

MINUTES OF OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 1 July 2020
(5:00 - 6:42 pm)

Present: Cllr Jane Jones (Chair), Cllr Dorothy Akwaboah (Deputy Chair), Cllr Toni Bankole, Cllr Donna Lumsden, Cllr Olawale Martins, Cllr Simon Perry, Cllr Ingrid Robinson, Cllr Paul Robinson, Cllr Bill Turner and Cllr Phil Waker

Also Present: Cllr Dominic Twomey

5. Declaration of Members' Interests

There were no declarations of interests.

6. Minutes - 3 June 2020

The minutes of the meeting held on 3 June 2020 were agreed.

7. 2019-20 Budget Outturn and Covid-19 Financial Impact

The Council's Finance Director presented a report on the Council's revenue and capital outturn position for 2019/20, which represented the expected final position for the year, subject to external audit.

In respect of the outturn position, the Finance Director explained that the General Fund revenue expenditure for the financial year was £157.931m and the final corporate income position was £154.741m, against the budget of £148.820m. Once transfers to reserves to reflect the carry forward of grants, income for specific purposes and monies held on behalf of partnership organisations had been taken into account, the net budget variance showed an overspend against the General Fund budget of £4.930m. The deficit would be funded from the Budget Support reserve account, leaving the overall General Fund reserve unaffected at £17.031m.

The Housing Revenue Account (HRA) showed a projected year-end overspend of £1.625m, reducing the HRA reserve to £9.674m. The final outturn on the Dedicated Schools Grant (DSG) was an overspend of £1.476m as a result of the pressures in the high needs block, which would be funded from the DSG reserve, taking it to £1.726m. With regard to the Capital Programme, the Director stated that of the total revised budget for 2019/20 of £401.930m, only £220.692m had been spent at the year end. He acknowledged that the extent of the slippage was excessive and explained that officers were working towards strengthening monitoring processes to ensure that potential delays were identified at the earliest opportunity and steps were taken to ensure that spend levels on the Capital Programme were maintained in the future.

The Director referred to the substantial impact of Covid-19 on the Council's finances, including the additional costs incurred to support the community response to the pandemic, the loss in income and the savings previously

identified, which could not now be implemented, as to do so would affect service delivery during a crucial time for residents.

In response to questions, the Finance Director stated that:

- Funding for rough sleeping was expected to come through from the Government at some stage; however, in the meantime, the Council would continue to support the homeless with accommodation;
- The Government had also announced £63m for local councils to take over the coordination of food parcels to the most vulnerable residents;
- A report to Cabinet later in the month on the Medium Term Financial Strategy would set out the latest position, as well as the implications for budget setting for the next financial year and the following three years;
- With regards to the impact of the pandemic on the Investment and Acquisition Strategy, some effects would be felt immediately, such as in the area of rental income. However, Be First (the Council's regeneration company) were of the view that the impact on their development programme would be relatively minimal. The biggest impact on development projects at the start of the lockdown was obtaining supplies, which was an issue faced across the building industry;
- The impact of Covid-19 on future local transport infrastructure was difficult to ascertain as this was funded by Transport for London and the Greater London Authority. However, it was presumed that improvement works already committed to would be delivered, although perhaps to a different timescale;
- The Secretary of State was due to speak at the Local Government Association conference tomorrow and was expected to announce a further emergency funding package for local government, although it was not known to what extent the funding would address the Council's budget gap;
- Some units containing flats developed by Be First were due to be sold just before the lockdown and, on a positive note, all those who had signed up to buy the units had continued with their purchase, leaving no units unsold. More generally speaking however, it was difficult to predict how the demand for flats would play out and the same could be said of services across the board. The Council was in the process of modelling future demand for services such as parking and leisure to ascertain the long-term financial impact of Covid-19; however, much depended on how accurate those assumptions were;
- The overspend for 2018/19 was £2.88m, subject to external audit;
- £12.1m of emergency funding and £11,000 for rough sleeping was the only funding that could be used to offset the cost of £41.4m incurred by the Council as a result of Covid-19. The remaining funding was ringfenced for specific purposes;
- The Council had identified approximately £26m of income loss as a result of the pandemic. Of that sum, approximately half related to a decrease in revenues expected in the current year from areas such as Council Tax and Business Rates. Other elements included income loss from fees and charges, a loss in commercial income as a result of deals that had been delayed or lease payments that had been postponed or reduced, and a decrease in dividends from the Council's subsidiaries. Furthermore, previously agreed savings of £12.7m for 2020/21 would not be implemented;

