

# **MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON THURSDAY 13TH JANUARY 2022, 7.00pm - 10.00pm**

## **PRESENT:**

**Councillors: Khaled Moyeed (Chair), Pippa Connor (Vice-Chair), Dana Carlin, Makbule Gunes and Matt White**

### **36. 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'.

### **37. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Yvonne Denny, Anita Jakhu, KanuPriya Jhunhunwala and Lourdes Keever.

### **38. URGENT BUSINESS**

None.

### **39. DECLARATIONS OF INTEREST**

None.

### **40. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS**

None.

### **41. SCRUTINY OF THE 2022/23 DRAFT BUDGET / 5 YEAR MEDIUM TERM FINANCIAL STRATEGY (2022/23-2026/27) - YOUR COUNCIL**

The meeting was chaired by Cllr Pippa Connor.

Susie Faulkner, Interim Director for Customers, Transformation & Resources, introduced the report for the scrutiny of the 'Your Council' section of the 2022/23 draft budget and the Medium Term Financial Strategy for 2022/23-2026/27. She explained that the 'Your Council' section covered all the enabling and support services for the rest of the Council. This included digital, human resources, customer services,

revenues and benefits, strategy and communications. She also informed the Committee that the financial pressures were challenging, particularly in Corporate Services, and that the growth bids were relatively modest, reflecting overall demand from Council services.

In terms of the financial approach to Your Council, Frances Palopoli, Head of Finance for Strategy & Your Council, explained that there was a considerable change agenda to address but also a need to align this to the new Borough Plan. Around £10m had been set aside into the strategic budget planning reserve the previous year in order to allow more time to embed that thinking. It was important to note that pre-agreed savings of £12m were already planned for next year. The aim of this budget cycle was to build a sustainable Council and to address longer-term requirements through new growth.

Asked by Cllr Connor for further details of the £11.8m of budget growth highlighted in paragraph 5.3 on page 3 of the agenda pack, Frances Palopoli said that this was broadly from additional expected government funding to local authorities. This would be ongoing funding, whereas the £10m set aside in the strategic budget planning reserve could only be used on a one-off basis. Cllr Connor noted that paragraph 1.13 on page 11 of the agenda pack referred to a forecast application of £4m of reserves for 2023/24. Frances Palopoli explained that it was assumed at this stage that it would be necessary to use £4m from the strategic budget planning reserve to balance the budget in that year.

Cllr Connor asked for further explanation of paragraph 7.1.3 on page 24 of the agenda pack which stated that *“the forecast base budget pressure has increased by £5m compared to Qtr1 and now stands at £10.2m.”* Frances Palopoli said that additional pressure reported in Quarter 2 compared to Quarter 1 was mainly from the two social care service directorates (Adults and Childrens) and this is why most of the £11.8m of additional growth was allocated to those two areas. This was mainly base budget pressures but also partly due to the ongoing impact of Covid. In Your Council there were some one-off pressures but these were considerably less than the pressures in Adults and Children’s services.

Cllr Connor asked about the savings slippages referred to in paragraph 7.11.3 on page 30 of the agenda pack. Frances Palopoli said that, while the financial planning was always as realistic as possible, some slippages occurred due to unforeseen circumstances, for example on the Digital Together project. Susie Faulkner added that Digital Together had been particularly difficult to work on during Covid as it involved working with services on their back-office functions in order to realise savings. The capacity of services to work on this while responding to the pandemic had led to a slippage on the expected savings. Moving forward it would be necessary to identify new and changing priorities associated with Digital Together and the expansion into a wider digital transformation in areas such as automation and data integration to better

inform targeted investment and the management of demand. She felt that it was realistic to meet the savings target albeit with slippage from this year to next year. Cllr Chandwani, Cabinet Member for Customer Service, Welfare and The Public Realm, emphasised that the project was not about cuts to services but about bringing the Council up to date and moving away from outdated practices such as payments by cheque which would save money. She added that this was a 3-year programme which was only 9 months in so far and there was a £3m capital spend attached to it as investment was required to realise the savings. Susie Faulkner added that it was essential to release money through efficiency programmes such as this in order to be able to meet growth demands on the Council in other areas.

### Revenue Growth

The Committee then looked at the descriptions of revenue growth items on page 57 of the agenda pack. Asked by Cllr Connor about revenue growth in relation to the item on the running of local Council elections, Susie Faulkner explained that it was a request for one-off growth in the revenue budget to cover the costs of polling stations and provision of equipment/communication materials in an election year. This would then be removed from the revenue budget the following year when there was no election. The ask was for £500k in 2022/23 but for £550k in 2026/27 due to the expected growth in costs. Asked how these additional costs were to be met, Frances Palopoli said that this would come from the expected budget growth discussed earlier in the meeting. While government funding was provided for national elections, local authorities were required to fund local elections themselves. Cllr White queried the use of the phrase “growth proposals” in relation to this item as the costs of running elections were predictable with the dates known well in advance. Susie Faulkner said that this was because it was not part of the base budget as the funds were not required every year. Frances Palopoli agreed that the costs were well known in advance and said that this was the preferred way of presenting the budget requirements for this but acknowledged that it should have also been included in the previous year’s MTFS.

