

Budget Council

Meeting held on Monday, 2 March 2020 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Maddie Henson (Vice-Chair);

Councillors Hamida Ali, Muhammad Ali, Jamie Audsley, Jane Avis, Jeet Bains, Leila Ben-Hassel, Sue Bennett, Margaret Bird, Simon Brew, Alison Butler, Jan Buttinger, Janet Campbell, Robert Canning, Richard Chatterjee, Sherwan Chowdhury, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Jason Cummings, Patsy Cummings, Mario Creatura, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale, Simon Hall, Patricia Hay-Justice, Simon Hoar, Yvette Hopley, Karen Jewitt, Bernadette Khan, Shafi Khan, Stuart King, Toni Letts, Oliver Lewis, Stephen Mann, Stuart Millson, Vidhi Mohan, Michael Neal, Tony Newman, Oni Oviri, Ian Parker, Andrew Pelling, Jason Perry, Helen Pollard, Tim Pollard, Joy Prince, Badsha Quadir, Helen Redfern, Scott Roche, Pat Ryan, Paul Scott, Manju Shahul-Hameed, Andy Stranack, Gareth Streeter, Robert Ward, David Wood, Louisa Woodley and Callton Young

Apologies: Councillor Humayun Kabir, Mary Croos, Nina Degrads, Steve Hollands and Steve O'Connell

PART A

82/20 Minutes of the Previous Meeting

The minutes of the Council meeting held on 27 January 2020 were agreed as a true and accurate record.

83/20 Disclosure of Interests

There were no disclosures of pecuniary interests. Members confirmed their disclosure of interest forms were accurate and up-to-date.

84/20 Urgent Business (if any)

There was no urgent business.

85/20 Announcements

Madam Deputy Mayor

Madam Deputy Mayor, Councillor Henson, informed Council she was deputising in the absence of the Mayor, Councillor Kabir. The forthcoming *Our Croydon* concert, happening at 6pm on Wednesday 11 March 2020 at the Fairfield Halls, was highlighted. Tickets were available from the venue. Madam Deputy Mayor congratulated Norbury Manor Business and Enterprise College on being the runner-up in the Jack Petchey Perfect Pitch Awards.

The Leader

Madam Deputy Mayor, invited the Leader, Councillor Newman to make his announcements. The Leader informed Council that the *Croydon Partnership* had issued a statement earlier in the day regarding the development of the Whitgift Centre and called for the reaffirmation of the commitment to the development to be recorded in the minutes. The Leader described how the development was subject to on-going review with the partners remaining committed to the delivery of a dynamic town centre. This was good news for Croydon during an era of *Brexit* and retail change.

The Leader expressed his personal thanks to Paula Murray, Creative Director, for her work on the *London Borough of Culture* bid before giving way to Councillor Lewis, the Cabinet Member for Culture, Leisure and Sport to comment further. The Cabinet Member informed Council that on 11 February 2020, Croydon has been named as the *London Borough of Culture 2023*. Pride in having lead the bidding team was expressed and thanks given to Paula Murray and the other members of her culture team (Chetna Kapacee, Paul Hudson, Marcus Harris and Marie Rose-Tulley). Councillor Lewis also thanked the cultural partners from across the Borough that had supported the bid and without whom the bid would not have been successful. The *London Borough of Culture* trophy was presented to Paula Murray with Madam Deputy Mayor expressing her own thanks to all those involved.

86/20

Council Tax and Budget

Questions to the Leader

Madam Deputy Mayor explained that the Council Tax and budget item would commence with questions to the Leader, Councillor Newman, for a total of 15 minutes.

The Leader of the Opposition, **Councillor Tim Pollard**, noted the funding in the budget for *Brick By Brick* for this and future years. Clarification was sought on how it was possible to be confident that the budget was on a safe footing when the detail of the *Brick By Brick* funding remained confidential for reasons of commercial confidentiality.

In response, the Leader stated that he would not be proposing the budget if he was not confident in it and those who had provided advice on it. It was stressed that Councillor Tim Pollard had access to the budget documentation and that whilst this might not give him all the information he wanted a judgement had to be made whether to trust advice from officials.

In his supplementary question, Councillor Tim Pollard described how the Council was putting all its eggs in a secretive basket. It was noted that the Council was the sole *Brick By Brick* shareholder meaning that with no other party involved in the scheme no one else had knowledge of its operation. The Leader stressed that *Brick By Brick* had been subject to extensive scrutiny including at Cabinet and through the Scrutiny and Overview Committee. It was also noted that the support for *Brick By Brick* in the budget was the same as in 2019/20 and that the Opposition had voted in support of this.

Councillor Chowdhury gave thanks to the Leader and his team for the budget and asked how this would be fully resources if further grant cuts were made by Government.

In response, the Leader agreed the Government's budget, anticipated on 11 March 2020, needed to address the social care funding crisis. The Leader described how the Council's budget was being set against a backdrop of uncertainty which had grown since the General Election.

Councillor Chowdhury took the opportunity of his supplementary question to compliment Councillor Hall, the Cabinet Member for Finance & Resources, on his managing of the Council's budget. Councillor Chowdhury expressed his concerns regarding the management of the Home Office, the Council not being given sufficient funding by Government, the influence of the Prime Minister's special adviser and the imminent impact of *Brexit*. The Leader agreed that all these factors were feeding into national uncertainty and that this was being equally felt by leaders of Conservative Councils.

Councillor Millson noted that there was around £800m in the revenue budget and that this gave the Council enormous power to change lives. It was asked if the Leader applauded authorities, including Labour authorities that were doing less with more.

In response, the Leader described how he applauded the efforts of other councils and described the work being done by Croydon including initiatives such as the refurbishment of Fairfield Halls. It was stressed that all councils were operating against the toughest financial backdrop ever. The Leader stressed the impact of the crisis in Adult Social Care funding despite the implementation of innovative approaches to local service delivery such as the *One Croydon Alliance*.