- With regards to the expenditure relating to the HRA classed in the report as 'supervision and management', officers would be happy to provide an explanation and detailed breakdown of this outside of the meeting;
- The £4.2m overspend in Repairs and Maintenance was due to a number of factors, including the mandatory rent decrease which reduced the income available to the HRA and cost inflation uplifts that were not included in the budget. Furthermore, My Place (the Council's asset management service) were liaising closely with the contractor to overcome contractual issues, working relationships and practices to facilitate better management of spend going forward. The four-year mandatory rent decrease had now ended which meant that, looking into the future, the HRA would be able to achieve a healthier position. Officers would provide a breakdown of the overspend to Members outside of the meeting; and
- There had been no obvious impact of the pandemic on the Council's finances in relation to houses in multiple occupation. However, the Government had announced that it would be making significant changes to planning law which were likely to allow commercial properties to be used for residential purposes without the need for planning permission. The local implications of this were yet to be analysed.

8. Scoping the Scrutiny of the Response to Covid-19

The Director of Policy and Partnerships presented a report on the potential scope of the scrutiny planned for the Committee's November 2020 meeting on the subject of the Council's response to Covid-19, following on from a high-level presentation on the subject to the meeting on 3 June 2020 (Minute 3 refers).

The Chair stated that following on from her discussions with the Cabinet Member for Community Leadership and Engagement, she felt it was important to include within the scope of the review the role and impact of BD Can (a network of support organisations in the Borough) and One Borough Voice, how the Council was taking advantage of the new ways of working in serving residents and concerns regarding the impact of Covid-19 on black and minority ethnic (BAME) communities.

Other issues that arose during Members' discussions were:

- That the convener of BD Can and other relevant participants be invited to the Committee's November meeting to outline the successes and the lessons learnt from the community response to the pandemic;
- To ensure accountability, it was important to distinguish between the different providers of the services being scrutinised;
- During the initial part of the lockdown, it was felt that the information coming through to councillors on how the Council was responding, as well as what they could do to support their constituents, could have been clearer. It was recognised, however, that there had been recent improvements in communication in that regard;
- The scope of the review should also include an analysis of 'pent-up' demand for services and the Council's plans and timelines for addressing that demand. Members cited the example of the demand for non-urgent housing repairs and, in that regard, felt that the Council should be clearer in its messages to tenants as to which issues were considered an 'emergency' or 'urgent' and those which

were not.

The Chair asked the Director of Policy and Partnerships to update the scope of the scrutiny in line with Members' comments.

9. The Overview and Scrutiny Committee's draft Work Programme 2020/21

The Chair introduced the Committee's draft Work Programme for 2020-21 which listed potential items for the Committee's consideration in the current municipal year and reflected her view that it was vitally important to utilise the remaining meetings to consider the response to Covid-19 and influence the direction of the Council during these unprecedented times.

Other influences on the draft Work Programme were discussions with Cabinet Members, as she felt it was important for the Cabinet and the Committee to work closely together, while the remaining items related to monitoring progress against recommendations from previous scrutiny reviews and issues which had been deferred from the last municipal year. The Chair also clarified that the Council's Corporate Plan had not been included in the draft Work Programme as Members had received a briefing on it outside of the Committee.

Members were pleased to see the inclusion of Early Help services and the Multi-Agency Safeguarding Hub in the Work Programme and asked that a report on outcomes relating to Looked After Children also be included.

