

**Policy and Performance Scrutiny Committee - 4 November 2021**

Non-confidential minutes of the meeting of the Policy and Performance Scrutiny Committee held at on 4 November 2021 at 7.30 pm.

**Present:**       **Councillors:**   Debono (Chair), Bell-Bradford, Chapman,  
Chowdhury, Heather, Ibrahim, Jeapes, Khondoker,  
O'Sullivan, Russell and Ismail  
**Also**           **Councillors:**   Gill  
**Present:**

**Councillor Theresa Debono in the Chair**

- 1       **APOLOGIES FOR ABSENCE (Item A1)**  
Councillors Gantly, Gallagher, Nathan, Clarke, Ismail and Councillor Chowdhury for lateness
- 2       **DECLARATION OF SUBSTITUTE MEMBERS (Item A2)**  
None
- 3       **DECLARATIONS OF INTEREST (Item A3)**  
None
- 4       **MINUTES OF THE PREVIOUS MEETING (Item A4)**  
RESOLVED:  
That the minutes of the meeting of the Committee held on 7 October 2021 be confirmed and the Chair be authorised to sign them
- 5       **CHAIR'S REPORT (Item A5)**  
None
- 6       **PUBLIC QUESTIONS (Item A6)**  
The Chair outlined the procedure for Public questions
- 7       **ISLINGTON COUNCIL'S USE OF CONSULTANTS, INTERIMS AND AGENCY WORKERS - UPDATE (Item C1)**  
Julie Foy, Director of Human Resources was present and outlined the report  
  
During consideration of the report the following main points were made –
  - Agency spend has increased by £67k for the first two quarters, compared to the first two quarters of 2020/21. There has been spend in Public Health on lateral flow testing of £592k. Also the spend for 2020/21 includes the effect of the 2.75% pay award applied to the majority of agency workers, and the transfer of off contract agency workers to the Reed contract

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- The average tenure of agency workers has been rising however this should be reduced through recruiting agency workers to permanent posts
- Council officers continue to take steps to reduce the number of interim/agency staff, however there has been an overall rise in highly specialised agency staff and workers engaged above £450 per day, due to the additional project managers in IT and Digital Services, the Council's modernisation programme, FutureWork and senior management cover in Peoples Services. However it is significantly lower than a year ago, and below 1% of the total workforce
- Noted the breakdown by Department of interims
- Guidance from Temp to perm has been introduced to support recruitment in departments, and departments are developing Peoples plans which will incorporate strategies for agency reduction, as part of their workforce planning
- Noted that the contract for a Managed Service Provider for the supply of contingent workers has recently been closed for re-procurement. and bids have been received and evaluation for the contract is taking place during October
- A Member expressed concern that some agency workers had been in post over 2 years, and only a small number had transferred from temp to perm
- It was noted that Islington had one of the lowest percentages of agency staff amongst London Boroughs
- A Member referred to the fact that although the target for agency staff was 10%, there should be an ambition to reduce this number, although it was recognised that agency staff would always need to be employed
- Members expressed the view that in future reports there need to be details of the definition of contingent workforce employed and the percentage of staff employed for over a year and details of those employed over 2 years
- Members were informed that whilst the Council were taking measures to reduce agency staff, it had to be recognised for a variety of reasons that these needed to be employed, and that the numbers of interim staff had been reduced
- In response to a question it was stated that only interim staff were engaged outside the Reed contract
- In response to a question as to whether overtime was being monitored in departments to ascertain whether these were the same departments as had high agency spend it was stated that departmental monitoring was taking place. Noted that business partners were working with departments to establish strategic staffing decisions in relation to services

### RESOLVED:

(a) That the following be provided in the next report to the Committee

Definitions of areas of contingent workforce

- (i) A tenure breakdown i.e. those employed for over 1 year and those over 2 years
- (ii) The number of agency staff employed by department as a percentage of the workforce
- (iii) A breakdown in bandings (without identifying individuals) of the highest paid interims employed by the Council (i.e. those earning over £450 per day)

