

MINUTES OF MEETING Overview and Scrutiny Committee HELD ON Thursday, 12th January, 2023, 19:00

PRESENT:

Councillors: John Bevan (Chair), Simmons-Safo, Pippa Connor (Vice-Chair), Makbule Gunes, Matt White,

ATTENDING ONLINE: Yvonne Denny and Lourdes Keever

40. FILMING AT MEETINGS

The Chair referred Members present to item one on the agenda in respect of filming at the meeting and Members noted the information contained therein.

41. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Davies, Cabinet Member for Communities and Civic Life, who was unwell.

42. URGENT BUSINESS

In light of Cllr Davies having given apologies, the Scrutiny Officer advised that agenda item 8, Cabinet Member Questions would be withdrawn.

The Chair requested that the Cabinet Member be invited to attend the March meeting. **(Action: Clerk).**

43. DECLARATIONS OF INTEREST

None.

44. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

None.

45. MINUTES

RESOLVED

That the minutes of the previous meetings on 13th October and 28th November be agreed as a correct record.

46. MINUTES OF SCRUTINY PANEL MEETINGS

RESOLVED

That the minutes of the following Scrutiny Panels were received and agreed and any recommendations contained within were agreed:

- Housing, Development & Planning Scrutiny Panel – 1 November
- Children and Young People’s Scrutiny Panel – 7th November
- Environment & Community Safety Scrutiny Panel – 14th November
- Adults & Health Scrutiny Panel – 17th November

47. CABINET MEMBER QUESTIONS - CABINET MEMBER FOR COMMUNITIES AND CIVIC LIFE

This agenda item was withdrawn.

48. SCRUTINY OF THE 2023/24 DRAFT BUDGET AND 5 YEAR MEDIUM TERM FINANCIAL STRATEGY 2023/2028 - CULTURE, STRATEGY & ENGAGEMENT

Clerk’s note – As per Paragraph 7.5 of Part 4, Section H of the Council’s Constitution, Cllr Connor chaired this part of the meeting as an opposition member and the Chair of Budget Scrutiny.

The Panel received a report which set out the Council’s 2023/24 Draft Budget and 5 Year Medium Term Financial Strategy (MTFS) 2023/2028 proposals relating to the Culture, Strategy and Engagement Directorate. The report was introduced by Jess Crowe, Director of Culture, Strategy and Engagement as set out in the agenda pack at pages 61 to 140. Frances Palopoli, Head of Finance (Strategy & Your Council) was present from Corporate Finance. Andy Briggs, AD for Customer Services; Flo Armstrong, Head of Libraries, Arts & Culture; and Claire McCarthy, AD Strategy, Communications & Collaboration were also present for this item. Cllr Chandwani, Cabinet Member for Tackling Inequality and Resident Services was present.

By way of introduction, the Panel was advised that the Culture, Strategy and Engagement Directorate had been created following the recent local elections and was comprised of what had been Customer Transformation & Resources, with the addition of Libraries and Culture. The Director of Culture, Strategy and Engagement advised that there were a number of historic savings in her directorate that were reflected in the budget papers. Some of these had been around pre-pandemic and the world had changed since that time. Not least, as there had been an election and the Council had new priorities. The Director advised that her team had taken the opportunity to conduct a thorough review of what was deliverable and which aspects were perhaps no longer the right focus, given other priorities had overtaken them. As a result, there were a number of old savings that were proposed to be deleted or re-profiled and a number of new savings put forward in their stead. There were also a number of growth proposals put forward to make the budget more reflective of existing pressures.

The Director advised that there had been a persistent overspend in the benefits area, largely due to cases of Housing Benefit not reducing as fast as the government grant

allocation anticipated. So, it was proposed that an injection of funding would be put in for 2023/24 to replace the shortfall in grants, but it was expected that this shortfall would reduce as cases of Housing Benefit recipients being moved over to Universal Credit increased. Jess Crowe set out that there were also a number of old savings related to the Front Office Back Office programme, where it was thought that the Council had gone as far as it could in terms of the amount of money that could be taken out the front office at this stage, until digital infrastructure and the resident experience was improved. These savings were proposed for removal from the budget.

