

Scrutiny & Overview Committee Supplementary Agenda



5. Update on the Council Response to the Covid-19 Pandemic
(Pages 3 - 10)

The Committee is asked to review the Cabinet report along with any further information provided at their meeting and decide whether they wish to make any recommendations.

6. Scrutiny Review of Croydon Council Finances (Pages 11 - 30)

The Committee is asked to review the Cabinet report along with any further information provided at their meeting and decide whether they wish to make any recommendations.

7. Croydon Economic Recovery (Pages 31 - 50)

The Committee is asked to review the report provided along with any additional information supplied at the meeting and decide whether it wishes to make any recommendations.

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Croydon Together: update on our ongoing response to Covid-19

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Jo Negrini
Chief Executive



Agenda Item 5

Scrutiny: 22 July 2020

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Our response: key activities in June/July

- Pandemic continues, with response structures in place
- Safe reopening of town and district centres
- Continued support for care homes, especially with infection control



The key principle to reopening services is safety first – both for users and for staff

Services: highlights

Already reopened	Reopening shortly
<ul style="list-style-type: none">• Household waste and recycling centres• Registrars• Public toilets• Parks playgrounds• Bowling greens• Many services operated throughout	<ul style="list-style-type: none">• Library ‘select and collect’ service launched 20 July• Leisure centres opening Saturday 25 July• Access Croydon appointments from 27 July• CALAT open for Autumn enrolments

New requirements

- 14,814 shielding residents
 - Government support ends 31 July, but many residents will continue to be vulnerable
 - All contacted, with needs assessment completed
- Test and trace
 - Councils required to adopt local outbreak control plans
 - Responsibility of Director of Public Health
- Outbreak management

New Local Government Powers

As of July 18th the Council has been provided new powers to minimise the virus's risk to the public and prevent its spread. The Council may now:

- restrict access to, or close, individual premises (except where the premises form part of essential infrastructure)
- prohibit certain events (or types of event) from taking place
- restrict access to, or close, public outdoor places (or types of outdoor public places)

Covid has added to a challenging situation

- One of the largest populations in London
- Historic underfunding
- Increasing demand in key areas: adults, children's, housing – and increasing complexity
- 2020/21 budget required challenging savings and income targets
- Government is backtracking on Covid funding commitment



Key learning

- We can adapt and deliver change quickly and effectively
- Strong partnerships – integration, particularly around localities, is the way forward
- Digital solutions work – we can push further than previously thought
- Community resilience, and supporting vulnerable residents is strong – we want to encourage this to continue

For General Release

REPORT TO:	CABINET - 13 JULY 2020
SUBJECT:	Responding to the Local Government Financial Challenge
LEAD OFFICER:	Jo Negrini, Head of Paid Service Lisa Taylor, S151 Officer Jacqueline Harris Baker, Monitoring Officer
CABINET MEMBER:	Councillor Tony Newman, Leader of the Council Councillor Simon Hall, Cabinet Member for Finance & Resources
WARDS:	ALL
<p>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</p> <p>Covid-19 has had an unprecedented impact on a global scale, including the UK and Croydon. Our response has been wide ranging, as will the recovery, covering all aspects of the Corporate Plan, including:</p> <ul style="list-style-type: none"> • People live long, healthy, happy and independent lives: through our public health messaging, adult social care and support for vulnerable residents • Our children and young people thrive and reach their full potential: through our support for schools and families, particularly the most vulnerable • Business moves here and invests, our existing businesses grow: by paying government grants and support with business rates 	
<p>FINANCIAL IMPACT:</p> <p>Covid-19 has had a significant impact on both the Council’s financial position, as well as the financial position of residents and businesses across the borough. This report outlines the actions being taken to reduce the substantial budget gap forecast as a result of Covid-19.</p>	
<p>KEY DECISION REFERENCE NO.: 2320CAB</p> <p>The decision may be implemented from 1300 hours on the 6th working day after the decision is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.</p>	
<p>The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below</p> <p>1. RECOMMENDATIONS</p> <p>1.1 Note the extraordinary financial context, as set out in the report;</p> <p>1.2 Endorse the further actions and governance arrangements which have been put in place, outlined in the report, to ensure the Council delivers within the 2020/21 approved budget;</p> <p>1.3 Note the statements from the Head of Paid Service, S151 Officer and Monitoring Officer; and</p>	

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| 1.4 | Agree the principles informing actions to deliver within the 2020/21 approved budget. |
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2. EXECUTIVE SUMMARY

- 2.1 Reports to the Cabinet meetings in May and June 2020 provided details on the actions taken by the Council to respond to Covid-19 and support our local residents and businesses.
- 2.2 The pandemic has had a dramatic effect on Croydon, and the entire country. The public health emergency has quickly turned into an economic emergency. This is affecting businesses who have seen reductions in sales and cash flows due to the lockdown. It is affecting residents, with many furloughed on lower salaries and many losing their employment entirely. And it is affecting the council. As well as changing the way we deliver services, the way our staff operate, and how we work across the community, Covid-19 has had a dramatic impact on our financial position.
- 2.3 We have seen increases in demand and costs to support vulnerable residents. This will increase further as residents need support with housing and debt issues caused by the economic impact. This increased expenditure is coupled with reductions in income, creating an unprecedented budget gap in our 2020/21 forecast.
- 2.4 Nationally, local government has received approximately £4bn of additional funding. Whilst the additional funding is welcome, it is not enough to cover the budget challenges being identified by councils all over the country, with an estimated shortfall in excess of £6bn.
- 2.5 The council is taking urgent action to address the financial challenges, whilst continuing to prioritise the Administration's priorities and manifesto commitments. This report sets out our approach and provides a summary of the projects that have been established as immediate actions to reduce expenditure and increase income.

3. BACKGROUND

- 3.1 On 2 March 2020, the Full Council unanimously approved the budget for the 2020/21 financial year.
- 3.2 The budget reports were presented to the Cabinet on 24 February 2020. The report referenced the financial struggles of local authorities as a result of austerity measures. Local authorities across the country have had to balance rising demand with year on year real term cuts to grant funding from government. Croydon is therefore not alone in needing to deliver savings to protect front line services. However, Croydon does face some unique challenges.
- 3.3 Croydon is one of the capital's largest boroughs by population and, although situated in outer London, it has many Inner London issues that impact its

budget. The effects of welfare reform, Universal Credit and the rising cost of poor quality rental property have seen large numbers of people move from central London to Croydon in search of cheaper accommodation, care and living costs. This, however, has subsequently resulted in Croydon seeing higher levels of poverty and homelessness, and need is becoming more complex.

- 3.4 Despite the challenging pressures facing Croydon, the Council has been consistently working to improve services with reducing budgets. Croydon is leading the way by looking to new and innovative ways of delivering public services. Central to this has been the borough's localities work with its focus on partnership, early help and prevention; providing targeted support to residents who need help the most, at the earliest opportunity, with a view to avoid crisis and the need for intensive intervention wherever possible.
- 3.5 The Council has also been focused on strengthening our financial position in the medium to long term. The 2020/21 budget included proposals to increase reserves by £5m (a nearly 50% increase) and an increased contingency budget (from £2m to £3.7m).

4. COVID-19 IMPACT

- 4.1 Cabinet reports in May and June set out the unprecedented impact that Covid-19 has had in Croydon, as well as across the country and globe.
- 4.2 There has been significant additional pressure on services including:
- Adult social care, where approximately 15,000 residents have been identified as clinically vulnerable, and required to 'shield' at home. Vulnerable residents have also been minimising contact due to their age or medical condition. This has created a significant increase in cases for Adults Services.
 - Public health, which has a statutory function to coordinate responses to pandemics, with advice and guidance across every service, organisation and community.
 - Homelessness, where the council sourced additional emergency accommodation for all rough sleepers. The economic impact has also resulted in an increase in people needing support and advice in relation to housing, benefits and debt.
 - Education, where schools have need support to operate radically different following the closure to all but vulnerable children and children of key workers, and then plan for reopening with social distancing requirements to maintain.
- 4.3 Covid-19 has had a threefold impact on the Council's financial position:
- Additional demand in a number of services (as above):
This has resulted in higher than budgeted spend forecasts, with the Government appearing to backtrack on previous commitments to support all expenditure resulting from Covid-19.
 - Loss of income:
The lockdown has led to a dramatic reduction in income in service areas such as leisure and parking. This is affecting all councils and the financial pressure has been highlighted to government by London Councils and the

Local Government Association. However, to date, the government has offered no support in this area.