Cllr Connor asked why new funding was provided for legal services under the back office statutory functions item, while the Committee had previously scrutinised cuts to legal services which were still being implemented. Susie Faulkner said that areas with reductions agreed in previous years had been revisited and that the new monitoring officer agreed that there was a good case to retain a post that had previously been removed. Part of this decision was based on the benefits of the Council growing its own legal resources and delivering posts in-house in an area where there could be a lot of churn. Having re-evaluated the proposal it was now felt that the saving was not achievable and so funds had now gone back into that area. It was also considered necessary to increase investment in information governance given the rising levels of cyber threat and the need to keep data secure.

Cllr Carlin asked whether admin services to Legal were being cut. Cllr Davies, Cabinet Member for Employment, Skills and Corporate Services, added that the previous cuts had led to more qualified staff carrying out admin tasks or work being outsourced. There had now been a shift in policy and by increasing the number of in-house staff this would help to head off the need for such outsourcing in future. Cllr Connor asked whether item YC106 (Reduction in Legal Services Support) on the agreed savings tracker was now being removed, Susie Faulkner said that this was an existing savings commitment that remained in place but that the new growth proposal would reset the way that legal services were provided in line with the recommendations of the current monitoring officer. This included the provision of apprentices who would provide some of the lower-level legal administrative support.

Asked about what the £100k growth proposal on residents & communities and participation would involve, Susie Faulkner said that there was recognition that better communications with residents had been developed during the pandemic so this proposal aimed to maintain that engagement in the longer-term and develop this throughout the organisation. Asked by Cllr White for more detail on how the new money would be spent, Susie Faulkner said that the intention was to develop skills across the Council, an enhanced ability to co-produce and increase participation of seldom heard voices and communities. Cllr Connor commented that this was an area of particular interest for Councillors and suggested that this could be explored further by the Committee, perhaps with some specific examples of engagement, at a later date. **(ACTION)** It was noted that Claire McCarthy, AD for Strategy & Communications, and Jean Taylor, Head of Policy, were currently developing some specific proposals in this area. Claire McCarthy informed the Committee that she would be happy to provide a briefing for Members on this topic if required.

### New Capital Proposals

The Committee then looked at the new Capital proposals on page 59 of the agenda pack. Cllr Chandwani commented that the language on this page contained too much jargon in her view and that an updated version had been produced. It was agreed that the updated version would be provided to the Committee. **(ACTION)**

Susie Faulkner said that part of the new capital proposals concentrated on improving the customer journey and experience by making digital services easy, straightforward, quick and intuitive to use. Digital services should be an 'always-on' service that people can access out-of-hours while releasing capacity from Council officers to focus on the interactions that require a human being to resolve.

With regards to the proposal on the data centre, Susie Faulkner explained that the current data centre was in River Park House and that this was about supporting a move to a cloud-based approach which would reduce carbon emissions, improve cyber security and save physical space.

Asked by Cllr Carlin about the need to improve and redesign the Council's website, Susie Faulkner agreed with this and said that this was part of the proposal on web and self-service projects. This would include looking at how people access the Council's website and how to improve that experience and make it more straightforward.

Asked by Cllr Carlin about the need to back-up and secure data, Susie Faulkner said that this was recognised and that the purpose of transitioning to a cloud-based provider was that they have a high level of expertise in doing this. Paul Dooley, Chief Information Officer, added that the Council already did a lot of work on cyber security, had been through audit and check processes and had the ISO standard which not many local authorities had. The Council already used cloud-based providers for most of its applications, but a data centre was still needed for some functions.

Cllr Gunes commented that all five of the new capital proposals involved borrowing to invest and asked for further details about the expected return on investment. Cllr Chandwani responded that there were few sources of external funding for digital investment so borrowing was the main option. She emphasised that the EDM (Enterprise Data Management) project was about becoming a strategic data-led Council. By having better quality data about residents and communities it would be possible to better target services to them, for example families on low incomes. Susie Faulkner added that by understanding more about those most in need it would be possible to better target investment across other services and to better manage growth. John O'Keefe, Head of Finance for Capital, Place & Regeneration, explained that there was no direct payback on investment other than the improved delivery of services, but that the investment was essential as the Council was catching up with some other local authorities in some of these areas. The cost of the borrowing was set out in the table in Appendix D as a total annual revenue cost of just over £560k which would be built into the MTFS.