The Director advised that there were some old income generation targets in Libraries that were no longer considered to be realistic. In particular, it was identified that income from hiring out spaces at Wood Green Library were no longer considered feasible, as Customer Services had started using those spaces. The Committee was advised that the income generation targets in Libraries still existed and that officers would be working hard to achieve those. It was anticipated that the capital investment in libraries would make those spaces more attractive for being hired out.

The final key area of growth in the budget was identified as being in the Elections team due to the new requirement for individual election registration and the significant pressure this had caused on the postage and printing budget and the overspend created as a result.

The Director for Culture Strategy and Engagement identified that there were also a number of key budget pressures within the service, including how the library service was managed, pressures in residents' services and pressures in terms of digital transformation. There had been a series of digital transformation programmes over the years and it was suggested that many of these had not always worked as well as hoped for. There had been a lot of work being done to re-profile some of these savings. It was commented that the Council needed to invest in its digital infrastructure, and to get this right, in order to manage the cost pressures from customers accessing services via the telephone or face-to-face.

The following arose during the discussion of this item:

- a. The Committee sought assurances around the fact that there were a number of issues within the report that were beyond the Council's control and to what extent could Members be assured that these would be resolved by the time of the final MTFs report was published in February. In response, the Head of Finance set out that the Council was in a difficult position and was at the mercy of a number of external factors, such as ongoing costs arising from Covid and international crises affecting energy costs. In addition, changes at the government level had meant that decisions on funding had been delayed. The Head of Finance advised that the Council would set a balanced budget in February, as it was legally required to do so. The February report would provide an updated financial forecast and this would, crucially, include Haringey funding portion of the local government settlement which was released after the report was published.
- b. The Committee sought further clarification on the general direction of travel of the Council's finances since the report was published. Officers advised that the position would be clearer for the Cabinet report in February, but that there were

still some grants that were outstanding, such as the Public Health Grant. Similarly, the latest position on interest rates was uncertain. Officers agreed to draft a briefing, which provided an updated position on the Council's financial position, for the meeting on 19th January. **(Action: Frances Palopoli).**

- c. The Committee sought assurances about services not being unduly impacted by ongoing financial uncertainty. In response, officers assured the Committee that the ongoing viability of savings was monitored and that where there were undeliverable savings from previous years these has either been taken out or re-profiled.
- d. By way of a follow-up, the Committee noted concerns in previous years about errors in benefit payments costing the council money. In response, officers advised that this issue related to error subsidies in relation to housing benefit payments. The cost to Council was around £600k three years ago but improvements had been made and Members were given assurances that there was no cost last year in relation to error subsidy.
- e. The Cabinet Member for Tackling Inequality and Resident Services commented that the days of being able to make cuts that did not affect services were long gone and that after twelve years of austerity, it was inevitable budget reductions would have some impact. The Cabinet Member set out that no-one could have foreseen Covid and the fact that this would lead to 18k residents applying for Universal Credit. Those people were now in receipt of Council Tax reduction, which had an impact on the budget. Similarly, the impact of the cost of living crisis was highlighted as a significant cost pressure to the Council as less people were able pay Council Tax or Business Rates and more people claimed Discretionary Housing Rate.
- f. The Chair sought clarification about what other streams of grant income were still to be finalised. In response, officers set out that the Public Health grant was the largest of the outstanding grants and that this was usually communicated in February. If this information was not available for February Cabinet, then an assumption would be made based on the latest information available. It was noted that this grant was ring-fenced.
- g. The Committee sought assurances about the undeliverable savings identified within Culture, Strategy & Engagement of £2.9m. In response, officers advised this was broadly accounted for by the re-profiling of savings within digital together as set out in the introduction. In effect, the Council had identified that it needed more time to implement this saving due to the need to better understand the impact on back-office services and to make investments in digital infrastructure.
- h. In response to a question about how confident the Director was on achieving the savings set out, the Committee was advised that it was difficult to say at this stage, as part of the problems with previous attempts at digitalisation were the need to get different services on board. This was because the automation of services would impact back office staff in different areas and these services needed to be on-board with the changes. This was part of the reason for requiring more time to implement the savings, as well as the need to invest in improvements to digital infrastructure.