- Delay in realising savings:
The pandemic has required an emergency response, with resources redeployed to support key priority one services, and the additional requirements placed on the Council. The 2020/21 budget included a number of savings based on service transformation, which has not been possible during an emergency response.

- 4.4 The Government has recognised the impact that Covid-19 has had on public services across the country and announced £3.2bn of additional funding for local government in two tranches during the pandemic. A further £600m of funding was confirmed to support infection control measures within care homes. Croydon Council's share of this funding equates to £19.9m and £4.12m for Care Homes.
- 4.5 The Local Government Association and London Councils has identified that this funding, whilst welcome, covers only a fraction of the financial impact on local government. Every local authority, therefore, is facing a significant funding shortfall, including Croydon. As set out above, this issue has been repeatedly raised with government, including with evidence provided through the regular financial returns provided to the Ministry for Housing, Communities and Local Government.
- 4.6 Despite repeated statements from the Secretary of State and Minister for Regional Growth and Local Government that local government will be funded for all costs arising as a result of Covid-19, this is not forthcoming. There is therefore a substantial risk that the government will not fund all costs incurred as a result of Covid-19 and we know that our costs will be greater than the funding allocated to date.
- 4.7 Unlike national government, local authorities are unable to borrow to finance the additional service costs resulting from the Covid-19 response. Services must be delivered within the budget envelope approved by Full Council. As a result, urgent action has been taken to identify opportunities to reduce spending across the council.
- 4.8 As at the end of June 2020, the cumulative impact of additional spending, unachievable savings, and reduced income resulted in an overspend forecast of £65.4m for 2020/21 (see table below). The represents 8% of the budgeted gross expenditure, or 20% of the budgeted net expenditure. Whilst this forecast is based on the best estimates at the time of writing, the impact of Covid-19 continues to develop and the position may, therefore, get worse.

	£m
Additional Expenditure	26.293
Unachieved Savings	31.747
Lost Income	27.308
Total	85.348
Funding	-19.926
Gap	65.422

4.9 Local government was already underfunded before Covid-19, and we have consistently delivered savings, efficiencies and transformation. However, the pandemic means that we are spending more have seen income reduce and been unable to deliver our planned savings. Urgent action is therefore required to respond to this unprecedented financial challenge. The Finance Review Panel are working on this with a number of projects focused on immediate action. (see section 6)

5. OUR APPROACH

5.1 Our Corporate Plan is focused on providing the services and support that enable everyone to have the opportunity to succeed, particularly the most vulnerable. Covid-19 has had a dramatic impact on our communities, but it is clear that the impact is not equal. Many of our most vulnerable have been impacted the most. Our Corporate Plan commitments, therefore, must remain as our key focus. The Corporate Plan has always recognised that this would need to be achieved with less resources and significant change within the organisation, and with the way we work with our partners.

5.2 With this focus, a number of clear principles have been agreed with the Leader and Cabinet to inform our approach:

- We must deliver the same outcomes with less money.
Our residents and businesses continue to need support. The outcomes will, however, need to be delivered differently. There will be a strong focus on the delivery of integrated work with partners.
- Our localities approach must meet the needs of residents and communities more effectively and efficiently
Our transformation in this area will be accelerated and includes a greater focus and shift in resources to prevention and early intervention, ensuring a sustainable base for our services and tackling inequalities across Croydon.. Our localities approach enables us to harness neighbourhood action, mutual aid groups, voluntary and community groups – all coming together in a grassroots network to support vulnerable people.
- We must not allow our statutory services, particularly Children’s Services, to move backwards
- It is critical that we continue to support statutory services and social workers, with case work managed effectively

5.3 Whilst the scale of the financial challenge means that there will be difficult decisions, which will impact on our staff and the way we deliver our services,

we remain committed to delivering the commitments within our Corporate Plan, which drew on the ambitions of the administration as set out in their manifesto.

6. OUR WORK TO DATE

- 6.1 There has been a sustained reduction in local government funding by central government over the last decade. This has placed significant pressure on councils across the country to reduce income and identify new and increased income sources. The Council is therefore always looking at opportunities to deliver improved outcomes more efficiently. The scale of the challenges created by Covid-19, however, mean that we must deliver more savings, and faster than planned.
- 6.2 In developing the 2020/21 budget, as approved by council, the Executive Leadership Team utilised Agile methodology to run a series of sprint sessions to identify a wide range of savings and efficiency opportunities. Sprint sessions covered a range of areas and will continue to be a method utilised.
- 6.3 These sessions informed a number of the budget proposals within the 2020/21 budget. However, as set out above, the ability to deliver these savings has been impacted by Covid-19, with resources diverted to the pandemic response. As we move to the recovery phase, actions have been taken to review these as well as identify further opportunities for savings to respond to the financial challenge set out above.

Finance Review Panel

- 6.4 The Council has established a Finance Review Panel to undertake a full root and branch review of the council's financial governance, strategy and planning, leadership, decision making, management and group company structures.
- 6.5 The Finance Review Panel has an independent chair, Duncan Whitfield. Mr Whitfield is the Strategic Director of Finance and S151 Officer at the London Borough of Southwark. Other external appointments to the panel are Matthew Kershaw (Chief Executive at Croydon Health Services NHS Trust) and Debbie Warren (Chief Executive at the Royal Borough of Greenwich). These members bring external expertise and constructive challenge to the process, alongside our External Auditors who have supported the approach, attend each panel and as part of their role have the opportunity to feed in their views to the panel.
- 6.6 The Cabinet Member for Finance and Resources and the Deputy Leader and Cabinet Member for Gateway and Homes are members of the Panel. The role of the Finance Review Panel is to make recommendations to the Leader and Cabinet Member for Finance and Resources and, through them, to Cabinet.
- 6.7 As part of the review, the Panel has recommended short term options to minimise spend and where possible generate income. It will also review options for refreshed savings proposals to deliver in year 2020/21.
- 6.8 A number of projects have been established under the finance review programme to deliver immediate actions to tackle the financial challenge across the following areas:

- Staffing
- Cross cutting areas
- Assets
- Contracts
- Income
- Demand management

- 6.9 The nature of our services mean that staff costs account for a significant proportion of our net expenditure and therefore any programme to deliver significant savings needs to consider staffing. A recruitment freeze has been initiated and includes permanent, fixed term and agency/consultant staff. We are also reducing the numbers of agency staff in all areas unless work is demonstrably essential and cannot be delivered otherwise. Departments have also set out plans for permanent 15% reduction in their establishment. Priority has been given to the deletion of vacant posts and termination of agency contracts. This is also being supported by a targeted voluntary redundancy scheme option, part-time options, flexible retirement, and redeployment in order to minimise compulsory redundancies. The formal 45 day consultation on these proposals commenced on 6 July.
- 6.10 Budget holders have been instructed to stop all non-essential expenditure, such as travel, overtime and non-essential supplies. Any planned projects will be reviewed and typically deferred unless they contribute net savings. All savings in the 2020/21 budget are being reviewed and additional action taken to deliver these. Any growth within the budget is also being reviewed and where possible deferred. Also being reviewed are savings proposals that were worked up for the 2020/21 budget but not incorporated for various reasons.
- 6.11 All departments have been asked to identify additional proposals for in year spending reductions. These may be efficiencies or service reductions, as well as any income generating proposals. Income generating services will also be reviewing their fees and charges. We are also exploring the option to apply to the Ministry for Housing, Communities and Local Government to further capitalise revenue expenditure, recognising the extraordinary situation due to Covid-19.
- 6.12 Staff have adapted well to working from home, and regardless of the timescales for the relaxing of lockdown measures, we anticipate a higher proportion of staff working from home will continue for the foreseeable future. We are therefore identifying savings that result from this consolidated new ways of working, and look at opportunities to accelerate the digitisation of council services.
- 6.13 One of Croydon's strengths is the relationships we have with our incredible local partners. These partnerships and strong relationships have been particularly effective in supporting our most vulnerable residents during the pandemic.
- 6.14 These partnerships will continue be the foundation of the changes we are making. With some of these practices already in progress, we are accelerating the implementation of our localities model, which will deliver services according to the different needs and demands of our communities across Croydon. The localities approach has been in development and we will implement new structures to mainstream this approach across services. This will be combined

with further work to look at opportunities for greater partnership working with the NHS and community partners to deliver a new model of integrated care for vulnerable residents on a locality basis and in the longer term, and options for shared services.