Members also commented on the potential disproportionate impact of the pandemic on children and young people's education in the Borough, compared to more affluent boroughs. It was agreed that a report on the issue be included in the Work Programme, outlining how the Borough's education providers planned to mitigate the impact and the School Improvement Partnership's role in supporting them through that process.

The Director of Policy and Partnerships stated that the Corporate Plan was in the process of being reviewed in light of the current climate, to ensure that the priorities identified within it were the most appropriate and could be delivered. He suggested that there was potential for it to be included in the Work Programme and that it may help to give some context to the reports scheduled for the latter part of the municipal year, responding to a number of recommendations arising from the scrutiny review into Ambition 2020 and its early impact. The Director also stated that the work to understand the impact on BAME communities had been started and that perhaps the Committee could receive an initial report at its November 2020 meeting, with a more detailed update in March 2021.

The Chair asked officers to review and update the Work Programme to reflect the above comments.

10. Scrutiny Review - Ambition 2020 and its Early Impact

Further to Minute 4 (3 June 2020), the Chair presented the proposed final version of the report arising from the Committee's Scrutiny Review on 'Ambition 2020 and its Early Impact'.

At the previous meeting, Members had been asked to email any comments they had on the draft final report to the Chair and relevant officers due to limitations on time. The Chair confirmed that a Member had put forward comments on the draft report, most of which were non-contentious, and that the report had been updated accordingly. However, the Member had also suggested the addition of the following two new recommendations to the report:

- i. There should be an analysis of the total costs of the Council's companies and efficiency measures that can be benchmarked with other options. This should include:
 - comparisons of the overall running costs of the companies with the cost of running the same services when in the Council;
 - a summary of income that comes from the Council and a summary of non-council income, and
 - a comparison of charges to both the General Fund and the Housing Revenue Account departments made previously before the companies were set-up, and the charges as they are now;and
- ii. On a quarterly basis, a summary of the number of flats and houses available for bidding each week to those on the Housing List, by bedroom size, be supplied to the Committee (and any Members that request, be copied in). This should include a five-year running comparison graph to show the long-term trend.

In respect of the first suggested recommendation, the Chair stated that the Council's companies compiled cost and efficiency information and reported it to the Shareholder Panel as a matter of course and to include the recommendation in the scrutiny review report was likely to lead to duplication. However, to provide reassurance on the issue and as a more appropriate way forward, the Chair had asked officers to add what was now recommendation three to the report, namely that "officers provide assurance to the Committee that there are systems, principles and strategies in place to ensure that the Council gets best value from the companies commissioned to deliver services".

With regard to the second suggested recommendation, the Chair felt unsure as to the value or influence the Committee could add by requesting the information, which were important considerations generally but particularly at the current time when the Committee had to prioritise the impact and response to Covid-19. She also felt that as several recommendations had been made around Housing under Key Line of Enquiry 4 of the scrutiny review report, there were potential opportunities for any concerns around properties offered to those on the Housing List to be discussed when officers reported back on those recommendations later in the year. She was minded, therefore, not to include the second suggested recommendation within the report.

The Chair, having explained her views, asked the Member who had put forward the two suggested recommendations to explain his reasoning so that Members could reach a balanced conclusion.

Following further discussions, the Committee agreed that recommendation three of the proposed final version of the report was the preferred way to address the

concerns underpinning the Member's first suggested recommendation. With regards to the second suggested recommendation, it was felt that the Member could seek this information by way of raising a Member's enquiry and it was not necessary, therefore, to include it in the scrutiny review report. It was acknowledged that should any response to the Member's enquiry raise concerns which warranted the involvement of the Committee, the matter should be raised with the Chair with a view to potentially including the matter in the Committee's Work Programme.

The Committee **resolved** to approve the final report entitled 'Ambition 2020 and its Early Impact' as set out at Appendix 1 to the report.