Councillor Millson took the opportunity of his supplementary question to state that the Leader was again not taking responsibility but expecting others to intercede. Councillor Millson called on the Leader to be ambitious and to take responsibility for Croydon. It was noted that the Opposition could not take

responsibility for another two years, until the next London local elections in May 2022. It was suggested that there were backbench Labour Councillors seeking to take over the responsibility from the Leader. In response, the Leader reminded Councillor Millson that he was the one who had been out of step with his own party during the previous budget as he had not voted with his Group to support the budget. The Leader called on Councillor Millson to take responsibility and to vote for something that means something and not oppose his own side.

Councillor Audsley noted the uncertainty of the current financial environment, that this would benefit big business and called on the Leader to offer reassurance.

In response, the Leader described the importance of getting residents more involved in the democratic process beyond the electoral cycle. The Citizens' Assembly, would look at what action should be taken to address the climate emergency, was given as an example of greater involvement. The aspiration to get residents involved in the housing agenda was expressed

In his supplementary question, Councillor Audsley welcomed the greater involvement of residents and asked if such approaches would be expanded to include the Council's budget. The Leader expressed his support for this idea and explained how there was a need for financial planning years into the future which meant working in partnership with residents to understand and anticipate long term demand for services. It was described how the Council wanted to know about residents' priorities and to offer the opportunity for them to shape the future of their town.

With time remaining for questions to the Leader, Madam Deputy Mayor asked if there were any Opposition Members with additional questions. **Councillor Parker** was called by Madam Deputy Mayor and asked the Leader about the *Wigan Deal* and how this could provide benefit to Croydon.

In response the Leader described how residents could benefit from what was happening in Croydon. Procurement strategies had been developed to make it easier for local companies to bid. The Council had also committed to being a *London Living Wage* employer. The Leader agreed that despite a backdrop of reduced funding, the Council was still a considerable power, was working with local companies and looking at what had happened elsewhere.

Questions to the Cabinet Member for Finance & Resources

With the end of the time allocated for questions to the Leader, Madam Deputy Mayor signalled that she was moving on to questions to Councillor Hall, the Cabinet Member for Finance & Resources.

Councillor Jason Cummings asked for clarification regarding the commitment made to replenish reserves by £5m. It was highlighted that a similar promise had been made in previous years. It was asked whether this commitment had been achieved in previous years.

In response, Councillor Hall noted that the reserves had been replenished from the collection of funds in April 2019. This had been highlighted in the quarterly financial reports made throughout the financial year.

In his supplementary question, Councillor Jason Cummings highlighted that the commitment had been made to replenish the reserves by £20m but only £12m had been achieved leaving an £8m variance. On which basis, it was questioned whether trust should be placed in the same commitment made in the budget for 2020/2021. In response, Councillor Hall highlighted the distinction between different reserve pots. The general fund reserves had been maintained at the same level for six years. Earmarked reserves were different and, as happened under the Conservative Administration, were used from year to year and then replenished.

Councillor Jewitt noted that Croydon had many of the same characteristics of an inner London Borough. Councillor Hall was asked to clarify what would be the impact on the Borough's finances of being funded as an inner London Borough.

In response Councillor Hall explained that this had been an ongoing issue for the Borough under governments of all colours. However, this situation had deteriorated in 2010 with the freezing by Government of the way local government grants were calculated. As a result these did not recognise changes to ongoing needs. As a result, if Croydon were funded at the average rate of an inner London Borough it would be £60m better off per annum.

Councillor Neal noted that the Council budget was overspent nearly every year and asked what was going to be different in 2020/21.

In response, Councillor Hall described how each year the budget was based on a set of assumptions. These assumptions were best estimates made at the time of budget setting. The Cabinet Member went on to explain that every year, the demand for services massively exceeded the working estimates. The budget setting process was also unable to account for Government action taken in-year. For example, changes to statutory requirements on homelessness affecting demand for services in-year. Councillor Hall also reminded Councillor Neal of the effect of the Government's underfunding of services for Unaccompanied Asylum Seeking Children.

Councillor Neal used the opportunity of his supplementary question to state that the Cabinet Member was again blaming the Government but that this was his budget. A clear yes or no response was requested to the question of whether the Council would be overspent in the first quarter of the 2020/2021 financial year. In response, Councillor Hall reiterated that the budget was based on a best estimate and view of circumstances. Any overspend was often as a result of factors that could not be predicted at the time of budget setting. Councillor Hall described budget setting as a very detailed process but that this was subject to real risks which were highlighted during every budget process. It was noted that the Section 151 Officer had highlighted

these risk at Cabinet when the budget had been previously discussed. Pressures were reflected in the budget whilst it was noted all would be done within the power of the Council to limit and address their impact in-year.

Councillor Fitzsimons noted the numerous elections that had been conducted since 2015, including a referendum, three General Elections, a Local Election and a European Election. Councillor Fitzsimons thought that these elections would have come at a cost and asked what the cost of a special election or referendum would be to Croydon Council Tax payers.

In response, Councillor Hall stated that he had sought clarification on this point from officers and had been informed that a referendum would cost in excess of £1m.

In his supplementary question, Councillor Fitzsimons asked if therefore holding a special election or referendum would have a detrimental impact on the Council budget. In response, Councillor Hall explained that based on the costs of an average Adult Social Care package, a special election or referendum would leave 100 plus vulnerable residents without care and would result in services being compromised.

With time remaining for questions to the Leader, Madam Deputy Mayor asked if there were any Opposition Members with an additional question. **Councillor Chatterjee** was called by Madam Deputy Mayor and asked the Cabinet Member about the funding allocation for Health and Wellbeing services. It was noted that despite data on demand and funding needs, the previous budget allocation for this service area had not been sufficient. Councillor Hall was therefore asked if he expected the budget for this service area to be achieved.