- 6.15 The council has a large capital programme and we are reviewing all expenditure. In particular we will be looking at what expenditure can either be reprofiled or stopped.
- 6.16 Our placements represent a very substantial cost for the Council. Accordingly, there will be a significant focus on reviewing placements, including stepdown, close financial management of placements and improved end-to-end processes.

Programme Management Office

- 6.17 A new programme management office (PMO) has been established to coordinate delivery of a number of different programmes and projects.
- 6.18 The PMO has brought together staff from across the organisation with a range of key skills, including multiple project management methodologies, financial analysis, user experience, business process reengineering. The team provide the resource and expertise to support ELT and Directors in driving programme and project performance, track and monitor progress, and provide regular reports and recommendations.
- 6.19 The PMO will use Agile programme and project management by default, but can utilise other methodologies where appropriate. The Agile method ensures that the projects have clear objectives and measureable performance indicators, but retain flexibility to adapt and overcome challenges swiftly as the project is delivered.
- 6.20 The PMO has established or is supporting the following programmes:
- Finance review
 - Localities implementation
 - Systems and process improvements
 - Sustainability
 - Equalities and inclusion
- 6.21 A financial tracker and dashboard have been created to provide clear, regular updates to the Finance Review Panel. This approach ensures that we are tracking performance and financial impact at every step.

7. STATEMENT BY THE HEAD OF PAID SERVICE

- 7.1 As recent reports to Cabinet have demonstrated, the Council responded rapidly to the impact of Covid-19 on our most vulnerable residents and communities.
- 7.2 Now the Council is responding rapidly to the impact of Covid-19 on local government finances, which is a significant risk to our ongoing service delivery. Failure to act would create an unsustainable budget which would ultimately lead to poorer outcomes for our residents.

- 7.3 This report sets out the wide range of actions being taken to ensure the Council delivers our statutory and non-statutory services within the budget envelope agreed by Council. We will deliver these outcomes differently, and the changes that we need to make will be difficult. However, we must change in order to overcome this unprecedented financial situation and still deliver the best outcomes for our residents at a time when they will need more support than ever.
- 7.4 I, along with my Executive Team, are very proud of how our staff have adapted and innovated in our response to the Covid-19 pandemic. We will continue to adapt and innovate as we deliver the proposals outlined in this report. The result will be a sustainable organisation that remains focused on resident outcomes, working with partners and the community themselves, to adapt and respond to the specific needs in different localities.

8. STATEMENT BY THE S151 OFFICER

- 8.1 In the budget report to Cabinet on 24 February 2020, my statutory Section 151 Officer statement included the following:

“These continue to be very challenging times for local government and therefore it is certain that further difficult choices will be required over the coming budget cycle if the Council is to maintain a continued solid financial foundation”.

- 8.2 This statement was made on the basis of the challenging financial position already facing local government following years of sustained reduction in Government funding. The Covid-19 pandemic has brought unprecedented financial challenges that has left all councils facing a substantial budget shortfall in 2020/21. As well as the additional costs in supporting vulnerable residents, the lockdown resulted in a dramatic reduction in revenue income and our inability to deliver proposed savings.
- 8.3 Like many councils, this has created a substantial overspend in our budget outturn forecast for 2020/21. In my role as the Statutory S151 Officer, I am required to take action to control expenditure where:
- A council forecasts that expenditure exceeds available resources
 - There is no credible plan in place to bring spending within the resource envelope
- 8.4 This report outlines what, in my opinion, is a credible plan to reduce our spending in year and close the budget gap. This plan must be implemented as a matter of urgency. This will require difficult decisions, and for us to make changes at pace.
- 8.5 We will be closely monitoring progress against the various projects, as well as overall expenditure. I will be providing regular reports to the Finance Review Panel and to all Councillors. If we fail to deliver the actions and bring expenditure within our budget envelope, I will be required to take further action in my role as statutory S151 Officer and issue a S114 notice.

9. STATEMENT BY THE MONITORING OFFICER

- 9.1 My fellow statutory officers have emphasised the unprecedented situation that is facing local government, and therefore Croydon Council.
- 9.2 This report has outlined our plans to address the financial challenges created by Covid-19. Critical to our success will be effective resourcing and monitoring of the projects and changes required.
- 9.3 We have created a dedicated programme management office, with the skills and expertise to support us to deliver change at pace. They have swiftly established a large number of programmes and projects with named sponsors and lead Directors to manage delivery. Performance dashboards and trackers are in place so that we can easily see progress against plan, and to take action to address any delays or shortfalls.
- 9.4 The Finance Review Panel has been established to ensure strong political oversight of the actions. The panel also includes external expertise to add additional robust challenge but also bring external ideas and best practice to our response.
- 9.5 Regular updates will continue to be provided to Cabinet and all Councillors on progress. I am confident that the governance structures are robust and will provide clear and transparent progress reports.

10. CONSULTATION

- 10.1 This report has been completed following consultation with the Leader of the Council and all Cabinet Members.
- 10.2 The Chief Executive, S151 Officer and Monitoring Officer have also provided briefings to the Leader of the Opposition.
- 10.3 Staff consultation will be undertaken as required, and set out in the human resources implications below.

11 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 11.1 As detailed in this report the financial impact of COVID-19 is significant for all local authorities and the government has recognised that local authorities need financial help, along with the NHS, local businesses and resident.
- 11.2 As previously reported to this Cabinet the level of funding received by Croydon Council to date for general Covid-19 costs is £19.9m. Whilst this funding is very welcome we know that it will not be enough and our last return to MHCLG indicated an estimated £65.4m funding gap in 2020/21 after receipt of this funding.
- 11.3 Work is underway to reduce this funding gap and the Finance Review Panel are working on a number of projects to reduce costs, increase income and deliver savings, alongside continuing conversations with government in relation

to further funding.

- 11.4 We have also received funding for a number of specific work streams as follows:
- £57.4m for grants to small business and those in the retail, leisure and hospitality sector, this amount includes £2.8m which can be allocated at the discretion of the local authority based on pre-determined criteria set locally by Croydon Council.
 - £4.1m for Care Home infection control.
 - £1.99m for Test, Track and Trace.
 - £4.4m for Council Tax Hardship support.
 - £342k to support the opening of our high streets
- In all cases, these can only be spent on the specific are of expenditure, which would not have been incurred were it not for Covid-19.
- 11.5 The government has also announced numerous other funding including £100m to support rough sleepers and £1bn to support schools with lost teaching time and tutoring. The allocation of these funding sources is yet to be confirmed.