- i. The Committee sought assurances in relation to the new saving around Customer Services & Housing Service Reviews and reassurance that this was not the withdrawal of face-to-face access to services. Officers advised that this was about joining up automated systems at the front-end with back office systems, so that when people applied online for something it did not require manual input into the system from customer service staff. Officers assured Members that people who could not access online services would still be able to access services face-to-face and to utilise their contact of choice.
- j. In relation to the new saving around Customer Services & Housing Service Reviews, the Committee sought clarification about whether the saving in phase one of £300k was due to the reduction of four posts. In response, officers advised that this was not the case. The savings in phase one related specifically to libraries and the customer services savings were in years two and three in order to allow time to drive culture change and improved ways of working.
- k. In response to a question, officers advised that the new customer service management system would allow request to be processed or information got from the system directly, without the need for manually entering online applications inputted by residents. This would also mean that staff did not need to be orientated on a service specific basis.
- l. In relation to a request to clarify what the £300k saving in libraries entailed, officers advised that there were a number of savings to maintenance budgets from the new management system that was in place. LBH was part of a London consortium, for example, and could borrow library books from other boroughs and which would have savings for the library stock budget. Officers assured the Committee that these savings did not relate to any attempt to change the opening hours and that all services would continue to be delivered, just some might be delivered in a different way. For example, the home library service would be integrated into the main library service.
- m. In response to concerns about staff reductions in libraries, the Committee was advised that the four posts referred to were all in Customer Services.
- n. The Committee sought clarification about what the carbon purifying technology referred to as part of the service review saving was. In response, officers agreed to provide a written response on this. **(Action: Claire McCarthy).**
- o. The Committee also sought clarification about what was meant by the term urban hub. In response, officers advised that this was generic term for putting an array of different resources out on the streets. In response to a follow-up, officers agreed with the characterisation that this involved the commercialisation of council owned spaces.
- p. Cllr Bevan raised concerns about any reduction in the maintenance budget for libraries. It was suggested that the Council has invested in its libraries and that it was important that it did not let these facilities deteriorate, which would inevitably lead to higher costs in the long-term.
- q. The Committee raised concerns about how easy it was to rent out spaces in libraries, given the failure of previous savings to achieve income targets on this. In response, officers advised that the new libraries management system made booking these spaces more user friendly. Officers acknowledged that previous

- savings targets were not achieved, particularly as Covid closed libraries for a significant time. The Director advised that the income target was around £250k and that she believed this to be achievable.
- r. The Committee sought clarification around the improved debt recovery saving. In response, the Cabinet Member advised that this related to automating the process of chasing up sundry debts and invoices, rather than having it done manually. Examples of sundry debts were given as allotment fees, pest control or hall hire. Council Tax, benefits and welfare debts were chased through other means.
 - s. The Committee sought assurances around how robust the financial assumptions were in relation to £365k income target for improved debt recovery and whether this was related to a £1m debt on SAP. In response, officers advised that they were seeing positive results already and that in light of the £1m debt, this saving related to projections being put in to improve debt provision in future years and that a proportion of this related to sundry debts.
 - t. The Committee sought reassurances around the saving on reducing ineligible claims for the single person discount on Council Tax and the fact that 1900 seemed like a conservative figure. In response the Cabinet Member advised that 1900 was felt a realistic target and that she had personally found the process of trying to give up the discount to be unnecessarily difficult. In relation to a follow-up, officers confirmed that the Council would always contact the person to establish the position first, rather than pre-emptively just taking the discount away. People's details were also cross referenced with different systems, such as the national fraud register. Officers advised that in coming up with the 1900 figure, a process of benchmarking with other boroughs.
 - u. The Committee commented that the single person discount part of the Council tax form did not stand out and that something should be done to make it more prominent, such as a different colour form for a separate piece of paper.
 - v. The Committee requested further information in relation to how much money would be generated by commercial advertising on the side of fleet vehicles and also sought assurances about the oversight of this and how the Council could prevent a company who the Council may not be comfortable with using its fleet for advertising. **(Action: Jess Crowe)**.
 - w. In relation to the Libraries and Benefits base budget pressure, the Committee was advised that this showed that there was money going into the budget in 2023/24 and that this would be reduced in subsequent years towards the base budget position, as the number of Housing Benefit grants reduced over time.
 - x. In relation to a questions about the MTFs savings tracker, officers advised that the two red risks related to FOBO and library savings being taken out as they were considered undeliverable. Digital Together was being profiled so as to be delivered over a longer period of time.
 - y. The Committee requested that future reports minimised the use of acronyms going forward. **(Action: Finance)**.
 - z. In relation to new capital bids, the Committee requested assurances about the capital programme and the potential impact of increased borrowing costs. In response, officers advised that the budget lines relating to these individual bids were effectively provisions for what it was thought would be needed in terms of