In response, Councillor Hall stressed that the estimates used in setting the Health and Wellbeing budget were based on the best possible information whilst being conscious of the pressures on the 2019/2020 budget. It was explained that this was as a result of a number of external factors having a detrimental impact. There had been an increase in the amount of growth allocated to this budget area to mitigate the effect.

In his supplementary question, Councillor Neal asked who would be held accountable if this budget did end-up overspent. Councillor Hall noted the routine quarterly financial reports provided to Cabinet which thoroughly set out any issues and their causes. However, the Cabinet Member also stressed the need to draw a distinction between the budget being overspent and being inappropriately spent; it was not the case that those receiving care packages did not deserve them. Indeed if this was the case, this would be quite serious and would require a different response. Councillor Hall reiterated that the Health and Wellbeing budget was set based on best estimates. There was a clear action plan in place to achieve savings within the budget and this action plan was being very closely monitored.

With further time still remaining for questions to the Cabinet Member for Finance & Resources, Madam Deputy Mayor called forward **Councillor**

Pelling who highlighted that under the Labour Administration the Pension Fund had moved from 66% to 86% funded. The good management of the Fund was highlighted including moving out of equities into cash and the bond market before set-backs came into effect.

In response, Councillor Hall stated that it was not surprising this had not been mentioned by the Opposition as it had not made as much progress with the Fund during its time in power. Councillor Hall described how the Fund was a vital asset as it would be used to pay staff and former staff their pensions. The good management of the Fund would ensure that staff confidence in this would rise. It also meant that the Council's contributions would decline to the benefit of the budget.

Scrutiny report

With the end of the time allocated for questions to the Cabinet Member for Finance and Resources, Madam Deputy Mayor explained that following the budget scrutiny meeting, there was an opportunity for Council to question the Chair of the Scrutiny and Overview Committee, Councillor Fitzsimons, on the scrutiny budget report. Councillor Fitzsimons used the opportunity of his announcements to highlight how there had been scrutiny of the budget proposals and financial decisions. For example, funding for *Brick By Brick*. Overall this had shown that demand for services was outweighing the resources available to provide them. The Chair also described how it was accepted cross party that Croydon was not receiving a fair share of funding compared to other Boroughs with similar characteristics. As a result, scrutiny had found that strong financial controls were needed. Scrutiny would be focusing on assessing the processes used to achieve the financial control needed.

Madam Deputy Mayor asked if there was a Councillor with a question for the Chair of the Scrutiny and Overview Commission but none was forthcoming.

Council Tax debate

Madam Deputy Mayor introduced the start of the Council Tax debate and invited the Leader, **Councillor Newman** to speak who welcomed the work of scrutiny and the turnaround of the Pension Fund at the same time as it had moved away from fossil fuel investments.

The Leader highlighted that the impact of increasing a regressive tax was not underestimated. It was acknowledged that the Council Tax was often the largest bill faced by many residents. However, the increase was built into the Government's spending calculations. The assumption of this increase was not a sustainable way to go forward. The Leader stressed that there must be a better way to move forward.

The awaited *Ofsted* judgement would demonstrate the importance of the growth in the budget for Children's Service. The Leader described how it was only by having a sustainable budget that it was possible to deliver services for

residents including tree planting and bringing residential care homes back in-house. It was explained how service transformation was being used to achieve a sustainable budget. The examples of the health alliance and the *South London Waste Partnership* were given. The Leader detailed how such initiatives had allowed the Council to invest in the New Addington Leisure Centre, the *Legacy Youth Zone* and the provision of more affordable homes.

The ongoing £9m deficit in the Council's budget because of the Government's underfunding of Unaccompanied Asylum Seeking Children (UASC) was highlighted as needing to change and that the Council would continue to lobby Government.

The Leader described how it was the intention to have a much wider consultation with the public on spending priorities. This would be achieved through a localities based approach with an increasing focus on prevention. However, the Leader expressed a note of caution, stating that there was only so much that could be done if the Council's long term finances were not addressed. It was stressed that this budget saw the Council starting to plan for the next three years and that a longer term approach would enable the Council to be ready to respond to issues as they arose. The Leader described the difficulty of delivering services against the backdrop of the lowest ever local authority settlement. It was stressed that this was the very best budget in the circumstances but that if Croydon was funded by the average amount given to inner London Boroughs with the same characteristics, the Borough would have received at least an additional £30m.

The Leader commended the budget to Council. Councillor Hall seconded the Council Tax and budget motion and reserved the right to speak.

The Leader of the Opposition, **Councillor Tim Pollard**, thanked the Director of Finance, Investment and Risk and other officers for their work in preparing the budget acknowledging the level of technical knowledge involved. It was noted that the Administration blamed everything bad in finance on the Government or the prevailing financial climate. However, it was highlighted that the budget made no mention of seeking other sources of funding. Nor was there any mention of funding increases for example through the Special Needs Grant or the Dedicated Schools Grant.

It was acknowledged that it was not right that the situation with UASC meant that Croydon was funding a national service. Councillor Tim Pollard called for this to be addressed by the Government.

The significant annual overspend was stressed. It was described how the reduction in the overspend between quarters 2 and 3 in the 2019-2020 financial year had been addressed through additional borrowing; this could not have been met through earmarked reserves as these had been depleted. The costs of repayments on borrowing were noted. Councillor Tim Pollard highlighted that the budget assumed £6m funding from the NHS but that this was not properly committed meaning that the budget might be £6m overspent from the outset.