Risks

- 11.6 There continues to be a risk that the plans being developed are not sufficient to fund all costs and the government does not provide enough funding to Croydon. If this is the case and we are unable to balance the budget we will have no choice but to issue a S114 notice. At the time of writing this report, this is not the case and we are confident that we will be able to implement savings and solutions with government to balance the budget in 2020/21 and develop a robust MTFS for the future.
- 11.7 There is also a risk that the impact of this pandemic will have a financial impact on the Council for years to come, this will be the case if the government do not provide Council's with sufficient funding to cover costs in year and instead allow council's to borrow monies, a similar approach to that taken with the NHS.

Options rejected

- 11.8 Do nothing was not an option, and the fast action to reduce costs and explore savings and income generating options was taken quickly and in a managed manner with expert advice and challenge from other industry experts and partners.

Future savings/efficiencies

- 11.9 We recognised early in this pandemic that we needed we could not do nothing and acted early to set up the Finance Review Panel and put in place a programme of projects. It is this work and our on-going conversations with MHCLG that are instrumental in us having a plan to manage our budget and prevent the issue of a S114 notice.

Approved by Lisa Taylor, Director of Finance, Investment and Risk.

12. LEGAL CONSIDERATIONS

- 12.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance and Deputy Monitoring Officer that the Council is under a duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 12.2 The Head of Paid Service is responsible under the Local Government and Housing Act 1989 section 4(2) and (3) for preparing reports on the way the council's staff is organised, on the council's staffing needs and on the co-ordination of the way in which the council's functions are discharged.
- 12.3 The Chief Finance Officer (CFO) appointed under requirements within section 151 of the Local Government Act 1972 is responsible for ensuring the financial probity of the local authority. The Local Government Finance Act (LGFA) 1988 requires the CFO to make reports accordingly to which the council or their executives must have regard in consultation with the Head of Paid Service and Monitoring Officer. This includes the power to issue a report under section 114 (3) of the LGFA if it appears to her that the expenditure of the council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 12.4 The Monitoring Officer appointed under requirements within section 5 of the Local Government and Housing Act 1989 is responsible for ensuring the correctness and propriety of the council's decisions and that the authority does not breach any requirement imposed by statute or perform any maladministration or injustice actual or potential. The Monitoring Officer may prepare a report on any actual or potential illegality in consultation with the Head of Paid Service and Section 151 Officer. The Monitoring Officer also has a key role in relation to the promotion of the ethical framework amongst members.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance and Deputy Monitoring Officer.

13. HUMAN RESOURCES IMPACT

- 13.1 The implementation of the proposals will in a number of instances necessitate a change of structure and skill mix of staff and/or change of working practices. The full impact in the proposals will be a net reduction in the number of staff and salary expenditure. We will seek to minimise the level of compulsory redundancies. The table below sets out the FTE impact.

	FTE reduction
Posts held by permanent staff	151.1
Vacant posts / agency	235.4
Total post reductions	410.5

- 13.2 Full engagement and consultation will be undertaken with the unions and staff as required. We have ensured early and active involvement of our recognised Trade Unions as the projects and proposals have developed.
- 13.3 Where restructures or transfers are proposed the Council's existing policies and procedures must be observed.

Approved by: Sue Moorman, Director of Human Resources)

14. EQUALITIES IMPACT

- 14.1 The Equality Act 2010 requires the Council to have due regard to the three aims of the Public Sector Equality Duty (the Equality Duty) in designing policies and planning / delivering services.
- 14.2 The three aims of the Equality Duty are to:
- Eliminate unlawful discrimination, harassment and victimisation
 - Advance equality of opportunity
 - Foster good community relations between people who share any of the defined Protected Characteristics and those who do not.
- 14.3 Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. This means that the adverse impact must be explained as part of the formal decision making process and attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance the detrimental impact against the strength of legitimate public need to pursue the service change to deliver savings.
- 14.4 The Council recognises that it has to make difficult decisions in order to reduce its overall expenditure to deliver within the approved budget while at the same time ensuring that it is able to respond positively to increases in demand for essential services. As part of the decision making process, we will be guided by the broad principles of equality and inclusion and will carry out and publish equality impact assessments on each project to secure delivery of the Council's equality duty, prior to implementation, including such consultation as required.

Approved by: Barbara Grant on behalf of Yvonne Okiyo, Equality Manager

15. ENVIRONMENTAL IMPACT

- 15.1 Sustainability will remain a key priority for the Council. All services will continue to be required to deliver improvements to the Council's sustainability and environmental impact.

16. CRIME AND DISORDER REDUCTION IMPACT

- 16.1 The Council remains committed to working with our partners to improve community safety across the borough.

17. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 17.1 The Council has set a budget for 2020/21 to support the costs of providing all of our services. This budget has been severely impact by Covid-19.
- 17.2 The Council needs to protect its limited financial reserves, and therefore it is essential that expenditure remain within the approved financial envelope.
- 17.3 The recommendations outline how the Council will remain within the approved budget for 2020/21,

18. OPTIONS CONSIDERED AND REJECTED

- 18.1 The actions outlined within this report are necessary and urgent. Many other councils are taking similar actions. Where they have larger reserves, they may absorb some costs, but this is not possible at Croydon.
- 18.2 The Council continues to raise the matter with Government, both directly and via London Councils and the Local Government Association to argue for additional funding for local government. This option, however, is not guaranteed and as a result the actions outlined in the report must continue.
- 18.3 It should be noted that any proposal that is not delivered will need to be replaced with an alternative proposal delivering equal financial impact whilst protecting Corporate Plan outcomes.

19. DATA PROTECTION IMPLICATIONS

19.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

- 19.2 The Director of Policy & Partnership advises that this report provides updates only, with no decisions that impact on data.

Approved by: Gavin Handford, Director of Policy & Partnership

CONTACT OFFICER:	Jo Negrini, Head of Paid Service
APPENDICES TO THIS REPORT:	None
BACKGROUND PAPERS:	General Fund & HRA Budget 2020/21 (Report to Cabinet on 24 February 2020)

Financial Update

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Simon Hall

Cabinet Member for Finance & Resources

Lisa Taylor

Director of Finance, Investment & Risk and S151 Officer

2019/20 Outturn

Quarter 3 Forecast				
Outturn		Revised	Outturn	Variation from Revised Budget
Variance £'000	Department	Budget £'000	2019/20 £'000	£'000
9,891	Health, Wellbeing and Adults	95,114	103,689	8,575
875	Children, Families and Education	96,596	105,027	8,431
-2,500	Place	106,480	101,721	-4,759
964	Gateway, Strategy and Engagement	36,386	36,980	594
-4,449	Resources and Chief Executive	-4,680	-14,022	-9,342
4,781	Departmental Total	329,896	333,395	3,499
-10,629	Non-Departmental Items	7,382	-4,681	-12,063
-5,848	Revenue Total before Exceptional Items	337,278	328,714	-8,564
8,219	Exceptional items	0	8,749	8,749
2,371	Total transfer from balances	337,278	337,463	186

Covid-19 impact:

- Increased expenditure, not met by Government funding
 - More residents requiring support
 - New duties and responsibilities, with rapid implementation
- Unable to deliver savings and transformation as planned
- Significant loss of income

MHCLG return – June 2020

	Jun-20
	£m
Additional Expenditure	26.293
Unachieved Savings	31.747
Lost Income	27.308
Total	85.348
Funding	-19.926
Gap	65.422

The plan to bridge the budget gap

- Finance Review Panel
- Immediate and short term measures
- July Financial review cabinet report
- Refreshed MTFS
- MHCLG conversations

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For general release

REPORT TO:	SCRUTINY & OVERVIEW COMMITTEE 22 nd July 2020
SUBJECT:	CROYDON ECONOMIC RECOVERY
LEAD OFFICER:	Shifa Mustafa – Executive Director for Place
CABINET MEMBER:	Cllr Manju Shahul-Hameed – Cabinet Member for Economy & Jobs
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Shifa Mustafa – Executive Director for Place

ORIGIN OF ITEM:	Support for and the performance of the economy in Croydon is a priority for the Scrutiny and Overview Committee.
BRIEF FOR THE COMMITTEE:	The Committee is asked to review the report provided along with any additional information supplied at the meeting and decide whether it wishes to make any recommendations.