- the amount of money borrowed, rather than an estimate of the cost of a particular scheme. Any changes would have to be agreed through the usual decision making processes. Finance colleagues regularly reviewed the capital programme with directors and their management teams to ensure that the assumptions made were still viable.
- aa. Officers identified that the BT Big switch off was possibly the bid where the most further investigation and analysis was required. The Council was awaiting further information from BT to better understand the full costs.
 - bb. The Committee questioned the allocation of £200k for investigating the long-term replacement of SAP, suggesting that seemed quite high to undertake investigations. In response, officers advised that the SAP contract ran to 2027 so there was quite a long lead-in time for this. This allocation was to undertake initial investigations into what kind of system with what type of functionality was required.
 - cc. The Chair of budget scrutiny commented that the descriptions of capital bids were quite high level and that future reports could benefit from further explanation.
 - dd. In relation to the 2023/24 draft capital programme, which had been agreed in previous rounds of budget scrutiny, the Committee sought assurances about whether the Civic Centre spend of £31.9m would be in a position to be spent for 2023/24 and the impact of increased borrowing costs. In response, officers advised that there was a lot of reviewing done of previously set budgets to make sure these were still fit for purpose, not least due to building cost inflation. Officers assured members that this was an up to date statement of what they thought the project would cost. The Civic Centre plans were due to be submitted through the planning process and go out to a contract process. Once a contract was in place, the authority would have much more certainly about the expected costs.
 - ee. In relation to Bruce Castle, officers confirmed that this was a levelling up fund bid for refurbishment to Bruce Castle and that the costs set out were match funding, predicated on a successful bid.
 - ff. The Committee requested assurances about the nature of self-financing schemes and indicative borrowing costs for say every £100k spent. In response, officers advised that this was a bit of a moving feast but that the working assumption at present was that for every £1m borrowed, there would be a £61k impact on the revenue budget.
 - gg. The Panel also sought clarification on timeframes for these borrowing costs. In response, officers advised that it largely depended on the type of asset and that an IT system could be five years, whilst a building would be more likely to be 35-50 years.
 - hh. The Committee sought further clarity about the self-financing nature of the Civic Centre scheme and how it would generate an income large enough to cover its own costs. In response, the Finance officer advised that it was not about income in this case. Instead, the self-financing nature of the bid was from reduced costs derived from moving out of existing accommodation, rather than an income as such.

- ii. The Committee requested further information in relation to the Civic Centre and Bruce Castle to better understand the revenue impact on borrowing costs for both schemes and also more information about how the self-financing nature of these schemes would work. **(Action: Finance)**.

RESOLVED

That the Panels considered and provided recommendations to Overview and Scrutiny Committee (OSC), on the Council's 2023/24 Draft Budget and 5 Year Medium Term Financial Strategy (MTFS) 2023/2028 proposals relating to its remit.

49. WORK PROGRAMME UPDATE

RESOLVED

- I. That the Committee noted the current work programmes for the Overview & Scrutiny Committee and the four Scrutiny Panels and agreed any amendments, as appropriate.
- II. That the Committee gave consideration to the agenda items and reports required for its next meetings on 19th January 2023 and 30th March 2023.
- III. That the Committee noted and approved the terms of reference for the Children & Young People Scrutiny Panel's Review on Physical Activity and Sport for Children and Young People.

50. NEW ITEMS OF URGENT BUSINESS

N/A

51. FUTURE MEETINGS

19 January 2023
30 March 2023

CHAIR: Councillor John Bevan

Signed by Chair

Date