It was noted that the *Growth Zone* had been scaled back significantly and that the Administration had failed to deliver the promised town centre regeneration. Rather the focus was on provision of housing but this failed to provide the infrastructure development that was needed to support Croydon's growing population. It was described how information on *Brick By Brick* was being 'squirreled away' on the basis of it being commercially sensitive. Its refurbishment of Fairfield Hall had been overspent with the suspicion that other *Brick By Brick* developments had and would suffer the same fate.

Councillor Tim Pollard commented on the increase in the Greater London Authority budget. It was highlighted how this was being described as being about increasing the number of police officers at the same time as the size and cost of the administration had grown to an all-time high and knife crime was out of control. The Mayor of London was called on to cut down on his own waste and to put the needed police officers in place quickly.

In conclusion, Councillor Tim Pollard described how he felt obliged to support the budget although he considered parts of it woeful and did so with a heavy heart. It was described how the Opposition would work hard to scrutinise the budget to ensure that the Administration stuck to its promises.

Councillor Butler, the Cabinet Member for Homes & Gateway Services, shared the findings of a study that had found the growth in life expectancy had stalled and for some women had reversed. Also, that the poverty gap was wider than it had been for a long time. Factors such as these made the budget important. Rising child poverty, the decline in education funding, the increase in zero hour contracts and families with insufficient money using food banks all showed that austerity was casting a long shadow. It was the Council, dealing with cuts to its own funding that had been left to pick-up the pieces. This was being done through investment in *Gateway Services* to provide support to residents. Councillor Butler congratulated *Gateway* officers for the launch of the new food stop. It was described how the budget continued to support investment in new homes through *Brick By Brick* developments, purchasing of affordable homes and leasing of others. It was highlighted that the budget would allow for a 400 increase in the number of new homes all of which would be safe, secure and affordable. Those living in the private rented sector would also be supported by the Council. Rents were rising too fast to be affordable and there were too many who were living in cold and unsafe properties. It was stressed that the Council would step in when tenants' rights were abused; this Council and the budget would do all it could to protect residents.

Councillor Hopley gave her thanks to officers for their work on the budget. Growth in Government investment was highlighted for example through the Social Care Budget, Winter Pressures Grant, the Public Health Grant that was expected to increase and homeless support monies. However, that this was not acknowledged by the Administration. Councillor Hopley called on the Administration to do more to support residents in the south of the Borough where life expectancy was longer and more support was needed. As a result

the *Localities Programme* needed to be delivered quickly. The collaboration with health partners assumed in the budget was described as unrealistic and that the promise to bring the budget under control was similarly unrealistic as proved by the handling of the budget in previous years.

Councillor Flemming, the Cabinet Member for Children, Young People and Learning, described how Croydon was the London Borough with the largest number of young people and that it prided itself on leading the way on it being the best Borough for them to live in. It was explained how good progress was being made with the quality of children's social care with the outcome of the *Ofsted* inspection awaited. Investment into business support was driving improvement with the work of supporting social workers vital. This was contrasted with Conservative austerity that had led to greater family referrals. The Administration had responded by increasing investment. It was ambitious for young people. This was demonstrated by the development of the *Legacy Youth Zone* and the funding of free annual memberships for those in care to use the facility. The Administration cared about making young people's lives better and wanted to give them the opportunities for making their own lives better. Other initiatives that demonstrated the commitment to young people were detailed including the *Young Mayor* and the award winning *Chose Your Future* campaign. Important steps were being taken with local organisations to support young people to address mental health issues. The Education Estates Strategy had resulted in five new schools with increased primary and SEN places. All this investment in young people was the reason why the Cabinet Member was proud to support the budget.

Councillor Hoar described how this was another budget papering over the cracks. The Administration had been failing young people for years. It had built a school on the Purley Way, had a concrete the lot policy and was mounting an attack on motorists to increase enforcement income. Councillor Hoar stressed that Croydon had the highest level of borrowing of all London Boroughs and was paying £40m in interest payments. The *Growth Zone* had seen a reduction in transport and infrastructure. The Administration was described as providing excuses and not promises and called for it to take responsibility for its failures.

Councillor Hamida Ali, the Cabinet Member for Safer Croydon and Communities commended the achievement of a balance budget in the toughest of times for local government. It was noted that the *Local Government Association* had calculated that there was an £8b funding gap in Adult Social Care whilst predictably the Opposition focused on increases in small grants. It was highlighted that these increases did not take inflation into account. The Cabinet Member described how the Mayor of London was giving additional funding to Croydon for example through the *Young London Fund* and funding for violence reduction and to address high risk domestic violence. The Mayor was acknowledged as doing all he could with the Government being called on to do more. Councillor Hamida Ali stressed how the Administration was working to achieve its manifesto commitments for example by doing more to support Croydon's voluntary sector; three year funding

agreements were starting to be put in place. In the absence of leadership by the Government, the Administration was delivering.

Councillor Helen Pollard stated that the budget laid bare the failures of the Administration as demonstrated by the loss of Westfield, being overspent on the Fairfield Halls development and loss of the *Growth Zone*. The Administration was described as being unable to protect the public services on which residents relied and that residents could not get the Administration to listen to them on green spaces or bins being emptied. It was stated that the Administration had neglected the bigger picture and that it had not focused on regeneration to the detriment of jobs, homes and investment. The Borough's parks were described as being in a state of neglect and needing investment whilst promised Section 106 monies had not materialised. Whilst the culture budget was being maintained there was concern the the lack of investment in other areas such as the public realm would have an impact on the Borough's cultural aspirations. It was highlighted that the Administration was unable to control budgets as demonstrated by the Fairfield Halls refurbishment. It was questioned how many other *Brick By Brick* schemes had similar additional costs. As a result, the Administration was described as having lost control of key areas of its budget. It was emphasised that it was not acceptable to fritter away money on *Brick By Brick*, to build on green spaces or to neglect the Borough's parks.