1. EXECUTIVE SUMMARY

- 1.1. The Covid-19 outbreak has inflicted an unprecedented blow to communities and the local economy.
- 1.2. Croydon is one of London’s most diverse boroughs. It has been heartening to witness how the whole community in Croydon has come together to help one another through this time. Together we are so much stronger in responding to this crisis. The report to cabinet in June 2020 gave a detailed briefing on the impact of the pandemic and lockdown on the local economy, our initial crisis response and our thinking on the steps that are needed in the medium and longer term.
- 1.3. Whilst the health implications of Covid-19 have been severe, it is also now clear that we are entering a ‘significant recession’, potentially worse than the global financial crisis of 2008 - a crisis we have only recently recovered from after years of devastating austerity measures that took a dreadful toll on many of the most disadvantaged in our communities.
- 1.4. This new global recession will have a huge impact on businesses and employment in Croydon with long lasting consequences for communities across the borough.
- 1.5. On a national basis, we have seen over the last three months that the impact of the crisis has been to exacerbate existing inequalities, accelerate the decline of high streets and drive unemployment to record levels. The already disadvantaged are the hardest hit; these include: low earners, under-25s and women who are significantly more likely to work in a shutdown sector.

Croydon, however, has demonstrated that it is a resilient borough and that we have the capacity to work in partnership to respond dynamically and work towards sustainable economic renewal.

- 1.6. The Council is taking a proactive approach to respond to the crisis. We have a multi-faceted role in supporting the community and the local economy. We have developed a detailed understanding of the state of the local economy and the likely impacts of the lockdown on various sectors in the short, medium and long-term. The Council procures goods and services, it is a major local employer and landowner. It is an investor in Croydon and a source of finance for local businesses and organisations. The Council is in the process of distributing £56m of government funding in grants to 4,118 local businesses. £2.87m of residual grant funding is being used to pay discretionary business grants under the scheme announced by government in May. We will use all our economic functions, as an employer, commissioner, landlord, builder and planner to support the local economy. Regeneration of our town centre is vital and in developing our plans we will be open to talking to all who want to work with us.
- 1.7. The Council also has a local leadership role. We convened a business taskforce comprising leading stakeholders from Croydon and London to understand the impact of the crisis, coordinate emergency interventions, and inform the initial development of a medium and long-term recovery plan. As a local leader we will encourage other large commercial, public and social sector organisations that are committed to Croydon to use local suppliers, employ local residents, pay the London Living Wage and implement best practice in fairness, equality and sustainability.
- 1.8. We are in a rapidly changing situation. The full local repercussions of a world-wide economic crisis are unclear as is the pace at which the local economy will recover as lockdown eases in the UK. As such, we will continue to take an evidence-based, cross-disciplinary approach to foster and support an economic renewal that results in a more equal, inclusive and environmentally sustainable local economy. In working with our partners for the renewal and reform of our local economy we will be guided by our determination to reduce poverty, ill-health, social isolation and inequality. We will continue to lobby government where we think that changes in policy or additional resources are needed to achieve this end.
- 1.9. To lead these efforts, we have established a new Croydon Sustainable Economic Renewal Board who will develop a strategic and coordinated borough-wide response, across the public, private and voluntary and community sectors.

2. CROYDON SUSTAINABLE ECONOMIC RENEWAL BOARD

- 2.1. The Croydon Sustainable Economic Renewal Board is taking a cross-disciplinary approach to fostering and supporting an economic renewal that results in a more equal, inclusive and environmentally sustainable local economy. Mindful that Croydon is one of London's most diverse boroughs, it will address the inequalities arising from the impact of Covid-19 in terms of job losses and its targeting of the more vulnerable and black and minority ethnic communities. It will work in collaboration with the Croydon Climate Crisis

Commission, to ensure that sustainability is at the heart of the economic renewal.

- 2.2. The Board is chaired by the Leader of the Council. Its core membership comprises Croydon Council cabinet members for Economy and Jobs; Environment, Transport and Regeneration; Homes and Gateway Services; Culture, Leisure and Sport; and Safer Croydon and Communities. Other cabinet members will attend as necessary depending on the topic or theme of the meeting.
- 2.3. Membership has also been drawn from key stakeholders from the borough and region across the public, private and voluntary and community sectors, including the Greater London Authority (GLA), Coast 2 Capital Local Economic Partnership, Croydon Health Services NHS Trust, Croydon BME Forum, Croydon Business Improvement District (BID), London South Bank University, BH Live, Schroders, Gatwick Airport Limited, Unison, and the Council's Executive Director of Place.
- 2.4. The Board will consider key themes of economy, business and employment; housing; culture; regeneration, social infrastructure, planning and development; transport and travel; and communities and volunteering.
- 2.5. These themes may be explored in more detail through task and finish groups tasked with identifying critical delivery plans and short, medium and long-term opportunities to support the economic renewal of the borough across the partnership.
- 2.6. Cross cutting themes including environmental sustainability, equality and inclusion, and wellbeing will be essential considerations throughout the work of the Board and the task and finish groups.
- 2.7. The Board's decisions will be made as recommendations to the appropriate decision-making bodies of its constituent members.

3. THE ECONOMIC IMPACT OF COVID-19 IN CROYDON

- 3.1. It is already clear that the public health crisis is now a major global economic emergency. According to the [IMF](#), the crisis could be worse than the global financial crisis of 2008, with global growth in 2020 falling by 6.3 percentage points to -3%. The [OECD](#) estimated that UK output could fall by 26% and consumer spending by 37%. This has been confirmed by the latest data from the [Office for National Statistics \(ONS\)](#) which reported on the 14th July that there had only been a 1.8% improvement in UK output during May compared to the previous month - worse than the 5% boost economists had expected – leaving the UK output 24.5% below its pre-COVID-19 crisis level in February. The latest analysis from the [Office for Budget Responsibility](#) predicts an unemployment rate of at least 10% - far higher than the 8.5% peak during the 2008 financial crisis; and Chancellor Rishi Sunak has warned that “a significant recession” in the UK is likely, with a fall in GDP of 19.1% recorded in the three months from March to May ([ONS](#)). This is already having a huge impact on businesses and employment in Croydon with long-lasting impacts on communities across the borough.
- 3.2. The claimant count in the UK increased by 841,785 (66%) in the four weeks to 9 April 2020 (17 days after lockdown began) to 2.1 million, the highest claimant

count since 1996 ([ONS](#)). In Croydon the increase over the same period was 5,830 (54%) to 16,725, not quite as steep as the 61% increase in London overall. In May, this figure increased by a further 5,190 claimants to 21,950; 8.9% of the WAP. Overall, this represents a 103% increase in the claimant count since March – the lowest % increase in London.

