that would be put to Council on 24 February.

The report was introduced by Frances Palopoli, Head of Corporate Financial Strategy and Monitoring and Jon Warlow the Director of Finance, as set out in the addendum reports pack at pages 1-304. The Committee also received a late paper which set out additional information received by the Adults and Health Scrutiny Panel on the budget reductions proposals. This report was included for information purposes. The following arose during the discussion of the draft Budget/MTFS:

- a. The Director of Finance set out the headline position for the General Fund and advised that this contained a lower amount of budget reductions than was envisaged a year ago. The Committee noted that the proposals included growth in budgets for key areas and that Adults in particular still required further budget growth to meet current demands.
- b. The budget contained the maximum 1.99% increase in Council Tax as well as 2% increase in the Adult Social Care Precept
- c. The Committee was advised that there was still a budget gap of £0.6m from the December report. The gap was characterised as being relatively small and the Director of Finance advised that the shortfall would be made by changes to corporate and technical services and the Committee was assured that there would be no impact on front line services. The Director of Finance highlighted that the budget gap of £600k compared favourably with the £7m shortfall in last year's budget position.
- d. The Director of Finance highlighted ongoing concerns around the recovery plans for the Dedicated Schools Grant and acknowledged that this was very challenging position that was being felt across local government.
- e. The Budget proposals for the HRA set out an increase in Council rents of the rate of CPI inflation plus 1%. The Committee was advised that further detail on the HRA business plan would be included in February budget paper to Cabinet.
- f. The Chair of Budget Scrutiny welcomed the overview given by officers on the budget and requested that further detail be provided in Section 5 of the report

as part of future budget scrutiny reports, both to the Panel and the main Committee. The Chair of Budget scrutiny highlighted the information that was included in the late handout as a template of the type of information to include in future, including information on the current position on un-earmarked and earmarked reserves.

- g. The Committee sought further assurance around the DSG recovery plan and queried how important further engagement with OSC was on this issue. In response, officers reiterated that this was a particularly challenging area and welcomed the fact that local authorities were pushing back to the Government on education funding. Officers also acknowledged that this maybe something that OSC would like to receive further information on going forwards.
- h. In response to a question on what modelling had been done on the impact of rent increases, officers advised that previous decisions to freeze rent increases had a significant impact on the availability and quality of housing stock. Officers also set out that the Council was about to enter in to its third year of a pooled business rates arrangement across London and the amount available to retain by the Council had changed again for the third year.
- i. In response to a question around increased borrowing costs from the PLWB, officers advised that they were continuing to explore alternative sources of borrowing, including more loans from other local authorities. Officers advised that there was no immediate pressure to find alternative sources but that they would do so when it was considered prudent.
- j. In response to a question around the main driver for increased Council Tax Receipts, officers advised that this was calculated on the basis of increased numbers of residential and commercial properties being built and the corresponding increase in Council Tax and Business Rates being collected.
- k. In response to a question, officers advised that they were comfortable with the levels of borrowing set out and advised that the five-year time frame for the MTFS made it look more dramatic. However, this also provided a long term view and was beneficial in terms of budgeting for those increased borrowing costs.
- l. In relation to fees and charges and the level of income generated, officers advised that these provided an increasingly important contribution to the Council's budget of around £17/18m and the level of reliance on income from this was unlikely to change in the near future.
- m. The Committee sought assurances about the level of reserves and whether there was a budget resilience reserve in place for 2020/21. Officers advised that the £7m resilience reserve would remain in place for next year and advised that the setting of this was proportionate to the level of risk. Last year's budget assumption required a £5m draw down from reserves to balance the budget. Officers set out that the £15m earmarked reserves would remain the same and that they were confident in the overall level of reserves as well as the budget resilience reserve.
- n. The Chair of Budget Scrutiny requested that future budget scrutiny reports to both Panels and the main Committee include the following information (**Action: John Warlow**):
 - Comment by finance officer on MTFS savings over 5 years
 - Pressure on the Councils budget – as per table produced by Adults under Late Business item 4th table, headed Policy Growth.

Also Total growth (new grants etc.).

- Actual savings both new and ongoing for each of the five panel areas (so Children's, Adults, Environment etc.)
- Information on Budget reserves both Earmarked and Un-earmarked
- An account of the position of the Housing and Revenue Account
- Any particular pressures on the Councils position – for instance DSG
- Comment by finance officer on overall Capital budget over the five year MTFS
- Actual capital budget spend within each of the panel areas, both new and ongoing high level information (see revenue point 4)
- Include Capital budget (on page 46 at 3.3 and 3.2, 3.3 and 3.4 within Treasury Management report item).
- Include Revenue Budget Implications already stated within TMR page 64 at section 12, 12.1 to 12.3 – include table.

The following comments and amendments to the draft Budget Scrutiny recommendations were put forward by the Committee:

- a. EC08 Outdoor Media – The Chair of the H&R Panel advised that the recommendation should be changed to reflect that adequate assurance had been received around the type of companies that could be permitted to use the advertising space.
- b. There were no changes proposed to the recommendations put forward by the Environment and Community Safety Panel in relation to Place.
- c. There were no changes proposed to the recommendations put forward by the Children and Young People's Panel.
- d. There were no changes proposed to the recommendations put forward by the Adults and Health Panel.
- e. There were no amendments proposed to the recommendations proposed to Your Council.

The Chair reiterated that during future Budget Scrutiny sessions, OSC should be provided with information on the year-on-year position for savings proposals across the current MTFS period as well as the year-on-year ongoing position of the implementation of capital projects across each of the priority areas, in order to allow OSC to track the rolling position rather than just the new proposals. The Committee also requested that they would like to receive the MTFS savings tracker that was submitted to Cabinet as part of future budget scrutiny papers. **(Action Jon Warlow).**

RESOLVED

That the Overview and Scrutiny Committee:

- I. Agreed the final budget recommendations to be put to Cabinet on 11 February 2020, following consideration of recommendations arising out of the budget scrutiny process, as set out in Appendix A of the report.
- II. Considered the additional information, attached at Appendix B of the report, requested during the December/January round of budget scrutiny meetings;

- III. Noted the budget information and capital schemes proposals, attached at Appendix C of the report, considered by Scrutiny Panels and the Overview and Scrutiny Committee in December 2019/January 2020;

10. NEW ITEMS OF URGENT BUSINESS

N/A

11. FUTURE MEETINGS

12th March 2020

CHAIR: Councillor Lucia das Neves

Signed by Chair

Date