Councillor Lewis, the Cabinet Member Culture, Leisure and Sport described his pride in having led the team that delivered the *London Borough of Culture 2023* and again expressed this thanks to the officers involved in the winning bid. It was described how culture was at the heart of the Administration's regeneration strategy. This was contrasted with the Opposition's approach when it was in power; it had sold Croydon's Riesco art collection, closed libraries and got rid of the culture team. This was described as a dark legacy whilst the Administration had put time and effort into developing a cultural network and the relationships that underpinned this. The *London Borough of Culture* award showed how it was right to invest in cultural opportunities and that this brought a big benefit to the whole Borough. Councillor Lewis described how it was a testament to the Administration that it had protected services and invested in culture; residents had been hurt by austerity and needed culture to help heal. The Cabinet Member expressed his support for the budget because it recognised the importance of culture.

Councillor Creatura quoted the *Chartered Institute for Public Finance and Accountancy* that in May 2019 had described Croydon as being the fifth worst authority in the country for the spending of its reserves position. The Council's auditors, *Grant Thornton*, had stated that Croydon's reserves position remained low compared to other London Boroughs. This was true even compared to other London Boroughs with similar demographics and pressures. As a result, Councillor Creatura described Croydon as just being badly run. Figures from the Ministry of Housing, Communities & Local Government highlighted the extent of the Council's long term borrowing. The Administration was described as having no proper plans to fix the Council's budget position, rather it was raising taxes on families, young people, the

elderly and vulnerable. Councillor Creatura explained how this would be acceptable if the Administration was improving services but that this wasn't the case. It was also failing to rein in spending on its vanity projects. It was warned that residents were watching.

Councillor Patsy Cummings stated that the budget was always difficult and that the Council Tax was a large charge on households at a time when the impact of austerity was being felt by many, especially women and those with protected characteristics. However, the Council had also been subject to Government funding cuts of 70% which meant there were difficult choices to be made. The importance of making a financial commitment to the town and its people was stressed; the Council was making a real change for those who made Croydon their own. It was described how the Council was reducing the gender, disability and BAEM (Black, Asian and Ethnic Minorities) pay gap. Councillor Patsy Cummings shared that she was proud of the regeneration taking place in the Borough. Whilst any increase in the Council Tax charge would affect residents, the Council should continue to invest. The increase in the Council Tax was equivalent to an extra 22p a week for a Band D property which would be used investment in police officers and schemes such as out of school activities. Councillor Patsy Cummings called for commitment to be shown across both side of the Chamber to truly invest in Croydon.

Councillor Jason Cummings gave his thanks to the Director for Finance, Investment and Risk and the rest of the finance team for their work on the budget. It was described how the Council was facing some dangerous years; reserves were low, debt was at the highest level it had ever been and the Administration had a poor record of maintaining its budget. Whilst the Administration talked of a balanced budget, it would not be balanced at the end of the financial year. A number of firsts were stressed; this was the highest ever level of Council Tax for the worst ever adherence to the budget with the highest level of debt and the highest level of increase to Cabinet Member allowances. Whilst the Administration promised to deal with the overspend it was anticipated that something would be sold and the underlying budget issues not addressed. It was described how socialism meant running out of other people's green spaces to spend. However, Councillor Jason Cummings stated he would vote for the budget and wait to see whether the budget was being met at the end of Quarter 1.

Councillor Hall noted that this was his sixth budget and that Government austerity was continuing if at a slower pace. Whilst there had been some increase in the Dedicated Schools Grant this had not really impacted on the reductions overall. It was highlighted that the Home Office continued in its failure to fund UASC. The Cabinet Member described how in response it would be easy to cut services. That was the Tory way but not the Labour way. Good financial planning was at the heart of the budget allowing the delivery of the Administration's manifesto promises. The risks the Council was facing were higher than in the past leading to the doubling of the contingency elements in the budget. But there was still growth of £30m for services with the plan for £40m growth in 2021/2022. Investment was being made in the Borough's future and *Gateway Services*. The Cabinet Member described his

pride in the Fairfield Halls refurbishment, the New Addington leisure centre, the 1,000 council homes being built, the new Special Educational Needs school, the *Healthy Hub* and increased services in localities. It was emphasised how the budget was fair including the NHS paying its share. Councillor Hall described how the Council was also tackling climate change with initiatives such as the installation of charging points across the Borough. Against a challenging backdrop the budget was one that protected the future of the Borough and its residents.

Council Tax and budget vote

With the conclusion of the Council Tax Debate, as required by the Council's Constitution, recommendations 1.1 to 1.3, as detailed in the report, were taken by a recorded vote using the electronic voting system. The remaining recommendations (1.4 to 1.11 as detailed in the report) were taken en block again using the electronic voting system.

The first vote was for recommendation 1.1: a 1.99% increase in the Council Tax, the level of increase Central Government assumed in all Councils' spending power calculations.

The Members who voted in favour were: Councillors Hamida Ali, Muhammad Ali, Jamie Audsley, Jane Avis, Jeet Bains, Leila Ben-Hassel, Sue Bennett, Margaret Bird, Simon Brew, Alison Butler, Jan Buttinger, Janet Campbell, Robert Canning, Richard Chatterjee, Sherwan Chowdhury, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Jason Cummings, Patsy Cummings, Mario Creatura, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale, Simon Hall, Patricia Hay-Justice, Simon Hoar, Yvette Hopley, Karen Jewitt, Bernadette Khan, Shafi Khan, Stuart King, Toni Letts, Oliver Lewis, Stephen Mann, Stuart Millson, Vidhi Mohan, Michael Neal, Tony Newman, Oni Oviri, Ian Parker, Andrew Pelling, Jason Perry, Helen Pollard, Tim Pollard, Joy Prince, Badsha Quadir, Helen Redfern, Scott Roche, Pat Ryan, Paul Scott, Manju Shahul-Hameed, Andy Stranack, Gareth Streeter, Robert Ward, David Wood, Louisa Woodley and Callton Young.