- 3.3. Croydon had the 6th highest proportion of WAP claiming Universal Credit in May; however, Croydon's ranking has improved since March – when it demonstrated the highest WAP claiming UC. The 25-49 age group comprises the highest number of claimants and there are more male than female claimants as a proportion of WAP. The increase in claimant count over the lockdown period is equivalent to the increase in employment number since June 2016, thereby eradicating over three years of employment rises.
- 3.4. Of serious concern, however, is that around 44,600 Croydon employees have been furloughed. This equates to 18% of the WAP, slightly above the London average of 17.9%. This will impact on overall job loss figures in Q3 as we are anticipating a proportion of those furloughed will be made redundant when the scheme comes to an end in October. This suggests that unemployment in Croydon could still rise to 14%. Low-skilled, low paid workers, especially women and young people, are being disproportionately affected by the economic shock, according to the IFS and to the latest data for Croydon. They are more likely to work in sectors that have been shut down or reduced, such as hospitality and retail, and the gig economy. They are also less able to work from home and may have childcare responsibilities. The ability to work from home makes jobs less vulnerable to being lost and higher paid groups are ten times more likely to be able to work from home. People in low paid, casual work who have few savings may face financial hardship now, but may also be in danger of losing their jobs permanently.
- 3.5. The repercussions of the lockdown are being felt in the borough:
- 8,762 households are currently in crisis, at risk or struggling financially.
 - The number of incidents of domestic violence increased by 20.4% in the eight weeks since the lockdown started, compared with the previous eight weeks.
 - Private tenants risk losing their tenancies after the five month pause on evictions.
- 3.6. The Council has carried out detailed research and is developing an increasingly granular understanding of the state of our local economy as well as the short, medium and long-term impacts of the COVID crisis. Our latest research is a survey of Croydon businesses in May about Covid-19 impacts on job losses, access to government funding and resilience, including: contingency funding; insurance; ability to operate during the lockdown; and support needed. Approximately 350 businesses responded to the survey and analysis of the results of that survey will inform the continued delivery of our current response and the development of medium and longer term measures in our Sustainable Economic Renewal planning.
- 3.7. Overall, 25% of jobs in Croydon are in highly resilient sectors; this is higher than the UK average employment share. 42% of jobs are in resilient sectors

that are expected to experience moderate to high impacts from the lockdown. Croydon's least resilient sectors have a smaller employee share (16% of jobs) than London and the South East, but they also remain important for the borough.

- 3.8. However, as we continue to monitor the changing picture across our business sector, some industries previously demonstrating resilience against the crisis, are now beginning to move down the resilience spectrum. In particular, construction and real estate activities (likely intrinsically linked) have fallen in resilience. Construction has seen the second largest proportion of its workforce furloughed, as well as representing the third largest proportion of businesses having lost greater than 50% of their turnover.
- 3.9. The impact on retail businesses across the country has also been devastating and wide-ranging, affecting businesses both large and small. The retail sector has a high share of jobs in Croydon and will take an employment hit in the short term, particularly affecting low paid workers. This is likely to have a higher relative impact on Croydon than other comparator areas. Already, Debenhams has announced its withdrawal from Centrale and John Lewis At Home from the Whitgift Centre; smaller units are seeking support through the government's aid schemes. The Council is continuing to work across our partnerships to secure new uses for any units that may see businesses withdrawing now or in the longer term.

4. THE COUNCIL'S INITIAL CRISIS RESPONSE

- 4.1. The Council has been quick to respond to the crisis. We have worked with our partners to instigate a number of steps to support our businesses and residents; including:

Reinvigorating partnership

- 4.2. The Council has engaged with London Economic Action Partnership (LEAP) and Coast 2 Capital, both Local Enterprise Partnerships; the GLA; Transport for London (TfL); London Councils; and South London Partnership about our response. We have engaged with more than 7,000 local businesses and have convened a business taskforce to understand the impact of the crisis, coordinate emergency interventions, and inform the initial development of a medium and long-term recovery plan. The taskforce comprises leading stakeholders from Croydon and London, including Croydon, Purley and Central Parade BIDs, the Federation of Small Businesses, London Chamber of Commerce and Industry, London Growth Hub, Coast to Capital and LEAP.

Implementation of government grants and business rates relief schemes

- 4.3. 5,898 Croydon businesses are being supported through 100% business rates relief in 2020-21 and/or a business grant of £10,000 or £25,000. 383 of these are businesses in the retail, hospitality and leisure sectors operating from properties with a rateable value of above £51,000, who are receiving the 100% rate relief but are not receiving a business grant. As at 15th July 3,569 businesses (90.5% of eligible businesses) had received a total of £48.22m in business grants. 245 businesses have so far been supported through the Discretionary Grant fund, with grants of £1,000, £2,000 and £5,000, totaling £913,500. The second phase will open on the 27th July 2020 with £1.9 million

to distribute through grants, now also including grants of £10,000 to businesses with a rateable value over £50k.

Council funding and debt management

- 4.4. Loans: Croydon Enterprise Loan Fund enables businesses to access loans of up to £50,000. We are in the process of repurposing this loan fund and using the funding to deliver restart and resilience packages for local businesses.
- 4.5. Grants programmes were quickly established: as at 14 July 2020 Croydon Cultural Relief Fund has given £129,246 in grants to 38 organisations and the Emergency Covid Fund for voluntary and community sector groups has given grants to 39 groups totalling £205,661.
- 4.6. The Council as landlord has offered the option of rent deferment for a set period to qualifying tenants of its commercial property portfolio. Very few applications have been received; the terms offered were as follows:
- All tenants will have the ability to pay on a monthly basis for an agreed term
 - The Council will defer any enforcement action for late payment and not charge interest in respect of the March quarters rental payments and this will be reviewed for the June quarter
 - Deferment of rent payment for an initial period of 3 months may be available to eligible businesses on a case by case basis and will require the completion of the attached application form. We will require payment by the end of the financial year of any agreed deferred rent.

Business support

- 4.7. Information, advice and guidance on how to respond to the crisis and access government support has been provided by the Council through dedicated webpages, telephone support and newsletters; and through Croydon Business Network and the Cultural Business Network. Businesses have also been signposted to further support from business advice hubs, Local Enterprise Partnerships and the borough's three Business Improvement Districts.

Contracts and provider support

- 4.8. The Council has contacted all contracted suppliers with information and given them a single point of contact. An early payment process has been established. Additional support is being offered to suppliers on a case-by-case basis to prevent provider failure.

External funding

- 4.9. We are recalibrating and refocussing existing external grants and funding to respond more effectively to the crisis and support recovery.
- 4.10. We are working with the GLA Pay it Forward team to facilitate free fundraising to help local businesses to secure trade by pre-selling vouchers, goods and services.

Responsive planning policy

- 4.11. The Council has taken a flexible approach to applications and planning obligations, to give businesses greater ability to adapt to the challenging circumstances of the lockdown.

Low traffic initiatives

- 4.12. The Council is creating temporary wider footpaths to facilitate social distancing, on-street spaces to exercise and temporary cycle lanes. We have secured £100k through the Department for Transport's emergency active travel fund for local authorities to fund emergency bike lanes, wider pavements, safer junctions and cycle and bus-only streets and school streets.
- 4.13. We are also ring-fencing a proportion of funding from the Reopening High Streets Safely Fund to support further highways interventions; including measures to support new 'pavement licences'.

Employment support

- 4.14. We know that nationally low earners are seven times, under-25s are two-and-a-half times and women are a third more likely to work in a shutdown sector. A rise in precarious forms of employment is likely, including casual, short/fixed term and zero hour contracts. Self-employment is likely to grow due to the contraction of employment opportunities. These workers might have to suffer a significant reduction in income. Young people will require focussed interventions to prevent long term damage to this generation's prospects.
- 4.15. Croydon Works, the job brokerage service, has been getting in touch with all 3,600 registrants on its database to find out how they are faring and identify any employment needs. Additionally, Croydon Works has brokered new job opportunities to meet gaps in resources in health and social care, the police force and supermarkets, often supporting those who have lost their jobs due to the impact of Covid-19. Alongside the Council's Gateway Service, Croydon Works has given targeted individual support to prepare residents for the workplace and help them into work by collaborating with Croydon Adult Learning and Training (CALAT) to deliver online sessions on employment skills.
- 4.16. CALAT delivers pre-entry level courses, qualifications at levels 1-4, and apprenticeships and work based training for employers. It provides courses suitable for all residents including people in disadvantaged groups, such as care leavers, people who are aged over 50 or long-term unemployed, and ex-offenders who may face additional barriers to access education, training and employment. CALAT is providing training in skills to enable people to apply for jobs in growing sectors of the economy. We have brought together education providers from across Croydon who met to look at addressing the challenges and opportunities.