Asked by Cllr Moyeed about the timescales for the move of the data centre as the project appeared to be spread over four years, Susie Faulkner explained that this was because the project also involved various other aspects such as wifi installation, the move of communication lines and the improvement of AV equipment for Council meetings. Paul Dooley added that the move to the new building would require investment in new digital infrastructure and that River Park House would close before the opening of the new Civic Centre so some funds were required in the budget for contingency. Cllr Chandwani added that the figures were indicative and that the Council would not borrow funds until required.

In response to a concern from Cllr Gunes about digital exclusion, Cllr Chandwani said that a lot of the investment in new technology would help to make various processes easier for residents. One example was sending payment details to residents via text message which they could then take to any one of 28,000 Paypoints in the country to

receive their money, as opposed to using an old-fashioned, slower and more complex paper-based system.

Cllr Connor asked how progress on complex IT projects would be monitored, included whether it was delivering what was originally envisaged. Susie Faulkner acknowledged that robust governance was important with these type of projects, including clarity on the deliverables and milestones with regular reporting, and escalation to Corporate Board where necessary. With the automation work, the proposal included a series of small low-level pilots which could be evaluated before the larger investment was made. Cllr Chandwani added that she would prefer projects to stop if they appeared not to be working, rather than pursuing them just to meet financial targets. She also pointed out that some of the projects such as Digital Together included many smaller projects within them

Susie Faulkner commented that the parking IT project had been difficult but there was a lot that could be learned from the experience. Cllr Chandwani added that it was important to have a holistic approach and bring everyone together from different teams such as Parking, Customer Services and IT. Over 30,000 residents were now using the parking interface.

#### Draft Capital Programme for 2022/23-2026/27

The Committee then looked at the draft Capital Programme for 2022/23 to 2026/27 on page 61 of the agenda pack.

Asked by Cllr Connor whether the scheduled spend of £14.5m allocated for scheme 330 (Civic Centre Works) in 2022/23 was realistic, John O'Keefe said that it was difficult to anticipate the cash flows until the project was further forward and that some movement was likely. On the breakdown of the sources of funding (split between Haringey borrowing and self-financing on the table on page 61), John O'Keefe said that the Cabinet had previously decided to refurbish the existing Civic Centre which had an estimated cost of £24m which would be funded from borrowing. The subsequent decision on the £30m project to deliver the Civic Centre Annexe had been included in the programme on the basis of self-financing on the basis of reduction of operational use of some buildings and of the income stream generated by the letting of some buildings. Asked by Cllr Connor about the timescales, John O'Keefe said that the plan to let the buildings currently occupied as offices was to refurbish and then let for 10 years with an option to break at 5 years. There would potentially be separate business cases in the future for other buildings which would then flow through to future versions of the MTFS. The self-financing concept was that sufficient savings would be generated to meet the debt costs of the new expenditure (both interest and repayment).

Cllr Connor noted that the total capital expenditure for the MTFS period was projected as £92m and asked about the impact of the borrowing costs on the revenue budget. John O'Keefe explained that the borrowing of £1m generally cost around £55k per year on the revenue budget. However, it was also important to note that some of the capital expenditure was self-financing so only around £65m of the overall expenditure was expected to be funded from borrowing. Cllr Connor asked for a breakdown of this split between borrowing and self-financing and the impact on the revenue budget to be provided ahead of the next meeting on Jan 20<sup>th</sup>. **(ACTION)**

#### MTFS Savings Tracker – 2021/22-2025/26

The Committee then looked at the MTFS Savings Tracker for 2021/22 to 2025/26 on page 63 of the agenda pack.

Cllr Connor asked about the lack of figures under the 'Savings Achieved for 2021/22' column. Frances Palopoli said that it was better to focus on the RAG ratings which illustrated the likely position by the end of the year and that there had been pressure on officers through additional reporting requirements relating to Covid so this detail had not been included. Susie Faulkner added that just because a saving wasn't shown it didn't necessary mean that it hadn't been achieved but that it had not been properly validated yet. Cllr Carlin queried whether the RAG ratings could be considered to be accurate and requested that further information be provided to the Committee ahead of the next meeting on January 20<sup>th</sup> so that the Committee could be confident about the status of the RAG ratings against each saving. **(ACTION)** Susie Faulkner later added that the "2021/22 savings (surplus)/shortfall" column did provide an indication of what had been saved so far to date.

Asked to clarify why saving A6.2 (Audit and Risk Management) was marked Amber and what savings had been made on this so far, Frances Palopoli said that this was because there was some slippage due to the impact of Covid and the need to keep some resources on to carry out the additional work required. However, it was expected that the savings would still be fully achieved even though part of that would now occur next year. Asked by Cllr Connor why auditing was being cut, Frances Palopoli said that this related to a previously agreed saving so the exact details could be checked but the saving was modest, and the aim was to change the model and get the same benefit for the organisation in a slightly different way. Cllr Isidoros Diakides, Cabinet Member for Finance and Transformation, added that this item didn't represent a reduction in service but was about building up services in-house rather than outsourcing them.

