

# Policy and Oversight Board Minutes



Tuesday 24 January 2023

## **PRESENT**

**Committee members:** Councillors Lisa Homan (Chair), Jacolyn Daly, Natalia Perez, Helen Rowbottom, Nikos Souslous, Nicole Trehy, Rory Vaughan and Victoria Brocklebank-Fowler

## **Co-opted members:**

## **Other Councillors:**

Rebecca Harvey (Cabinet Member for Social Inclusion and Community Safety)  
Rowan Ree (Cabinet Member for Finance and Reform)  
Patricia Quigley (Cabinet Assistant)

## **Officers:**

Sukvinder Kalsi (Director of Finance)  
Andre Mark (Head of Strategic Planning and Monitoring)  
Alex Pygram (Head of Finance, Corporate Services, Improvement and Analytics)  
Matthew Sales (Assistant Director, Programmes and Assurance)  
Tony Burton (Head of Finance, CHS and Education)  
Kellie Gooch (Head of Finance, Environment)  
Prakash Daryanani (Head of Finance, ASC and Public Health)  
Phil Triggs (Director of Treasury and Pensions)  
Danny Rochford (Head of Finance, Economy)  
Gary Hannaway (Head of Finance, Parking)  
Chris Harris (Chief Accountant)

## **1. APOLOGIES**

There were no apologies for absence.

## **2. DECLARATION OF INTERESTS**

There were no declarations of interest.

## **3. MINUTES**

The minutes of the meeting held on 12 December 2022 were agreed as an accurate record.

#### **4. 2023 MEDIUM TERM FINANCIAL STRATEGY**

##### Cabinet Member Overview

Councillor Rowan Ree introduced the Medium-Term Financial Strategy 2023 (MTFS) presentation by commending officers and thanking member colleagues for their significant efforts and commitment in preparing the council's budget proposals. This was a remarkable piece of work given that final figures from the Local Government Financial Settlement were released only two days before the parliamentary Christmas recess. This was also the fifth consecutive year of having a single year financial settlement and many assumptions had informed the MTFS.

This was a balanced budget, in response to the difficult financial future predicted by the Bank of England, a 10.5% inflationary rate, and interest rates of 3.5%, all of which were expected to have a significant impact on council finances. With increased demand for services and cost for provision, this continued to be challenging. For residents, an increasingly reduced financial envelope had seen no variation in the delivery of high-quality services and the council had gone further by removing home care charges, providing free breakfasts for primary school children, maintaining weekly refuse collection and the introduction of Law Enforcement Team.

These were significant achievements and continued to be part of a package of proposals designed to protect frontline services for residents when the cost of living for many had seen utility and food bills increasing significantly. Approximately £1 million had been ring-fenced as a cost-of-living fund to provide support to vulnerable residents to help mitigate the financial difficulties.

##### Director of Finance - Corporate Overview

Sukvinder Kalsi provided a corporate perspective of the MTFS 2023 which included the strategic operational framework offered within the context of local and national economic pressures. Locally, this included demographic changes with increased numbers of older people, major regeneration projects such as the Civic Campus development, the delivery of strategic plans to build 3,000 affordable homes in the borough, and pressure on the wide range of services that residents valued. Protecting and sustaining those services were key priorities within the MTFS. Highlighting some of the examples already raised, it was noted that many councils had reduced waste collections from weekly to every three weeks in some areas, and H&F was one of the only councils to offer free home care services. In addition to protecting services, there would be an increased planned investment of £10.7 million in services (details in the report).

Key principles for the MTFS included accommodating a pay and price inflation figure of 5%, investment in delivering of key council priorities such as policing, a council tax increase of 3%, and 2% for the Social Care Precept. Proposed savings were £2.9 million. A growth allocation of £10.7 million included £4.1 million for Social Care, £1.7 million for waste collection. Reserves of about 26% of the council's overall budget and these were within the recommended range of between £19-25 million, some of which had been earmarked for an IT upgrade, necessary to protect business

continuity and increase resilience. Looking forward, it was anticipated that the fiscal environment for 2024/25 would continue to be challenging.