5. THE GOVERNMENT'S RESPONSE

- 5.1. Since March, we have been working with businesses to help them to access new packages of Government support released in response to the Covid-19 crisis. In Croydon, this has primarily been focussed on small businesses and

the self-employed, as this represents the vast majority of businesses (97.2% in Croydon). Government support has included:

- **Salary support:** employee furlough payments of 80% of pay till October (with reductions from August), a Self-Employed Income Support Scheme at 80% till May, and statutory sick pay rebates for small employers
- **Deferred tax and rate relief:** VAT payments deferred until the end of June, reduced rates are still available for hospitality, holiday accommodation and attractions, and self-assessment income tax payments for July 2020 deferred for six months. 100% business rate relief in 2020/21 for small businesses and those in the retail, leisure and hospitality sectors.
- **Business grants** of £10,000 and £25,000 to small businesses and those operating from smaller premises in the retail, hospitality and leisure sectors, and a discretionary fund of up to £617m for certain small businesses with fixed property-related costs ineligible for grant schemes.
- **Access to credit** through the Coronavirus Business Interruption Loan Scheme (CBILS) for small businesses, with the fees and interest covered for one year, and a Coronavirus Large Business Interruption Loan Scheme. The Future Fund issues loans between £125,000 and £5m, subject to equal match funding from private investors, to innovative companies in financial difficulty that cannot access the CBILS. 100% fast track Bounce Back Loans of between £2000 to £50,000 for small businesses with fees and interest covered for one year. Loans for social enterprises, and some small businesses with cash-flow problems, through Big Society Capital and Access, the Foundation for Social Investment.
- **Grants and loans** through Innovate UK for SMEs focussing on Research and Development.
- **Temporary protection** of high street businesses from aggressive rent collection and closure now extended to the 30 September 2020.
- **A new Business & Planning Bill** which will support the construction sector to restart and automate and fast-track licensing for food and beverage businesses to be able to accommodate customers outside.
- **Additional resources** are on offer in the form of helplines, webinars, growth hubs and the Find a Job service.
- **Reopening High Streets Safely Fund:** Croydon will receive £341,995 from this Fund (announced on 23 May 2020) to introduce safety measures and marketing to reassure consumers and workers.

5.2. Additionally, Rishi Sunak's statement on the 8th July announced a wave of new initiatives which the Council is currently working to ensure we can provide support to our businesses and residents as each initiative is implemented. This includes:

- **Job Retention Bonus** – businesses will receive a £1,000 bonus for every furloughed employee who is still working at their company as of 31st January 2021.
- **Kickstart Scheme** – designed to help 16-24 year olds. Those aged 16-24, claiming Universal Credit and at risk of long-term unemployment, will be eligible. Funding available for each six-month job placement will cover 100% of the National Minimum Wage for 25 hours a week – and employers will be able to top this wage up.
- **Apprenticeships, skills and training:**
 - Businesses will be given £2,000 for each new apprentice they hire under the age of 25. This is in addition to the existing £1,000 payment the Government already provides for new 16-18-year-old apprentices and those aged under 25 with an Education, Health and Care Plan.
 - A £111 million investment to triple the scale of traineeships in 2020-21 ensuring more young people have access to high quality training.
 - £17 million of funding to triple the number of sector-based work academy placements in 2020-21.
 - Nearly £900 million to double the number of work coaches to 27,000.
 - Over a quarter of a million more young people to benefit from an extra £32 million investment in the National Careers Service.
- **Infrastructure spending and decarbonisation:**
 - £8.8bn in spending on infrastructure, decarbonisation and maintenance projects
 - £3bn for green investment package
 - £2bn Green Homes Grant – homeowners and landlords in England can claim vouchers for green improvements e.g. loft, wall and floor insulation
 - £1bn for retrofitting public buildings
 - £5.8bn on shovel-ready construction projects
 - £1.5 billion for hospital maintenance and upgrades
 - £100 million for our local roads network
 - over £1 billion to start to rebuild schools in the worst condition in England, plus £760 million this year for key maintenance work on schools and FE colleges

- £1 billion for local projects to boost local economic recovery in the places that need it most
- £142 million for court maintenance to repair around 100 courts across England.

- ***Support for hospitality and leisure***

- New discount scheme for restaurants, cafes and pubs – 50% off, up to £10, sit down meals throughout August
- VAT cut for most tourism and hospitality-related activities, from 20% to 5%. This will run for six months, starting next Wednesday (15th)

- ***Support for housing***

- Stamp Duty threshold raised from £125,000 to £500,000, running until 31st March 2021, effective immediately

5.3. Despite the range of schemes, there are gaps in government support. Some businesses are not getting grants or loans because of eligibility criteria, including the sector in which they operate, or because they are not registered for business rates. More than 9,000 business in Croydon are not receiving support through a grant or business rate relief due to the following:

- 3,208 businesses are not in the retail, hospitality and leisure sectors and the rateable value of their premises is above the £15,000 threshold for a small business grant. However, these businesses may be eligible for other government support such as furlough schemes or loans.
- 5,914 businesses are not based in shops or any physical premises and are therefore not entitled to grants. However, some may be eligible for the government self-employed income support scheme.

6. LOBBYING FOR MORE GOVERNMENT SUPPORT

6.1. Since the lockdown was introduced the Council has asked Rishi Sunak MP, Chancellor, and Alok Sharma MP, Secretary of State for Business, Energy and Industrial Strategy for more action to safeguard local businesses against the severe financial implications. With 23 other London council cabinet leads we successfully lobbied Rishi Sunak to request support for the self-employed. The Council also successfully lobbied the government for more support for victims of domestic abuse, including funding and pan-London arrangements.

6.2. In view of the gaps in support, the government's action does not go far enough. Croydon's MPs, in particular Steve Reed MP, have lobbied the government to ensure this Council and local government generally receive the funding they need to respond to the Covid-19 emergency.

6.3. We have asked Simon Clarke MP, Minister for Regional Growth and Local Government, to extend the limited period for which Croydon is allowed to be a member of Coast to Capital, as well as LEAP Local Enterprise Partnerships, in order to allow businesses access to funds.

- 6.4. The Council is working closely with other London local authorities, London Councils, the GLA, LEAP, South London Partnership, the Federation of Small Businesses (FSB) and London Chamber of Commerce and Industry (LCCI) on the lobbying campaigns and supporting our partners through lobbying activities.
- 6.5. The Council is supporting Croydon BID's 'Raise the Bar' campaign to raise the rateable value threshold so more local businesses qualify for business grants.
- 6.6. As outlined above, the Council is already responding to the crisis by increasing support for businesses and residents facing financial difficulties. In addition to this, we are now moving onto the next stage, working with our partners to lead the economic renewal of the borough that will help rebuild our businesses and provide sustainable employment opportunities for our residents. Our aim is that this renewal will help reduce inequalities and build on the commitment to environmental sustainability that we made before the crisis began.

7. PATH TO RECOVERY AND RENEWAL

- 7.1. Whilst the impact of Covid-19 has been wide-ranging and devastating across our community, we are confident that we can create a sustainable path to economic renewal by building on Croydon's many social and economic assets and by learning the lessons of the past three months. We will be more successful if our approach combines the goals of economic development, equality, poverty reduction, public health and environmental sustainability.
- 7.2. Croydon has a lot to build on. Even before this crisis hit, our borough was already on the path to Good Growth - our population and house building is increasing. It is the fifth largest business base in Outer London and the thirteenth largest in London overall. There are 14,010 businesses operating from 9,179 premises. In line with the rest of London and the UK, the overwhelming proportion (86.2%) of businesses in the borough are micro-sized (with fewer than 10 employees) or self-employed, demonstrating the strong entrepreneurial culture of our borough.
- 7.3. A significant amount of development and projects are already underway in the town centre, in part enabled by the Growth Zone programme. Whilst the Croydon Partnership (Westfield) Whitgift Centre re-development has yet to fully commence, there is an opportunity to review the scope and scale of the planned Croydon Partnership development. The Council will continue to liaise with the Partnership to maximise the contribution this could provide for the economic renewal of the town centre and borough as a whole. The Council is confident that the Growth Zone programme and accompanying financial planning can accommodate such changes, and that the development already underway across the town centre will support a regeneration and infrastructure programme of significant scale.
- 7.4. The review of our Local Plan presents a great opportunity to focus on the sustainable development of our town centre, district centres and places across the borough and support the work of the Croydon Sustainable Economic Renewal Board. Combined with the relative affordability of both our commercial and residential spaces and our close proximity to central London, we are an attractive place for businesses to invest and for Good Growth.