The recommendation was carried unanimously.

The second vote was for recommendation 1.2: a 2.00% increase in the Adult Social Care precept. This was a charge Central Government assumed all councils would levy in its spending power calculations.

The Members who voted in favour were: Councillors Hamida Ali, Muhammad Ali, Jamie Audsley, Jane Avis, Jeet Bains, Leila Ben-Hassel, Sue Bennett, Margaret Bird, Simon Brew, Alison Butler, Jan Buttinger, Janet Campbell, Robert Canning, Richard Chatterjee, Sherwan Chowdhury, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Jason Cummings, Patsy Cummings, Mario Creatura, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale,

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The recommendation was carried unanimously (with Councillor Canning confirming his vote in favour orally).

The third vote was for recommendation 1.3: to welcome the Greater London Authority increase of 3.6%.

The Members who voted in favour were: Councillors Hamida Ali, Muhammad Ali, Jamie Audsley, Jane Avis, Jeet Bains, Leila Ben-Hassel, Sue Bennett, Margaret Bird, Simon Brew, Alison Butler, Jan Buttinger, Janet Campbell, Robert Canning, Richard Chatterjee, Sherwan Chowdhury, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Jason Cummings, Patsy Cummings, Mario Creatura, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale, Simon Hall, Patricia Hay-Justice, Simon Hoar, Yvette Hopley, Karen Jewitt, Bernadette Khan, Shafi Khan, Stuart King, Toni Letts, Oliver Lewis, Stephen Mann, Stuart Millson, Vidhi Mohan, Michael Neal, Tony Newman, Oni Oviri, Ian Parker, Andrew Pelling, Jason Perry, Helen Pollard, Tim Pollard, Joy Prince, Badsha Quadir, Helen Redfern, Scott Roche, Pat Ryan, Paul Scott, Manju Shahul-Hameed, Andy Stranack, Gareth Streeter, Robert Ward, David Wood, Louisa Woodley and Callton Young.

The recommendation was carried unanimously.

The remaining recommendations (1.4 to 1.11) were taken en block.

The recommendations were put to the vote.

The Members who voted in favour were: Councillors Hamida Ali, Muhammad Ali, Jamie Audsley, Jane Avis, Jeet Bains, Leila Ben-Hassel, Sue Bennett, Margaret Bird, Simon Brew, Alison Butler, Jan Buttinger, Janet Campbell, Robert Canning, Richard Chatterjee, Sherwan Chowdhury, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Jason Cummings, Patsy Cummings, Mario Creatura, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale, Simon Hall, Patricia Hay-Justice, Simon Hoar, Yvette Hopley, Karen Jewitt, Bernadette Khan, Shafi Khan, Stuart King, Toni Letts, Oliver Lewis, Stephen Mann, Stuart Millson, Vidhi Mohan, Michael Neal, Tony Newman, Oni Oviri, Ian Parker, Andrew Pelling, Jason Perry, Helen Pollard, Tim Pollard, Joy Prince, Badsha Quadir, Helen Redfern, Scott Roche, Pat Ryan, Paul Scott, Manju Shahul-Hameed, Andy Stranack,

Gareth Streeter, Robert Ward, David Wood, Louisa Woodley and Callton Young.

The recommendations were carried unanimously.

RESOLVED: The Members of Council resolved to agree the following recommendations:

- 1.1. A 1.99% increase in the Council Tax for Croydon Services (a level of increase Central Government has assumed in all Councils' spending power calculation).
- 1.2. A 2.00% increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).
- 1.3. The GLA increase of 3.6%.
With reference to the principles for 2020/21 determined by the Secretary of State under Section 52ZC (1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with s.52ZB (1) the Council Tax and GLA precept referred to above are **not excessive** in terms of the most recently issued principles and as such to note that no referendum is required. This is detailed further in section 3.5 of the covering report (at Appendix 6.1).
- 1.4. The calculation of budget requirement and council tax as set out in Appendix 6D and 6E. Including the GLA increase this will result in a total increase of 3.92% in the overall council tax bill for Croydon.
- 1.5. The revenue budget assumptions as detailed in this report and the associated appendices :-
- 1.6. The programme of revenue savings and growth by department for 2020/21 (Appendix 6A).
- 1.7. The Council's detailed budget book for 2020/21 (Appendix 6B).
- 1.8. The draft Capital Programme as set out in section 11, table 18 and 19 of this report, except where noted for specific programmes are subject to separate Cabinet reports.
- 1.9. To increase the Asset Investment Fund by £100 million to £300 million.
- 1.10. To note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2020/21.
- 1.11. The adoption of the Pay Policy statement at Appendix 6H.

87/20 **Recommendations of Cabinet referred to Council for decision**

1. Treasury Management Strategy Statement

Madam Deputy Mayor invited Councillor Hall, the Cabinet Member for Finance & Resources to move the recommendations referred by Cabinet on 24 February 2020 related to the Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2020/21. The Cabinet Member highlighted the forecast borrowings evolution noting that this was for the provision of essential

services, the development of Bernard Weatherill House and to build schools that were not properly funded. The level of debt was necessitated by the reduction in Council income streams. Borrowing would also be used to invest and generate additional income for the Council.

The recommendations were seconded by Councillor Patsy Cummings and Madam Deputy Mayor put the recommendations to the vote.