### Discussion and Q&A

Councillor Lisa Homan welcomed the report and thanked officers for their diligence and commitment in preparing the MTFS 2023. She asked how challenging it was to develop a financial strategy in the tight timescales imposed by the announcement of the Financial Settlement. Sukvinder Kalsi responded that the current conditions were difficult given the inflationary and demand pressures services which made it hard to gain clarity on future planning. There had been an expectation that the government would move to a three-year settlement cycle, but this had not been implemented. Councillor Ree commended Sukvinder Kalsi and finance colleagues for their efforts during the Christmas break. Anticipating and predicting services required ongoing monitoring, assessment, and adjustment throughout the year to reliably inform financial assumptions.

Councillor Victoria Brocklebank-Fowler referred to the ringfenced budget figure in paragraph 12 of the report (page 20 of the agenda pack) and the total increase of this being £3.245 million and asked what the base figure had been. Sukvinder Kalsi indicated that this was approximately £2.9 million and so a marginal increase for 2023/24. Andre Mark clarified that ring fenced budgets sat outside of the grant settlement figure and included funds for the homelessness prevention grant, adult social care discharge funding and a slight change to the fair cost of care fund, which cumulatively account for the increase to £3.245 million.

Referring to the demographic pressures identified in the presentations, Councillor Natalia Perez sought further details about this, recognising that this had been informed by the Census 2021 data. She asked if they were specific to particular areas of the borough or the whole borough. Referencing the work being led by Matt Sales and colleagues in the Business Intelligence (BI) service, Councillor Ree explained that there was an aging population in the borough with an increased number of people aged 55+ living in the borough, and a corresponding decline in the number of young people. This would affect the types of grants that the council was able to apply for from central government, so for example, less funding for youth services. Matt Sales elaborated that census trend data reflected the timing of the 2021 census which was taken during the pandemic. It did not fully reflect the borough but a comparison to the 2011 census revealed a 25% decline in the number of children aged under 5. Councillor Ree continued that other factors that might affect data patterns included the census date, 21 March. At the time, students would have been away from home at university, and many people who had moved out of London had later returned, affecting the accuracy of the data in that it might not be a true reflection of the borough in 2023.

Councillor Nikos Souslous enquired if the government had considered any variations that might arise in the Office for National Statistics intermittent reporting. Matt Sales explained that this was a complex question but a group of similarly affected London boroughs had formed a working group to further explore concerns raised by the census and the extent to which the data was representative of the boroughs. The boroughs were also engaging with London Councils to examine population modelling

and how these were used to inform government grants and settlement figures, financial schemes that were in themselves, also very complex, and officers confirmed they were providing Councillor Ree with further guidance on this.

Councillor Soslous asked about the reducing waste disposal tonnage metric and sought further information about this. Sukvinder explained that the council was currently undertaking some awareness raising engagement work with residents to help improve their understanding of how and what they can recycle, and therefore reduce the amount of household waste. The council was also working with businesses to try and reduce commercial packaging. A pilot project on waste containerisation was also being implemented collecting recycling in wheelie bins to help households separate their waste more easily to promote overall recycling. The cost of disposing of domestic waste was £160 per ton, compared to £35 per ton of recyclable waste, indicating significant cost differential.

Councillor Brocklebank-Fowler sought further clarification about the investment proposal figure of £10.7 million figure, in relation to savings of £2.9 million and approximately £1 million for the cost-of-living fund, and how funding for the latter had been identified. Sukvinder Kalsi responded that it was difficult to hypothesise about the figures in the way they had been described by Councillor Brocklebank-Fowler. The figure of £10.7 million indicated additional investment in services as set out in the table 5, paragraph 24 of the report (page 22 of the agenda pack). This set out a budget that was balanced by another proposal where income was generated by grant income. The overall budget therefore comprised of different financial component parts. Seeking further clarification, Councillor Brocklebank-Fowler enquired about the specifics of the anticipated £5 million expected on the existing balance. It was clarified that some income would be generated from proposals for council tax, which would generate about £3.5 million. Overall, there was also an increase in the number of households in the borough of about 1600, which would also generate additional income. Andre Mark confirmed that this represented a mix of new residential properties and a reflection of the natural churn in population demographic growth.

Councillor Ree explained the context of the approximately £1 million fund allocated to the cost-of-living programme. The challenge had been that the cost-of-living crisis had been perceived as a “winter pressure”, with increased utility spending to keep warm, reducing during warmer periods. However, there was a recognition that these pressures would continue throughout the year and that prices would continue to increase. This ring-fenced money was a dedicated fund that could be applied to specific projects throughout the year to support residents, for example, by increasing discretionary benefits. The funding was new money, drawn from savings and income generated by the council and did not come from reserves. Sukvinder Kalsi clarified that the proposed budget for next year did not rely on any reserve expenditure. Contingency policies would remain in place to allow the council to deal with any emergencies as they arose.