7.5. We want a recovery that provides opportunities for training and jobs in sectors that are economically sustainable and have prospects of future development and growth. Our employment support will ensure access to tailored support for disadvantaged residents disproportionately affected by the lockdown and those facing particular barriers to employment.

7.6. We can ensure wealth produced in Croydon stays local and is shared amongst many by:

- **Creating fair employment:** we pay the London Living Wage (LLW) and ask our providers to do the same. Our Good Employer Charter encourages local businesses to use local suppliers, employ local residents, pay the LLW and follow best practice in fairness, equality and sustainability.
- **Progressive procurement:** extending our Value Croydon approach to work with key anchor institutions (large commercial, public and social sector organisations that are committed to Croydon) so all reinvest as much of their spending as possible in the local economy
- **Using our land and property to benefit local people:** building and renewing housing with local labour and SME subcontractors. We support community land trusts and will transfer more under-used assets to the community if we think they will make better use of them.
- **Supporting local wealth creators:** through local economic development plans to make best use of assets and reactivate empty commercial property, and developing support for SMEs, social enterprises and co-ops.
- **Backing finance that supports our local place:** through Croydon Enterprise Loan Fund, Croydon Credit Union and pension fund investment.

7.7. Croydon's growing creative sector and Borough of Culture status in 2023 provide significant advantages for our renewal plans. The creative sector has been significantly impacted by the lockdown, with events cancelled and cultural venues and hospitality businesses closed for a significant period. We will seek regional and central government intervention to enable it to survive this further period of lockdown and go on to play a central role in the regeneration of Croydon.

7.8. The Croydon Sustainable Economic Renewal Board (described in Section 3) will lead this process, ensuring the development of a strategic and coordinated borough-wide response to the economic crisis arising from Covid-19 that addresses the health and economic inequalities that have been exacerbated by the pandemic.

8. CONCLUSION

8.1. The Covid-19 health and economic crisis is unprecedented, wide-ranging and devastating. However, Croydon is a resilient borough with a strong base upon which to re-build our economy. It is a major sub-regional economic centre. We have a young, agile population and an ingrained entrepreneurial culture with a high number of business start-ups. The high proportion of micro businesses and self-employed are likely to be more agile and flexible in the recovery.

8.2. Croydon is a fantastic place to live in. As we focus on renewal we have the opportunity to ensure our local economy grows and develops from within, and that wealth produced in Croydon stays local and is shared amongst many. We can build on the new form of localism that has arisen, fruit of the 'Stay at Home' message that saw a shift towards local shopping, greater levels of walking and cycling and a rediscovery of local green and open spaces.

8.3. The strength of our partnerships has shone through in the initial crisis response and we have well-established forums for networking, collaboration and mutual support. This joint work provides a solid foundation on which to build the sustainable economic renewal of the borough.

CONTACT OFFICER: *Stephen Tate, Director, Growth, Employment & Regeneration*

BACKGROUND DOCUMENTS: Developing a sustainable economic recovery and renewal plan for Croydon, Cabinet Paper, 8th June 2020

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Croydon Economic Recovery

Shifa Mustafa
Executive Director of Place

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Scrutiny Committee: 22nd July

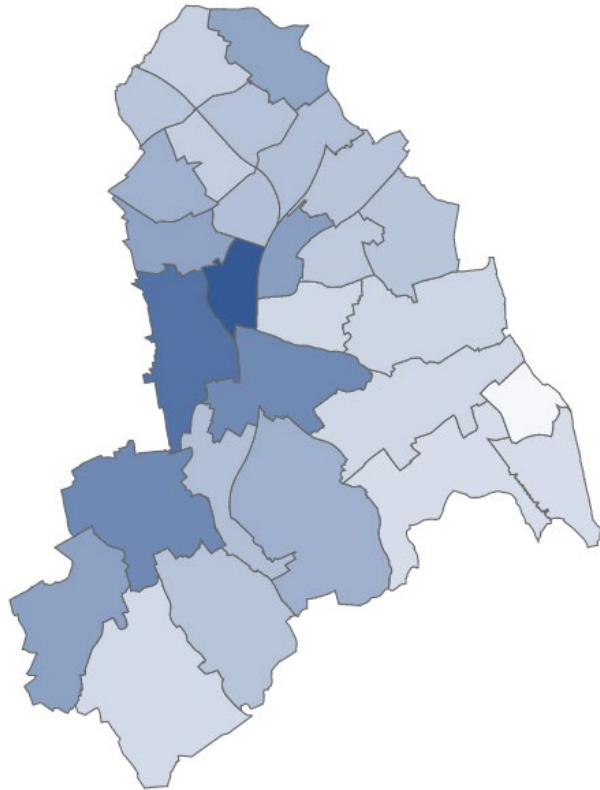
CROYDON
www.croydon.gov.uk

Developing a Sustainable Economic Recovery and Renewal Plan for Croydon

“We are in the middle of a global crisis – however we have worked in partnership to respond to this crisis and we will now work in partnership to build our recover”

What has been the impact of COVID-19

Business counts (IDBR 2019)



Good for environmental sustainability and communities coming together, however...

- c.14,000 businesses in Croydon affected
- £49.5m distributed in grants
- Unemployment at 8.9%, could rise to 14%
- 18% working age population furloughed
- Exacerbation of inequalities
- Some key development schemes progressing, others stalled
- Higher demand on housing advice/homelessness due to increased mortgage repossessions/rental evictions
- Impact on housing market not yet clear

The Council's Initial Crisis Response

COVID-19 SUPPORT FOR BUSINESSES

CROYDON | Delivering for Croydon
www.croydon.gov.uk

SUPPORT FOR BUSINESSES

Help to restart your business and make your workplace Covid-19 secure

CROYDON | Delivering for Croydon
www.croydon.gov.uk

As the country prepares for lockdown restrictions to be relaxed, we want our business community to be prepared to restart and operate safely and confidently.

This special edition business newsletter brings together advice, support and guidance from the government and our partners to help you through this challenging time.

We are sending you this email as a registered Croydon business. **If you would like to register for future Croydon Council business newsletters please subscribe [here](#).**

OPEN Check if your business can reopen

Find funding opportunities

PAY IT FORWARD Free crowdfunding platform

- Reinvigorating partnership
 - Implementation of government grants and businesses rate relief schemes
 - Council funding and debt management
 - Business support
 - Contracts and provider support
 - External funding
 - Responsible planning policy
 - Low traffic initiatives
 - Employment support
-
- Implementing government support schemes; and signposting/awareness raising of different initiatives available

Next Steps

Economic Renewal Board

- Partnership approach to foster and support an economic renewal that will result in a more equal, inclusive and environmentally sustainable local economy for Croydon.
- Chaired by the Leader - Membership will also be drawn from key stakeholders from the borough and region across the public, private and voluntary and community sectors, including Coast 2 Capital Local Economic Partnership, Croydon Health Services NHS Trust, Croydon BME Forum, Croydon Business Improvement District (BID), South Bank University and representatives from a major developer and a major contractor.
- The Board will consider key themes of economy, business and employment; housing; planning and development, regeneration, social infrastructure and culture; travel and transport; community safety; and third sector and volunteering. These themes may be explored in more detail through subgroups. The board will also consider cross cutting themes including environmental sustainability, equality and inclusion, and wellbeing.

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