RESOLVED: Council AGREED the recommendations in the report:

- 1.1. Approved the Treasury Management Strategy Statement 2020/21 as set out in the covering report (at Appendix 7.1) including the recommendations:
 - 1.1.1. That the Council takes up borrowing requirements as set out in paragraph 4.5 of the covering report (at Appendix 7.1).
 - 1.1.2. That for the reasons detailed in paragraph 4.14 of the covering report (at Appendix 7.1), opportunities for debt rescheduling are reviewed throughout the year by the Director of Finance, Investment and Risk (S151 Officer) and that she be given delegated authority, in consultation with the Cabinet Member for Finance and Resources and in conjunction with the Council's independent treasury advisers, to undertake such rescheduling only if revenue savings or additional cost avoidance can be achieved at minimal risk in line with organisational considerations and with regard to the Housing Revenue Account (HRA) as set out in the Council's Medium Term Financial Strategy 2019/2023.
 - 1.1.3. That delegated authority be given to the Director of Finance, Investment and Risk (S151 Officer), in consultation with the Cabinet Member for Finance and Resources, to make any necessary decisions to protect the Council's financial position in light of market changes or investment risk exposure.
- 1.2. That the Council adopts the Annual Investment Strategy as set out in paragraphs 4.16 and 4.17 of the covering report (at Appendix 7.1).
- 1.3. That the Authorised Limit (required by Section 3 of the Local Government Act 2003) as set out in paragraph 4.10 of the covering report (Appendix 7.1) and as detailed in Appendix 7.1C be as follows:

2020/2021	2021/2022	2022/2023
£1,935.847m	£2,017.896m	£2,062.164m

- 1.1. That the Council approved the Prudential Indicators as set out in Appendix 7.1C.
- 1.2. The Annual Minimum Revenue Provision Policy Statement (required by the Local Authorities (Capital Financing and Accounting) (England)

(Amendment) Regulations 2008SI 2008/414) as set out in Appendix 7.1D of this report.

- 1.3. That the Council's authorised counterparty lending list as at 31st December 2019 as set out in Appendix 7.1E of this report and the rating criteria set for inclusion onto this list be approved.
- 1.4. That the Council adopts the Capital Strategy Statement set out in section 3 of the covering report (at Appendix 7.1).

2. Quarter 3 Financial Performance

Madame Deputy Mayor invited Councillor Hall to move the recommendation in the report. Councillor Hall moved the recommendation with Councillor Patsy Cummings seconding.

Madam Deputy Mayor put the recommendation to the vote.

RESOLVED: Council AGREED the recommendation in the report:

- 2.1. The approval to reduce the capital programme by £1.2m as set out in Table 6 of the covering report at Appendix 7.2.

88/20

Governance Review Panel

Deputy Madam Mayor invited Dame Moira Gibb to make her presentation regarding the work of the Governance Review Panel. In inviting Dame Moira to speak, Madam Deputy Mayor thanked her for her outstanding work on the Governance Review Panel and presented her with a gift on behalf of Council.

Dame Moira provided Council with an introduction to the Governance Review Panel and its work. She noted that her role had been as an Independent Chair and that the panel had also had an Independent Member (Anne Smith). It was highlighted that the panel had found the Council's governance arrangements fit for purpose encompassed by a robust written framework. Whilst abiding by the rules was straightforward, the spirit of the governance arrangements were harder to achieve against a challenging backdrop and within political realities. The review had found that Councillor knowledge was not put to best use and residents felt excluded from the decision-making process.

Overall the review had made 11 recommendations under four main themes. The review had focused on culture which had been found to be more important than structure. This was crucial for building a trusting relationship with residents and enabling all parts of the Council to work together to make more than the sum of its parts. Without the right culture it would be difficult to get other aspects right.

Additionally, all Members needed to be given the right support to be effective. The existing decision-making structure had been found to support ambitions and therefore it had been determined that a return to the committee system was not part of the answer. However, new advisory committees were recommended to help inform decisions and engage residents in the process.

Dame Moira reported how the panel had done a very good job in creating a coherent approach. However, putting this into effect would be more challenging. Dame Moira called on Council to support the work of the implementation group. Thanks was given to the supporting officers without whom Dame Moira stressed the review would not have been achieved and who would be crucial to the implementation phase.

Deputy Madam Mayor then called forward members of the Governance Review Panel to comment on its work, report, recommendations and implementation.

Councillor Collins described his pleasure in having supported the panel and its work. The Cabinet Member noted that he had served as a Croydon Councillor for 27 years and that the Governance Review Panel had been one of the very best examples of cross party participation he had experienced. Thanks was given to Councillors Perry, Redfern, Chatterjee and Roche for their contribution. The recommendations were described as open, transparent and engaging with Councillor Collins stating it was time for a 21st century approach characterised by vibrancy and the engagement of residents. Decision-making was best when all Councillors were allowed to be involved and were able to reflect on the views of their residents and wards. Councillor Collins envisaged a Council that shared positivity and was prepared to debate in public. The committee system was recalled; whilst this had facilitated discussion it was whipped and Councillor Collins recalled Members and officers had become parochial. The role of the new Advisory Committees would be to look at the bigger picture. This had been demonstrated by the positive work of Councillors Mills and Stranack on waste services. This had resulted in residents feeling listened to and was a good example of cross party working. This had been a good way to influence policy and lent itself to voluntary sector involvement. Councillor Collins concluded by describing the work of the Governance Review Panel and its recommendations as a progressive way forward. The motion to propose the recommendations was moved.

Councillor Tim Pollard thanked the panel and Dame Moira for their work. It was described how the Cabinet and Leader model of local government had streamlined lined the decision-making process but to the detriment of transparency. This was a serious loss for service delivery and the service recipient. Councillors with a longer knowledge of council business would recall the committee system. It was questioned if the proposed Advisory Committees would allow the same opportunities and it was thought that this might be the case as long as they did not become a talking shop. It was noted that the new advisory committees would not have the same powers of a Select Committee and would not be able to require the Administration to

attend or data to be provided. However, it was a good positive initiative and it would be seen how genuine the Administration was to change the culture. It was hoped that the fact the Leader was not proposing the recommendations did not mean a lessening of the commitment. Councillor Tim Pollard concluded by seconding the recommendations.

