

MINUTES OF OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 8 December 2021
(7:00 - 9:04 pm)

Present: Cllr Jane Jones (Chair), Cllr Toni Bankole, Cllr Olawale Martins, Cllr Fatuma Nalule, Cllr Simon Perry, Cllr Ingrid Robinson, Cllr Paul Robinson and Cllr Phil Waker

Also Present: Cllr Dominic Twomey

Apologies: Cllr Dorothy Akwaboah and Cllr Donna Lumsden

31. Declaration of Members' Interests

There were no declarations of interest.

32. Minutes - To confirm as correct the minutes of the meeting held on 10 November 2021

The minutes of the meeting held on 10 November were agreed.

33. Budget Strategy 2022/23 to 2025/26

The Chief Financial Officer (CFO) and the Cabinet Member for Finance, Performance and Core Services presented a report on the Budget Strategy 2022/23 to 2025/26. The uncertainty behind the figures presented was highlighted, owing to the delay in the Local Government Finance Settlement and the worsening rates of Covid-19 nationally. A number of aspects that would affect the final budget, were also not within the control of the Local Authority, such as a potential national insurance pay increase. Once the Council had received the settlement from Government and knew its intentions around Council Tax, it would be able to use this information to confirm the budget for next year.

In response to questions from Members, the CFO and Cabinet Member stated that:

- The current forecast overspend for the financial year had been split into two categories: savings and pressures. Savings not achieved in this financial year would roll over into the next financial year. Many of the one-off pressures that the Council had were Covid-related, such as one-off financial year support to SLM, the Council's leisure centre provider; however, the Council received a share of SLM profits and would benefit from increased footfall in future financial years. It had income losses in Heritage and other traded entities, with £0.5 million of income that it would ordinarily expect to receive, not being received in this financial year;
- Ongoing savings and pressures needed to be addressed as soon as possible so that these did not reoccur. Many of these were driven by demand relating to Covid-19, such as in Children's Care and Support, where the Council had seen increased pressures. The Council was looking

closely into how it was investing money into services such as Early Help, noting the work that other councils had also undertaken around this and their outcomes. Prevention was also high on the Council's agenda, to avoid children coming into care at the outset and to provide families with the right support, at an earlier date;

- The Borough was supporting some very high needs families at very high-cost placements, some of which would continue indefinitely. The Council was working hard with providers to find either alternative provision, or a way of providing the right care through a more financially sustainable approach. Care and support colleagues worked closely with the Finance team, to ensure that costs could be mapped;
- The Council had increased its involvement in the way that the NHS operated, as part of the Integrated Care System (ICS) which covered northeast London. The Council was working more closely with health colleagues to understand NHS financial pressures and any Council actions that were adversely affecting these, and vice versa, to mitigate pressure issues, achieve value for money and support each other in making the right decisions for residents;
- Stress testing on the impact of inflation was undertaken as the Council reviewed the Medium Term Financial Strategy (MTFS), and this would be repeated when the Council set the budget in March 2022. The Council also had a well-run Treasury Management team, who would take advantage of any increases in interest rates and inflation where there could be opportunities for increased income. The team also worked to take advantage of low interest rates and borrowing opportunities;
- The Chartered Institute of Public Finance and Accountancy (CIPFA) who governed the way that councils invest, was looking at rules around investments to tighten up on both rogue investments and councils, where they had made investments that did not fit the spirit of public service and were made purely for financial return. The Council was very confident that its investments would fit the parameters of these new regulations, as these were driven by regeneration, delivering returns and serving residents of the Borough;
- Schools were funded through the Dedicated Schools Budget. The Barking and Dagenham School Improvement Partnership (BDSIP) worked with schools to provide support and services; however, schools had also been affected by austerity cuts and seen a large increase in children with growing mental health issues. Whilst the Council could not support schools with extra budgetary funding, it could work outside of the school environment to provide support to pupils, for example as corporate parents to Looked After Children and to help schools with budget management. The Council could also provide support through its Education service, such as through Educational Psychologists and in ensuring enough specialist school places were available;
- Investment into the Council's Insight Hub would pay dividends in terms of the prevention agenda, as the Council could pinpoint where it thought that clusters of the population existed, who may need extra support in relation to issues such as stopping smoking or obesity. It could then target communication and support to individual groups, taking into account cultural

differences to disseminate public health messages. The Council would continue to utilise the Insight Hub in future for innovation opportunities, to both support the community and to generate income to invest in the Borough;

- The Council was confident that further savings would not be needed in this financial year, due to investments that were to come to fruition next year. Going forward, the Council would continue to look into prevention activity and investment opportunities, to support the community and pay dividends in future years. It would also look for opportunities for innovation, such as through its district heat network programmes (with one gas boiler being able to provide heat for hundreds of homes) and at how it could provide alternative services for residents at a lower cost, such as through supporting residents with both Council and non-Council-related debt through the Homes and Money Hub;
- The Council was confident that the budget support reserve would hold the overspend; however, it was less certain of how the General Fund reserve would be affected over the duration of the strategy, and various factors such as interest rates and the pandemic, could prove detrimental to this. Nevertheless, the Council's overspend was gradually reducing and collection rates such as Council Tax, Business Rates and rents were mostly back to pre-covid levels, indicating a good financial community resilience; and
- Analysis had been undertaken in regards to temporary accommodation in the Borough and other local authorities purchasing this to place their high-cost families, for whom the Council would then need to provide social care support. The Council was actively looking at schemes to invest in properties in the Borough and use these properties to support its own families, to both save money and stop outside boroughs purchasing these homes.

The Committee requested that any changes made to the report before the final budget was approved at Cabinet in March 2022, were reported back.

34. Work Programme

The Chair informed the Committee of the following change that had been made to the Work Programme since the last meeting, which was agreed by the Committee:

The Investment and Acquisitions Strategy, which was due to come to the 5 January 2022 Committee, would instead be deferred to 9 March 2022.

The work programme was noted.