Councillor Homan commented that the Board had considered the cost-of-living programme at its previous meeting and that it was clear that there were activities that the council was engaged in to deliver support to residents which also reflected long

term investment in specific projects. It was a positive decision to ring fence this funding.

Councillor Rory Vaughan welcomed the report and thanked finance colleagues for their work. He asked when the government might announce details of the business rates review. He also welcomed the effort to maintain the free home care policy given the increase in costs to deliver this, which he regarded as a testament to the efforts of officers. Sukvinder Kalsi reported that parliament had indicated on 17th November 2022 that social care reforms would not be prepared for at least two more years. Andre Mark added that the business rates revaluation scheme would not take place for another year, so this might materialise for the 2024/25 grant settlement. It was explained that the council worked closely with home care providers to monitor and maintain the costs of home care. About 1500 residents benefitted from this support, receiving an average of 13 hours support per week.

Prakash Daryanani confirmed that some social care reforms around charging had been postponed to October 2025, but other reforms would continue. The council was working with care providers on the reform agenda, and they were also monitoring inflationary and wage pressures, which could be alleviated by the ring-fenced market sustainability grant. Commenting further he referred to Appendix 1 of the report which reflected interesting data trends regarding home care which was the service with the highest pressure across all of the social care services provided. The decision to continue to provide free home care was a strategic policy commitment, delivered by only two local authorities nationally, and managed year on year within the budget, at the same time as continuing to invest in service growth (about £4 million of the £10.7 million investment proposal).

Addressing the earlier point by Councillor Vaughan, Councillor Jacolyn Daly asked about business rates in the context of short-term changes to government policies on rate capping in previous years, and what the forecast of future income might be given the number of businesses that were ceasing to trade. Councillor Daly also asked about what the future government reforms were expected to be and what the impact on long term planning might be, given the council's commitment and investment in its industrial strategy. Councillor Homan elaborated that the council had focused on its industrial strategy to support local businesses and that many businesses had been failing which was difficult to predict. Councillor Homan asked if there was any indication of how the business rates review would impact the council's current position and felt that this should be included as a risk factor (paragraph 34, page 25 of the agenda pack) noting an anticipated reduction in business rate revenue. Sukvinder Kalsi responded that the council normally took a cautious approach to business revenue income and in recognising the impact on businesses had tried to mitigate against these risk pressures. Andre Mark added that the council budgeted at its safety net level, protected against any fall below the safety net, and technical adjustments were required to go either above or below that safety net. There was no certainty about the level of risk generated by fluctuations in business rate revenue or council tax collection.

Councillor Nicole Trehy asked what recruitment and retention workforce challenges could be envisaged in relation to social care. Prakash Daryanani responded that there were particular workforce challenges in the home care service. A London

Living Wage (LLW) was paid but these were still comparatively low wages for the region. The specification for the service procurement was quite detailed but mitigation measures included the inclusion of career pathway opportunities which included training and development. An increase in the hourly rate was anticipated but it was a challenge given demand for staff from other markets.

Councillor Brocklebank-Fowler enquired if the number of council staff had decreased in the borough. Sukvinder Kalsi responded that this figure depended on the service and service providers, for example, the establishment of the Law Enforcement Team indicated an increase in the council workforce, and Facilities Management had been brought in house, with fluctuations in workforce numbers as services expanded or contracted. Councillor Homan commented that many contractors were struggling with workforce recruitment and that this too could be included as a risk factor. It was confirmed that the council was working closely with providers to mitigate and monitor, reporting back any concerns. Councillor Ree commented that Finance and BI colleagues had undertaken a piece of work in 2020/21 to monitor the Council's spend on agency staff and a dashboard implemented to ensure that this was tightly controlled.