(b) That the report be noted

The Chair thanked Julie Foy for attending

## 8 **SCRUTINY REVIEW - EMPLOYMENT, BUSINESS, EMPLOYMENT /COUNCIL FINANCIAL POSITION - COVID 19 - WITNESS EVIDENCE (Item C2)**

David Hodgkinson, Director of Corporate Resources and Councillor Satnam Gill, Executive Member Finance, Performance and Resources

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Thomas Foster of Grant Thornton, the Council's external auditors was also present, and made a presentation to the Committee, copy interleaved

David Hodgkinson also outlined the report for the Committee, and Thomas Foster outlined the presentation, during which the following main points were made –

- Noted that Grant Thornton COVID 19 vulnerability, and recovery index, provides a nationwide view of how different places are positioned to respond and recover from COVID 19. The social and economic impacts of COVID 19 will be profound, affecting all elements of business communities
- Indicators overview - vulnerability index include financial, people, place, economy, health, social care. The recovery index looks at a number of factors including level of reserves as % of total expenditure, house price recovery, employment risks, business size etc. varies greatly across London, and many boroughs fall below the median. However L.B. Islington were well placed in terms of being subject to any financial vulnerability, and the economic recovery prospects were good for the borough
- Financial foresight – headline scenario pessimistic but possible – funding reforms are delayed, but 3% annual uplift in central government funding. Councils are unable to maximise council tax increases. Business rate growth slowed by economic challenges, significant collection fund deficits to clear, wind down of Government support, crystallisation of COVID costs (social care, homelessness), increased inflation in staffing costs
- Noted income and expenditure in a do nothing scenario, and the cumulative gap between income and expenditure
- Noted that the proportion of authorities potentially at risk due to low reserves – at risk = usable reserves depleted to less than 5% of net expenditure. 12%-45% of upper tier authorities at risk by 2023/24, and less than 15% of London Boroughs at risk by 2024/25. London tracks as the fourth lowest region
- Financial risks – 2020/21 posed a unique challenge, and by and large, Councils have stepped up but in the longer term financial consequences are still emerging. Ongoing cost pressures crystallising e.g. social care, children's and impact of heavy borrowing to be felt over the next 5 years. Implications for funding e.g. business rate base, and other income generation. Wider economic uncertainty, supply chain and inflation, traditional financial assumptions and risks need to re-evaluated rather than reverting to normal
- Governance – role of members in financial governance – every Councillor is responsible for financial control and decision making at their Council. Whilst Members may not be financial experts, they should take an interest in financial and best value decisions. There should be a culture that encourages scrutiny and accountability as a key element of decision making to successful delivery of services. Constructive challenge and debate from Members can enhance performance. All Members, not just members of Scrutiny and Audit Committees, should be clear on role in financial management, have access to adequate financial skills, be provided with regular, and ongoing financial training, be provided with accurate and timely reports on the financial and non-financial performance of the Council on a regular basis, and be aware of the CIPFA FM Code and Nolan principles
- Noted that whilst Council Tax increases would form the basis of a large increase in core funding, this may impact on residents ability to pay
- In response to a question it was stated that the risk factors in terms of demographics and financial vulnerability of some residents in the borough, it was stated that the

scenarios were averaged out across London, and that there were individual circumstances that applied to individual boroughs

- In response to a question it was stated that in terms of levelling up it was not envisaged that funding would be taken away from London, however there may not be additional monies allocated to London and that there needed to be work undertaken with London Councils and the LGA to campaign on this
- The Autumn Budget and Spending Review 2021 has been announced, and set out aggregate spending plans by Government department, for 3 years 2022/25. Funding allocations for individual local authorities remain unknown at present. The spending allocation appears to be more favourable than anticipated, however it does assume Councils will increase Council Tax by 2.99% per annum. The impact on the Council's funding for the 2022/23 financial year will not be known until the Local Government Finance settlement. The additional grant funding will be needed to bridge the gap between the estimated net budget pressures in the medium term financial plan, and it is not known if the Government spending plans will continue to be revised or the settlement will be for a 1 or 3 year period. There has been no update on local government funding reforms, namely the Fair Funding review, and business rates retention reset. There is significant uncertainty for London Boroughs in this regard
- Noted the economic forecasts predicted, and that additional grant funding will be needed to fund a range of spending commitments and pressures, following the spending announcement and previously announced Adult Social Care reforms
- Education Early years and families – noted the measures announced in the spending review as outlined in the report, and other announcements made including the taper rate in Universal Credit being reduced to 55% from 63% and the Public Health Grant being maintained in real terms
- In response to a question it was stated that going forward the Council needed to establish which costs will continue to be present post COVID, and that more focus should be placed on scenario planning for the future, any structural changes and with strong financial management in place
- In response to a question it was stated that there was not really an area in the settlement that had seen real growth, however schools and Adult Social Care had received additional funding. Local Government funding had been substantially reduced over the past years