Cllr Diakides acknowledged that had been some inevitable slippages in the pre-agreed savings due to the impact of the pandemic. However, he said that this did not mean that they wouldn't be delivered, just that they would be delivered later. The amber RAG rating would apply in many of these type of cases. He added that across

the budget there were around £2-3m of savings that were expected to slip beyond this year, but most were expected to be delivered next year and there were contingency arrangements for this.

Asked by Cllr Connor about saving 20/25-YC10 (Additional sites for on street digital advertising), Susie Faulkner informed the Committee that this proposal had been impacted by the pandemic due to the reduced overall appetite for street advertising, so only around half of the target for the year had been achieved.

Cllr Connor noted that the description for saving 20/25-YC04 (Finance Savings) made reference to staff savings and a reduction in spend of £200k in 2022/23. Frances Palopoli responded that the additional growth going into the finance service meant that this saving would no longer be met. While there had originally been a planned reduction in FTE posts in finance, it was no longer envisaged that this was likely to be achievable.

### **Recommendations**

The Panel then discussed their recommendations and additional information that was required ahead of the next meeting.

### **Revenue Growth proposals**

With regards to the proposal on running local elections, it was noted that additional funds were added to the revenue budget in the year when a local election was due to take place and then removed the following year. Members queried why this was listed as a new proposal when election dates were well known in advance but noted that the expenditure was necessary.

On the Residents and Communities Engagement and Participation item, Members noted that, while the growth of £100k per year was relatively modest, they would welcome further details on how this money would be spent and how it would make a difference to participation with residents including hard to reach groups. It was noted that a briefing on this issue could be provided to the OSC at a future meeting. The Committee also recommended that the Cabinet should publish further details about this project, including specific details on how the money was expected to be spent.  
**(ACTION)**

### **New Capital bids**

Cllr Connor commented that, where capital bids have multiple elements to them, it would be better to have these set out in more detail in the agenda papers rather than explained verbally at the meeting. **(ACTION)**



On the Web and Self Service Projects item it had been noted in the discussion that the Council's website was in need of improvement and the Committee requested that the expected timescales for this improvement work be provided. **(ACTION)**

### Draft Capital Programme

On Scheme 330 (Civic Centre Works), it was noted that John O'Keefe had agreed to provide further information about the self-financing element of the scheme, including the role of the Treasury Management Strategy and the repayment of the debt costs. **(ACTION)**

Cllr Connor also noted that she had asked for a breakdown of the total of £92m allocated across the five years of the draft capital programme, specifically on the proportion of borrowing and of self-financing and on the expected cost of the borrowing to the revenue budget in future. **(ACTION)**

### MTFS Savings Tracker

The Committee concluded that further clarification was required on the savings and the RAG ratings provided in the table. Specially there were some concerns that some savings were apparently not being achieved but still being rated as amber. The Committee asked for further details to be provided on why the savings had not been achieved and, if pushed into future years, when the savings were expected to be achieved. **(ACTION)**

On item A6.2 (Audits and Risk Management), Cllr Connor commented that audits were a valuable part of oversight of the Council's work and was concerned that this proposal could involve reducing the number of audits completed. Cllr Connor requested more details about whether the number of audits was being reduced and, if so, an explanation of what these audits involved and why they were no longer required. **(ACTION)**

On item YC106 (Reduction in Legal Services Support), the Committee noted that, under the revenue growth section, there was a proposal to increase funding for back office functions including legal services. However, this previously agreed saving involved a reduction so the Committee asked for further clarification on how the growth and reduction proposals fitted together and whether they involved different parts of the legal service. **(ACTION)**

On item 20-25-YC104 (Finance Savings), the Committee understood that this proposed saving of £200k was now no longer going ahead but asked if this could be clarified. **(ACTION)**

On the Digital Together item, which was a cross-cutting savings proposal, the Committee noted that Cllr Chandwani had said that this could not be described as a cut but instead represented a more efficient way of working. However, Cllr Connor expressed concerns about the low proportion of this saving that had been achieved so far in 2021/22 (£90k out of a target of £750k) and that there was a lack of evidence provided on how this saving would be achieved. The Committee requested further information to clarify this. **(ACTION)**

**RESOLVED – That the above recommendations be submitted to the Overview & Scrutiny Committee.**

**RESOLVED – That the above requests for further information be followed up with finance officers and that the be information provided to the meeting of the Overview & Scrutiny Committee on 20<sup>th</sup> January 2022.**

CHAIR: Councillor Khaled Moyeed

Signed by Chair .....

Date .....