### Corporate Services Overview

Alex Pygram highlighted areas of success, opportunities for growth and risk factors for 2023/24 across Corporate Services. Total expenditure was £34.3 million representing approximately 6% of the council budget. Three areas of income were highlighted, these included Legal recharge, digital advertising and mortuaries (shared as part of the West London Coronial Area). Areas of success included Hello Hybrid, allowing the staff to work with greater agility, and reducing the leasing costs as space was consolidated. BIU had continued to innovate by developing a number of new products across the council facilitating improved utilisation and application of data to inform service development and delivery. The Electoral Registration Team had successfully delivered the May 2021 local elections, and Digital Services had managed to deliver upgrades, protect data and maintain security, rolling out new IT hardware and kit within budget. The Transformation and Talent team were also delivering a successful apprenticeship programme which included placements for 41 apprentices across the council, with a further 60 who were engaged in apprenticeship studying.

The figures for both expenditure, income and revenue were explored, in summary it was noted that there was a net budget of £25.6 million, with staffing costs of approximately £5 million, and £7 million in contracts (£12.6 million total). Savings of about £20k had been proposed in addition to £1.4 million delivered in previous years, with investment growth of £691K proposed for 2023/24. The recent pay award implemented in November 2022 was included in the 2023/24 budget and work was underway to plan for 2024/25. There was a significant spend for the Finance and HR system provided by Hampshire County Council of £2.1 million. Future plans and opportunities included work on digital advertising, renegotiation of some contracts, and exploring different avenues for generating income. Key risks included inflation and a number of Digital Services were due for contractual renewal and these would be closely monitored and negotiated to mitigate any inflationary increases. IT hardware was also being refreshed as part of the 'Tectonic 2' program in 2024.

Councillor Souslous referred to a council motion (Council meeting held on 18 January 2023) against the introduction of photographic identification for voting in elections. He enquired about what the associated cost of introducing this measure might be. Alex Pygram explained that although proposals had been outlined, the costs were relatively unknown and more information from government was expected as to the implementation costs. There would also be peripheral costs for enforcement and delivery and, so far, £6k had been awarded to support the work. Any further expenditure would need to be reclaimed from government, which was not encouraging creating considerable uncertainty, although this a national programme.

Councillor Vaughan enquired about IT service changes that were likely to arise from reform and more generally, what the scale of the IT upgrade work consisted of. Councillor Homan reminded officers and the Board of its recent work undertaken on digital inclusion. Digital reforms and upgrades would be a provision to support the whole workforce and organisation and would be separately charged. Councillor Ree explained that a large part of the investment had been intended to increase security. A number of local authorities had recently experienced security breaches and he was keen to for the council to avoid this experience. A decision had also been made to return IT support in-house to offer a more effective service, and a further cost would be to update the system to achieve greater workforce efficiency. Councillor Perez enquired if the Hello Hybrid programme had capitalised on new IT opportunities. Councillor Ree responded that the programme had allowed the council to widen its geographical recruitment field, saved lease costs by consolidating office space and will support the reduced office capacity that will be available at the Civic Campus.

Councillor Homan briefly summarised the key points of the discussion:

- A three-year settlement plan would be helpful to the council and the Board endorsed this as a way forward.
- The Board noted the difficulties around business rates and how this should be included as a risk factor in future papers.
- The Board would continue to support and contribute to the development of the digital inclusion strategy.
- Workforce recruitment and retention required monitoring, noting the change to staff profile given programmes such as Hello Hybrid, the Civic Campus and moving services in house.
- Further monitoring of electoral registration reform.

Councillor Homan commended the work of officers and thanked Councillor Ree for the significant work undertaken to present the budget proposals for 2023-24.

## **RESOLVED**

That the Board agreed the following actions:

- The Director of Finance to confirm the base figure £2.9 million ring-fenced budget and the details of it.

- The Assistant Director of Programmes and Assurance to provide key headline information from the Census 2021 as part of a report to a future meeting of the Board.
- The Head of Strategic Planning and Monitoring to provide further details on the 1,600 new households assumed in the Council budget.
- The Director of Finance to include business rate revenue as a risk factor in future MTFS proposals.
- The Director of Finance to provide Council workforce figures for the previous three years.

**5. WORK PROGRAMME**

The Board planned to consider the following items for future meetings:

- April 23 – Census 21 headlines and look back on year
- June 23 – Coproduction and intergenerational work

**6. DATE OF THE NEXT MEETING**

The Board noted the date of the next meeting on 24 April 2023.

Meeting started: 7.00 pm  
Meeting ended: 8.18 pm

Chair .....

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