Councillor Prince spoke on behalf of backbench Councillors. It was noted that Councillors had a range of responsibilities. For example, to their wards, organisations within their wards, residents, the good of the Borough as a whole and that these may conflict. In order to do their best in their roles as Councillors, they needed the right information at the right time. However, it was noted that as a backbencher it could be hard to know what was coming up, who dealt with what and that if this was difficult as a member of the Administration it must be more difficult in Opposition. Councillor Prince welcomed the recommendations about earlier engagement as this would enable Councillors to gain the information they needed to do their job. The proposed training for Members and officers to better understand each other's roles was welcomed along with the opportunity for backbench Councillors to contribute to a decision before it was finalised. It was envisaged that this would lead to broader more rounded information set being used to make decisions. The value of this approach being cross party and held in public was emphasised. Councillor Prince expressed her support for the implementation group. As a panel member she welcomed working together across parties; whilst there had been some awkwardness, trust had been built allowing recommendations to be formulated. Different philosophies were a strength and not a weakness and needed to be aired before decisions were taken.

Councillor Redfern specifically thanked Dame Moira and the lead officer for the Governance Review Panel, Agnieszka Kutek. It was stressed that the success of the implementation of the review would not be determined by structure but depended on the commitment to cultural change. The panel had looked at different models of decision-making. This had included Sutton which was an example of Members working really hard together. In fact, the positive tone had been a revelation. This underlined that it was only with culture change that structural changes could work. The Panel had found that much that was recommended could already have been achieved. For example, the Constitution allowed for Neighbourhood Forums. More weight being given to Members outside of the Administration was welcomed. It was noted that this approach needed to come from the top and that personal attacks could not continue. Councillor Redfern called on Councillors to think about the language used inside and outside meetings. This had to apply to all Members – front or backbench. Councillor Redfern stressed that Council had a responsibility to residents of the Borough to make a success of the panel's recommendations and described how the success of the implementation was in the gift of the Administration's leadership. All Members were called on to vote in favour of the panel's recommendations.

Councillor Fitzsimons described how adopting the panel's recommendations could radically change how the Council was governed. It was noted that a less brave Administration could have forced through

cosmetic changes without backbench or Opposition input. Councillor Fitzsimons noted that structures do have a role but that real change would be achieved through creating a different culture. The panel's recommendations should lead to greater transparency and a greater role for all Councillors, especially backbenchers. Councillor Fitzsimons saw this as a chance to bring back collective decision-making, focused on improving outcomes for residents and service users. Councillor Fitzsimons described this as being about improving democracy which had to be undertaken on a cross party basis to ensure long term change.

Councillor Roche gave his thanks to Dame Moira, Anne Smith, the other panel members and officers whose dedication had produced the panel's final report. The Governance Review had been a manifesto pledge for both the Conservative and Labour Groups. This envisaged wider participation and the utilisation of backbench talents along with better support for non-executive Members allowing them to contribute to areas about which they were passionate. Councillor Roche described how the panel's recommendations would lead to increased openness and resident confidence. It was important that the voice of residents was not forgotten or seen as less important. A Council Forward Plan was welcomed and seen as important because it would clarify how the Council made decisions. It was described how concessions had been made through the review process to enable productive and meaningful progress with a lot of credit being due to the Chair for successfully guiding this process. Dame Moira's calm and balanced approach was noted. The importance of the implementation group was stressed.

Councillor Ben-Hassel described how she had been a party member at the time the manifesto pledge to a governance review had been made. This had resulted from the desire for more transparency and engagement as the basis for policy implementation in the face of austerity. As a result the Group had recommended a Governance Review that should be cross party and independently chaired to ensure a greater voice to all Members and residents.

Councillor Ben-Hassel described how she was privileged to welcome the panel's findings and recommendations. It was anticipated that further work would be done on defining key decisions. The panel had demonstrated how a cross party approach could be constructive and better for all – certainly better than half-truths on *Twitter*. The implementation of the panel's recommendations would allow scrutiny to focus on in-depth reviews and to hold external partners to account.

Councillor Brew described how he was speaking as a backbencher in favour of the motion. It was described how the Council encouraged residents to make reports online. Whilst this was the most efficient way for the Council to receive feedback from residents it was not the most effective. Some residents, notably those who were older, had difficulties in using modern technology and preferred a friendly chat. Councillor Brew stressed his support for Cabinet and other Council committee to go on *walk-about*s; these would open up new public forums for residents to hear from decision-makers and be more effective than Public Questions at Council meetings. Additionally, Advisory

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Committees would allow reviews to be conducted in public before decisions were made. Councillor Brew described how until Croydon had a directly elected Mayor and whilst power continued to be vested in the Leader, this was best way to get more resident involvement in the decision-making process. However, Public Questions at Council meetings should be retained until the Advisory Committees were up and running and had proved their effectiveness.

Madam Deputy Mayor put the recommendations to the vote.

- RESOLVED:** Council AGREED the recommendations contained in the report:
1. Noted the report by the Governance Review Panel as detailed in Appendix 8.1 to the report;
 2. Agreed the recommendations of the Panel contained within the Governance Review Panel report and also detailed in Appendix 8.2 to the report;
 3. Agreed the establishment of the Member-led implementation working group as detailed in paragraphs 5 to 5.4 of the report;
 4. Agreed terms of reference for that working group as detailed in Appendix 8.3 to the report; and
 5. Noted the timetable for implementation of the Panel's recommendations as detailed in paragraph 5.5 of the report.

89/20 **Exclusion of the Press and Public**

This item was not required.

The meeting ended at 9:05pm

Signed:

Date: