

Town Hall, Upper Street
London, N1 2UD

Report of: Chair of the Policy and Performance Scrutiny Committee

Meeting of: Executive

Date: 9 February 2023

Ward(s): All

Subject: Budget Proposals & Medium Term Financial Strategy 2023/24 – Comments of the Policy & Performance Scrutiny Committee

1. Synopsis

- 1.1. The Policy and Performance Scrutiny Committee considered the budget proposals at its meeting on 26 January 2023 and questioned the Executive Member for Finance, Planning and Performance, Councillor Diarmaid Ward, on related matters.
- 1.2. This report summarises the comments of the Policy and Performance Scrutiny Committee. The Executive is invited to review the committee's comments and take note of them when considering budget matters.

2. Recommendation

- 2.1. That the comments of the Policy and Performance Scrutiny Committee on the Budget Proposals 2023/24 be noted.

3. Background

- 3.1. Councillor Ward introduced the budget proposals and highlighted the impact of the cost-of-living crisis on local residents, and how this year's budget sought to prioritise help for those most in need. The Budget Proposals included a £1 million

hardship fund in addition to the existing resident support scheme. The budget retained free school meals for all primary school children and included additional investment in the Income Maximisation (IMAX) service that helped local people get back into work and training, as well as continuing to support the childcare bursary to support working parents.

- 3.2. In relation to the council's housing services, the council was investing £1 million into a new damp and mould action team, and the council was also continuing to invest in fire safety works and retrofitting homes on estates with energy efficiency improvements. Councillor Ward also highlighted the continued investment in the council's ambitious new build programme.
- 3.3. The budget included a £5.1 million investment to upgrade and expand the borough's CCTV network, and additional funding was being allocated to the Contact Centre to improve customer service for Islington residents. Councillor Ward also commented on the work to expand the Safe Havens network and the continued investment in services to tackle violence against women and girls.
- 3.4. Councillor Ward commented on how budget would contribute to the council's net zero carbon programme. The Budget included a £15 million investment over three years to electrify the council's vehicle fleet. The budget also included provision for the installation of solar panels and other energy-efficiency measures in public buildings.
- 3.5. Councillor Ward reflected on the impact of cost pressures on the council's budget. The council faced a real-terms funding cut from central government and this year's budget included £12.4 million in savings. It was proposed to increase council tax by the maximum possible amount; this was the same position taken by 27 other London Boroughs. Councillor Ward also noted that social rents would increase; this was a difficult decision however increased funding was needed to manage the council's housing stock effectively. It was reiterated that help was available for the residents most in need of support.

The Policy and Performance Scrutiny Committee made the following main comments on the budget proposals:

- 3.6. In relation to the £1 million hardship fund, the Committee noted that applications would open before the end of March. It was commented that this was a relatively short period in which to develop a new fund, and it was queried when further information would be available on eligibility criteria. In response, it was advised that officers were working to finalise the scheme and the council was particularly concerned about people who were not in receipt of benefits but would experience a significant increase in rent, either in housing association properties or the private

rented sector. Councillor Ward advised that he would provide an update to members of the committee as soon as further information was available.

- 3.7. The Committee welcomed that the council was continuing to focus support on those most in need, particularly in the context of the cost-of-living crisis, however it was acknowledged that many residents would experience a fall in living standards over the coming year as a result of the current economic climate. The Committee expressed concern at the impact of the cost-of-living crisis on vulnerable people.
- 3.8. The Committee discussed how council tax was a regressive tax based on historic property values that did not reflect residents' ability to pay. It was also noted that the council had experienced real term funding cuts from central government over recent years. The Committee queried how the council could best lobby for the reform of local government finance. In response, Councillor Ward advised that public sector unions and others continued to campaign against central government austerity, and he would favour reform of council tax and local authority funding.
- 3.9. A member noted that some councils may not increase council tax, and asked what alternatives were available to local authorities other than increasing council tax. In response, it was advised that different boroughs had different priorities, and some administrations had made manifesto commitments not to increase council tax. Raising council tax was a political choice and the council must take ownership of this decision, however if Islington did not increase council tax then very difficult choices around prioritising frontline services would be required. Councillor Ward was proud that the council was prioritising funding for frontline services and was expanding the support available for those experiencing hardship.
- 3.10. The Committee considered the cost-of-living crisis and queried if the £1 million hardship fund was enough to support residents struggling with the cost of living, and if there was flexibility to increase the value of the fund in future. In response, Councillor Ward commented that demand for the scheme would certainly exceed the funding available, however the council was doing it all could to support residents experiencing financial hardship. The council's resident support scheme was one of the most expansive in the country; the council had a generous council tax support scheme, and continued to fund the IMAX service, childcare bursary, and administered £4.4 million through the household support fund. The £1 million hardship fund was a one-off decision, and the value of future support schemes would be a decision for future years, considering the financial position of the council at the time.
- 3.11. A member welcomed that the council was able to give a pay rise to its workers in the last financial year. Councillor Ward noted the importance of positive working relationships with trade unions on these matters.

- 3.12. A member queried what was included under “central costs” in Table 2 of the report. In response, it was advised that this line primarily comprises levy payments to external organisations such as the North London Waste Authority and TfL concessionary fares.
- 3.13. A member noted the creation of the council’s energy and inflation reserve and queried if this was sufficient to cover the risks from increased inflation and energy costs. In response, Councillor Ward commented that the council had arranged a number of contingencies, and the council had done its best to mitigate against these risks, while recognising that it was difficult to predict how inflation and energy costs would develop over the next twelve months.
- 3.14. Following a question on the cost of on-street cycle parking and if it was possible to bring down the cost to residents, Councillor Ward advised that the cost of bike hangars was not subsidised by the council, and any subsidy would need to be funded by cuts to other services. In return, it was suggested that increases to car parking charges could subsidise cycle parking, and the provision of additional cycle parking could generate income for the council. It was commented that this matter had recently been discussed at the Environment and Regeneration Scrutiny Committee; officers would be responding on this soon and providing an update to members.
- 3.15. In relation to the £1 million investment in tackling damp and mould in council homes, the committee asked if this was fund was sufficient given the scale of the problem, and at what point the funding would be reviewed. In response, Councillor Ward advised that due to the energy crisis and fuel poverty, he expected the problem to get worse before it gets better, and the Executive Member for Homes and Communities was working with the Interim Corporate Director of Homes and Neighbourhoods on addressing this issue. The Committee suggested that a mid-year review mechanism may be appropriate to ensure that sufficient funds are allocated to address the problem.
- 3.16. The Committee noted overspends in Adult Social Care, issues in delivering previously agreed savings in the service, and demographic pressures. It was queried to what extent this was considered when developing the budget proposals. In response, it was advised that the budget proposals were based on assumptions about the latest data and in-year budget monitoring position. Cost pressures in Adult Social Care continued to rise and the council sought to plan for short-term, medium-term and long-term demographic pressures and mitigate against these over time. Contingencies were available if needed

4. Implications

4.1. Financial Implications

The financial implications are set out in the main budget report.

4.2. Legal Implications

The legal implications are set out in the main budget report.

4.3. Environmental Implications and contribution to achieving a net zero carbon Islington by 2030

The environmental implications are set out the main budget report.

4.4. Equalities Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding. The equalities impacts are set out in the main budget report.

5. Conclusion and reasons for recommendations

- 5.1. The Executive is asked to note the comments of the Policy and Performance Scrutiny Committee on the budget proposals.

Appendices:

- None.

Background papers:

- None.

Final report clearance:

Authorised by: Chair of the Policy and Performance Scrutiny Committee

Date: 30 January 2023

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