RESOLVED:

That the report and witness evidence be noted

The Chair thanked Thomas Foster, officers and Councillor Gill for attending

**9** **PERFORMANCE MANAGEMENT AND DEVELOPMENT SCRUTINY REVIEW**  
**(Item C3)**

Julie Foy, Director of Human Resources was present and outlined the scrutiny initiation document

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During consideration of the report the following main points were made –

- Members welcomed the SID and that the Working Group should meet 3 times in order to make recommendations to PPS in March
- Noted that the Members of the Working Group should be kept to a minimum as indicated in the SID

RESOLVED:

(a) That an informal working group be approved, and that Members wishing to serve on the Working Group should notify the Clerk to the Committee as soon as possible so that dates of meetings can be established

(b) That the Scrutiny Initiation Document and proposed work programme be agreed

The Chair thanked Julie Foy for attending

### 10 **FINANCIAL MONITORING (Item C4)**

Paul Clarke, Director of Finance was present, together with the Executive Member, Finance, Performance and Resources, Councillor Gill, and outlined the report

During consideration of the report the following main points were made –

- The budget forecast remains uncertain at this stage, and the COVID 19 pandemic, will continue to have an effect on the Council's budget for the foreseeable future. There is a need to maintain and increase the resilience in the Council finances and reserves to reflect hardening budget risks
- Overall the General Fund is currently forecasting total budget fund pressures of £24.95m. This is an increase of +£2.223m since the previous reported position, primarily due to adverse movements in the Environment and People directorates. After the allocation of available COVID funding and an assumed allocation from contingency, this reduces to a forecast net overspend of +£0.894m
- Noted at present there are no forecast Council tax or business rates income budget variances
- The HRA is forecasting an in year surplus, and this is unchanged from the previous reported position
- At end of month 5 capital expenditure of £29.345m had been incurred against a total full year forecast of £169.082m, and against the revised expenditure budget of £203.222m. It is expected that the capital expenditure will be re-profiled for approval between financial years for approval in subsequent budget monitoring exercises
- Noted that the Council were in terms of the medium term financial plan in a similar financial position as pre COVID and needed to achieve £25m of savings
- Noted that the Local Government pay award which has not yet been agreed, would add to the budget deficit as it had been assumed that there would not be a pay award in 2021/22
- In response to questions it was stated that information on the reasons for the increase in costs in the vehicle fleet management costs would be circulated following the meeting, together with the reasons for the increase in the substance misuse budget
- It was stated that there were economic risk factors such as rising energy costs, inflation and increases in Adult Social Care and Children's Social Care costs. It was

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stated that there had been an increase in the sexual health budget due to the changing method of providing the service due to COVID

- A Member enquired whether the increase in rents would provide additional capital, and it was stated that the capital programme was looked at over a number of years
- Reference was made to Council tax collection, and that with regard to arrears these were higher in those residents who were on the Council Tax support scheme
- In response to a question it was noted that decisions on increases in parking charges would be looked at as part of the budget making process
- Noted that decisions were taken in consultation with Members as to whether services needed increases in funding due to COVID

RESOLVED:

That the report be noted and that Councillor Russell be informed of the reasons for the increase in vehicle management fleet costs, and those related to substance misuse

The Chair thanked Paul Clarke and Councillor Gill for attending

### 11 **MONITORING REPORT (Item )**

RESOLVED:

That the report be noted

The meeting ended at 9.30 p.m.

**CHAIR**